
Bluebird
ANNUAL REPORTS & ACCOUNTS 2017

CONTENTS

COMPANY INFORMATION

DIRECTORS:
Jonathan Morley-Kirk (Non-Executive Chairman)
Aidan Bishop (Executive Director)
Colin Patterson (Executive Director)
Charles Barclay (Executive Director)
Clive Sinclair-Poulton (Non-Executive Director)

OFFICERS:
Stuart Kemp (Chief Financial Officer)
Edward Taylor (Company Secretary)

REGISTERED OFFICE:	Harney Westwood & Riegels Craigmuir Chambers PO Box 71, Road Town Tortola VG1110 British Virgin Islands	
BROKERS TO THE COMPANY:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP UK	Smaller Company Capital Limited 4 Lombard Street London ECV3 9HD UK
AUDITOR:	Price Bailey LLP 7th Floor, Dashwood House 69 Old Broad Street London EC2M 1QS UK	
BANKERS TO THE COMPANY:	Barclays Plc 13 Library Place St Helier Jersey JE4 8NE	
REGISTARS:	Computershare Investor Services (BVI) Limited Woodbourne Hall, Road Town Tortola British Virgin Islands	
DEPOSITARY:	Computershare Investor Services PLC The Pavilions, Bridgwater Road Bristol BS13 8AE UK	

CHAIRMAN'S REPORT

The Company underwent a period of significant upheaval due to political changes in the Philippines in June 2017. The appointment of Gina Lopez as Secretary of the Department of the Environment and Natural Resources was a shock to the entire mining sector. The effect of her appointment led to our Philippine operations, like many others, coming to complete standstill. During the brief tenure of Mrs Lopez, the Company was asked to defend the Mining Permits at the Batangas Gold Project, which it did in a robust manner.

The Company takes environmental laws very seriously and will ensure that protective measures are well established when the project moves into the production phase. The Company notes that whilst a new Secretary has been appointed their policy still remains uncertain. At present the Company, in an approach consistent with other mining operators in the Philippines, has determined that no significant work will be carried out at the Batangas Gold Project until the operating environment becomes clearer.

A positive outcome from the Philippines mining policy fiasco was that the Company was able to acquire 100% of the project from its partners, Red Mountain Mining Limited on better terms than envisaged. Prior to the acquisition of 100% of the Batangas Gold Project, the Company owned 25% of the project at an investment cost of USD 1.9 million and had the option to acquire a further 25.1% of the project for a total investment of up to USD 3.7 million. However, the Company was able to acquire the remaining 75% for the consideration of just 1.25 million Bluebird shares (valued at USD 45,686) plus the assumption of certain liabilities (valued at USD 119,005). The acquisition therefore cost just over USD 2.0 million in total representing a significant saving compared to the joint venture path that was previously agreed, as well as securing an additional 49.9% of the project. The Directors subsequently fair valued the Batangas project at USD 5 million. The project also has a historic cash spend of USD 19 million, which may be offset against Philippines taxes resulting from future production. The Directors have not included this future tax benefit in the Company's statement of financial position.

Whilst events in the Philippines were unfolding the Board took a proactive stance in considering the future direction of the Company. After reviewing a number of possible new projects, the Company decided to pivot the strategy towards South Korea and the re-opening old gold mines where Colin Patterson and Charles Barclay have many years of expertise and experience. South Korea is a first world country with excellent infrastructure as well as providing significant support and incentives to the mining industry.

The Company entered into an Agreement with ASX listed, Southern Gold Limited to farm into what was South Korea's second largest gold mine, Gubong. The Company has to spend USD 500,000 into the project in order to form a 50:50 contributing joint venture. Part of the Company's farm-in commitment was to undertake a Placing of AUD 250,000 in Southern Gold shares, which was completed by Colin Patterson on behalf of the Company.

The Board approved the issuance of up to USD 500,000 of loan notes in April 2017. The loan notes carried an 8% per annum coupon to be paid at maturity as well as 250,000 warrants at an exercise price of 2p to be issued upon maturity with a 12-month expiry.

The first half of the financial year was spent largely *fire-fighting* and would like to take this opportunity to thank all my colleagues for their time and efforts under difficult conditions. The Directors have also decided to conserve cash where possible and all moved onto a salary sacrifice scheme, including both Colin Patterson and Aidan Bishop, who have decided to take 100% of their salaries in shares from April 2016. No salary sacrifice shares have been issued to Directors yet.

Daniel Fox-Davies resigned from the Board in December 2016 to allow himself more time to launch his new business. The Board wish him the very best with his new endeavour. Charles Barclay became an Executive Director in March 2017.

I am confident that despite a difficult beginning to the financial year that the strategy shift to South Korea and the prospect of re-opening the Gubong mine hold the potential to deliver value to shareholders.

Jonathan Morley-Kirk
Chairman
30 October 2017

CHIEF EXECUTIVE'S COMMENT

After working through a tough period with the new regime's unfortunate political resistance to mining in the Philippines I am happy that the Company has successfully refocused its activities by securing some very exciting South Korean gold projects to farm into. These projects involve the reopening of mines that were shut down decades ago when the gold price was below USD 50 per ounce – as described in more detail in the Strategic Report section.

The Company has a very experienced team that have successfully brought old mines back to life all over the world. I am absolutely convinced that accessing resources left behind due to the prevailing low gold price and old technology is far less expensive than exploring for virgin gold deposits and has the potential to deliver significant shareholder value. The remaining infrastructure of the projects and, in particular, the underground development is a very valuable asset to the Company.

I am confident that we will earn our Joint Venture farm in rights to our first project (Gubong) and most likely a second project during 2018. It is our driving goal that within two years from earning our JV rights to get into cash positive production within two years with a capital outlay of less than USD 10 million per project. This would be jointly funded by the JV – 50:50 with our partners, Southern Gold Limited – as described in more detail within the Partnership with Southern Gold section of the Strategic Report. At the appropriate time we will also explore various debt funding options for the capital expenditure. The Directors also believe that there is a real possibility that production could commence earlier than expected with the processing of inexpensive tonnes from old low-grade rock dumps and tailings.

I am thrilled with the support of the local administration and have been surprised pleasantly with the positive approach taken by the South Korean government and the co-operation of their departments.

It gives me immense pleasure to deliver our revitalised South Korean focused strategy which has got off to a great start with the Gubong mine. Furthermore, I am confident that the Company is well placed and set for a good year ahead as the Company's team drives to create real value for shareholders.

Colin Patterson
Chief Executive Officer
30 October 2017

"The Company has a very experienced team that have successfully reopened mines all over the world."

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The Directors present their report together with the audited financial statements of the Company and of the Group for the year ended 30 June 2017.

The Company

Bluebird Merchant Ventures Limited, the parent company, is registered and domiciled in the British Virgin Islands.

Results and Dividends

The results of the Group for the year ended 30 June 2017 are set out in section 4 and show a profit before taxation of USD 1,842,602 (30 June 2016 showed a loss of USD 920,927).

The Directors do not recommend the payment of a dividend for the year ended 30 June 2017 (2016 Nil).

Going Concern

The Directors believe it is appropriate to adopt the going concern convention. For further details refer note 2 to the audited accounts.

Future Developments

The Group's future developments are outlined in the Strategic Report section.

Principal Risks and Uncertainties

The principal business risks that have been identified as follows:

The assessment and work being undertaken at the Gubong mine may not result in a positive report on the feasibility to reopen the mine, which is a prerequisite in order to form the 50:50 contributing joint venture with Southern Gold Limited. Whilst the Company as at the date of this Report has a very optimistic view regarding the reopening of the mine it could be that this view may change due to unforeseen events or circumstances.

The geopolitical risk within the Korean Peninsula may be considered a risk although the view within South Korea regarding this is less dramatised than is portrayed in western media.

Whilst the permitting process is fairly straight forward and the local government and relevant authorities have been supportive of the Gubong project there is no guarantee that such will continue should the mine be re-opened and production commence.

In relation to the Philippines the on-going regulatory environment remains the key risk.
The Company has effectively placed the Batangas Gold Project under care and maintenance due the uncertain regulatory environment and as such no significant expenditure is planned over the near term. Permitting remains the key risk and there can be no guarantees that the Batangas Gold Project will receive the necessary permissions in order to move into the production phase.

Corporate Governance

The Company is not subject to a code of corporate governance in the BVI. The Company is not required to comply with the provisions of the UK Corporate Governance Code. The Directors have responsibility for the overall corporate governance of the Company and recognise the need for appropriate standards of behaviour and accountability.

The Directors are committed to the principles underlying best practice in corporate governance and have regard to certain principles outlined in the UK Corporate Governance Code to the extent they consider appropriate for the Company given its size, early stage of operations and complexities.

Events after the Reporting Period

On 28 August 2017 the Company agreed the sale of White Tiger Mineral Resources Inc to non-related parties for a nominal sum of USD 109,136.

There were no other material events that took place after the reporting date.

Company Directors

	Position	Appointed	Resigned	Audit Committee	Remuneration Committee
J. Morley-Kirk	Non-Exec. Chairman	Mar-14	-	Chair	Member
C. Sinclair-Poulton	Non-Exec. Director	Sep-15	-	Member	Chair
D. Fox-Davies	Non-Exec. Director	Sep-15	Dec-16	-	-
A. Bishop	Executive	Mar-14	-	-	-
C. Barclay	Executive	Mar-17	-	-	-
C. Patterson	Executive	Sep-15	-	-	-

Directors' Remuneration

The remuneration of the Executive Directors is fixed by the Remuneration Committee, which comprises two Non-Executive Directors – Jonathan Morley-Kirk and Clive Sinclair-Poulton. The Remuneration Committee is responsible for reviewing and determining the Company policy on executive remuneration and the allocation of long term incentives to executives and employees. The remuneration of Non-Executive Directors is determined by the Board.

In setting remuneration levels, the Company seeks to provide appropriate reward for the skill and time commitment required in order to retain the right caliber of Director at an appropriate cost to the Company.

The remuneration paid to, or receivable by, Directors in respect of 2017 and 2016 in relation to the period of their appointment as Director are:

	Received as Cash (USD)		Receivable as Equity (USD)	
	in the year to 30-Jun-17	in the year to 30-Jun-16	in the year to 30-Jun-17	in the year to 30-Jun-16
Executive Directors				
A. Bishop	50,000	37,500	100,000	100,000
C. Barclay	30,730	-	-	-
C. Patterson	33,332	20,833	69,995	55,500
Non-Executive Directors				
J. Morley-Kirk	10,819	7,500	20,838	-
C. Sinclair-Poulton	13,544	5,438	9,254	-
D. Fox-Davies	7,520	5,438	3,679	-
Total	149,945	76,709	203,766	155,500

The USD 359,266 noted as Receivable in Equity has been approved by the Board, but the Directors have agreed for the issuance to be deferred to a later date yet to be specified. The amounts are held in Current Liabilities in the audited accounts as shown in note 16.

Charles Barclay has agreed that the USD 162,500 receivable by himself prior to becoming a Director shall be receivable in equity on the same basis as the other Directors.

Share Capital

At 30 June 2017 the issued share capital of the Company stood at 204,713,938 – with 9,108,349 new shares having been issued during the year. The issuances are detailed in note 21 to the audited accounts.

Substantial Shareholders

At 30 June 2017 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares.

	Number	%
Fiske Nominees Limited	114,814,370	56.09%
Roy Nominees Limited	17,500,000	8.55%
TD Direct Investing Nominees (Europe) Limited	13,043,360	6.37%
Jim Nominees Limited	8,421,834	4.11%
Pershing Nominees Limited	8,225,000	4.02%
Momentum Resources Limited	8,000,000	3.91%

Health and Safety

The Company is committed to providing a safe, healthy and sustainable environment for all its employees, contractors, visitors and neighbours. The Company strives actively to identify and manage the potential direct and indirect effects of all its activities and reviews this at Board level through its HS&E Committee.

Employees

The Company has a policy of equal opportunities throughout the organisation, and is proud of its culture of diversity and tolerance. Employees benefit from regular communication both informally and formally with regard to Company issues.

Directors Indemnity Insurance

The Company has purchased insurance cover on behalf of the Directors indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Internal Control

The Directors acknowledge they are responsible for the Group's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has well established procedures which are considered adequate given the size of the business.

The Audit Committee, which comprises two Non- Executive Directors, Jonathan Morley-Kirk and Clive Sinclair-Poulton, is responsible for ensuring that the financial performance of the Group is properly monitored and reported upon and that any such reports are understood by the Board. The Committee meets at least twice each year.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the remuneration report, and the financial statements in accordance with applicable laws and regulations.

The Directors are required to prepare such financial statements for each financial year in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and Article 4 of the IAS Regulation. 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 and profit and loss of the Company and Group for that period.

In preparing these financial statements, International Accounting Standards 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable an understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable user to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as going concern basis.

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 and the remuneration report comply with applicable law and regulations. 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.

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

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This Directors' Report was approved by the board of directors on 30 October 2017 and is signed on its behalf.

By Order of the Board

Jonathan Morley-Kirk
Chairman
30 October 2017

STRATEGIC REPORT

Business Model and Strategy

The Company is a project developer and is not an exploration company. The Company targets mining projects that can be brought into production within 24 to 30 months within Asia. Therefore, many opportunities are presented in the form of old underground gold mines which can be re-opened, a process with which the Company's management team has substantial experience.

Such projects offer significant advantages over exploration projects in that they:

- cut out the major exploration cost;
- the economics in terms of gold price at closure are known;
- past production in the form of tonnes and grade are known;
- to a large extent the existing development needs refurbishment which is far cheaper than new development; and
- the overall cost to reopen is far cheaper per ounce than new ounces at the same grade.

"The Company is a project developer and is not an exploration company"

South Korea Gold Projects

With an uncertain regulatory environment in the Philippines, the Company began a pivot to South Korea in July 2016.

South Korea is a modern, industrialised economy, a representative democracy and has substantial infrastructure advantages, in many respects superior to western jurisdictions. South Korea is an investment grade country with Moodys and Standard & Poors ratings of Aa2 and AA respectively.

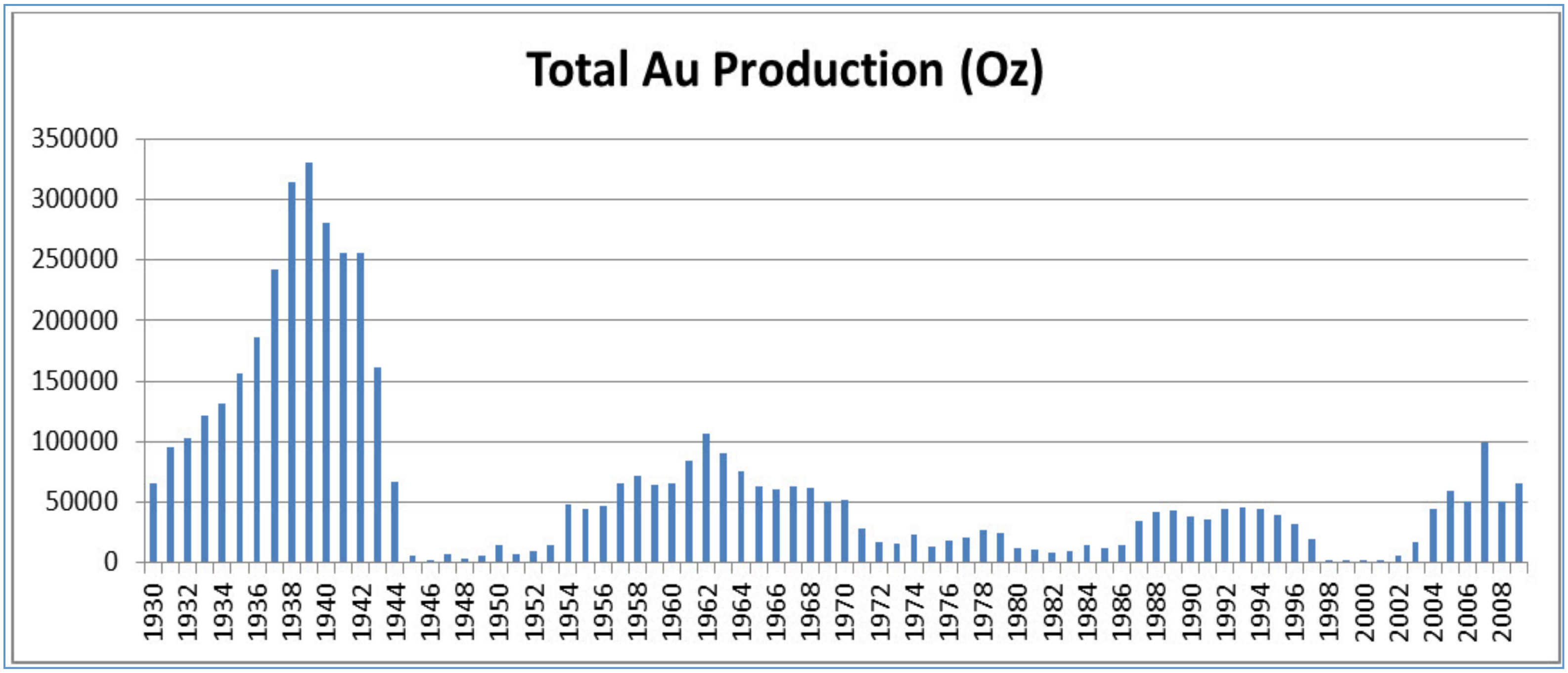
The geology of South Korea is wedged between China and Japan in geological time, with subduction zone "ring of fire" geology. South Korea was recognised as a substantial historic gold producer, however the industry has been low-key for nearly 35 years. The Company believes that the re-opening of some of the old mines presents it with an opportunity to become a junior gold producer within 24 to 30 months.

"South Korea was recognised as a substantial historic gold producer"

History of Gold Mining in South Korea

Gold mining in South Korea amounted to circa 5,000,000 ounces between 1928 and 2008 with the bulk of production controlled by the Japanese between 1928 and 1943. Post war, the industry was stigmatised and production was significantly reduced. The 1970's saw a change in direction for Korea as it became a manufacturer and high-tech country. In the 1990's exploration came in the form of Ivanhoe Mines and three gold mines were discovered, with all of them being brought into production. The Company's Chief Technical Advisor, Douglas Kirwin, had much to do with their discovery.

Diagram: Korean Gold Production 1928-2008



Partnership with Southern Gold Limited

In March 2017, the Company entered into an Agreement with ASX listed Southern Gold Limited to farm into old gold mines within Southern Gold's exploration tenements. The Southern Gold business model is one of exploration and upon discovery to farm out production to an operator. They have implemented successfully this strategy in Australia. The partnership with Southern Gold effectively utilises the Company's expertise in both bringing about production and as an operator of old underground gold mines.

Prior to entering the agreement, the Company's Due Diligence investigation determined that there were three potential projects from the Southern Gold tenement portfolio that had the potential for near-term production.

The Agreement enables the Company to enter into a 50:50 contributing joint venture with Southern Gold by achieving the following milestones:

- USD500,000 spent at project level over a 12-month period with the objective of producing a plan of feasibility to bring about production targeting low cost production with a capital expenditure of less than USD10,000,000; and
- undertake a Placing of AUD250,000 of Southern Gold shares.

The Company will be the Operator of the Joint Venture once formed. Each project will operate under a separate Joint Venture company on the same terms.

The Company will be the Operator of the Joint Venture once formed. Each project will operate under a separate Joint Venture company on the same terms.

The Company considered the Taechang project, but upon further investigation considered the project to potentially be a far bigger project than thought originally as it required further development in order to become closer to the potential of production. The Company selected initially the Gubong project and at the date of this Report has spent USD 300,000 of the required farm-in expenditure – USD 57,294 of which had been incurred at 30 June 2017. The AUD 250,000 placing in to Southern Gold shares was done on behalf of the Company by its CEO, Colin Patterson, in June 2017. Colin Patterson may swap the shares for AUD 250,000 of Bluebird Merchant Ventures Limited shares at a future date at market price unless the Southern Gold share price trades above the Placing price for 10 days whereby he will retain the Southern Gold shares. As at the date of the Report Colin Patterson continues to hold the shares.

The Gubong Project

The project is just over one hours drive west of Daejeon, the second largest city in South Korea. Access to the site is by sealed roads to within 100 metres of the old mine. Other infrastructure such as power and telecommunications are also excellently placed.

History

Gubong was historically South Korea's second largest gold producer and the largest from 1930-1943, during the Japanese occupation. It still retains substantial remnant ore between mined blocks and excellent exploration potential. Mine data indicates good potential for mine re-commissioning and the possibility of relatively early cash flow.

There is a dearth of information considering the age of the mine and there is anecdotal evidence that the information relating to gold production is understated as there was little control over the Japanese companies.

The Korean Resources Corporation (KORES) estimate of remaining resources at Gubong is 2.34M tonnes at 7.34g/t

There are currently no declared JORC resource estimates at Gubong.

The immediate Gubong project area hosts five historical underground mines with the largest being the Gubong mine which exploited high grade quartz veins hosted in gneissic granite and mined to a vertical depth of approximately 500m.

Historic underground sampling results of the deeper levels of Vein 6, the main vein exploited at Gubong, gives an arithmetic uncut average of 30.6 g/t gold from 146 values. Exploratory core drilling below the now abandoned mine workings from one of five holes returned 27.9 g/t gold and 25 g/t silver over 1.6 metres downhole from 845.2 metres. This demonstration of the persistence with depth of the most developed mineralised structure supports the prospectivity of the property for auriferous shoots with considerable depth continuity.

Interestingly, Vein 6 was found as a blind vein in the hanging wall during mine development work on the other veins. This suggests substantial gold resources may be found in parallel vein systems that do not outcrop in the area.

Proof of concept drilling at Gubong in 2015 by Southern Gold hit relatively shallow orogenic quartz veining in most drill holes near to the modelled veins/structures. The ability to engage local drilling contractors, secure land access (including on farms), model the historical data as available, and hit veining, including mineralisation, shows that the drilling program was a success. Furthermore, surface rock chip samples taken in 2015 confirm high grade veining exists (peak result of 25.4g/t Au).

Hole_ID	From (m)	To (m)	Width (m)	Au (g/t)	Ag (g/t)	Notes
89-12	100.1	100.3	0.2	9.8	22.0	
89-12	110.7	114.7	4.0	1.4	2.0	
89-13	117.1	117.7	0.6	19.0	49.0	
89-15	53.2	53.6	0.4	1.8	1.0	
89-15	104.3	108.8	4.5	2.4	39.0	
89-16	210.8	211.2	0.4	3.7	-	
89-18	123.3	124.6	1.3	1.4	369.0	
89-20	186.6	186.8	0.2	2.5	2.0	
89-6	188.7	189.1	0.4	17.3	6.0	
90-10	109.8	110.4	0.6	62.3	26.0	
90-10	149.0	149.2	0.2	95.9	35.0	
90-10	196.0	196.3	0.3	5.0	2.0	
90-12	840.0	841.0	1.0	1.1	4.0	
90-12	845.2	846.8	1.6	27.9	25.0	
90-3	340.0	340.6	0.6	29.0	15.0	
90-4	138.5	138.8	0.3	7.3	8.0	
90-5	90.0	90.2	0.2	3.5	-	
90-5	110.9	111.8	0.9	8.4	25.0	
90-5	190.5	190.7	0.2	32.0	1.0	
90-6	125.8	126.1	0.3	5.5	-	
90-7	87.8	88.1	0.3	34.1	12.0	
90-8	146.0	146.3	0.3	522.2	81.0	
90-8	277.9	278.1	0.2	72.4	40.0	
90-9	275.3	279.0	3.7	3.2	5.0	
90-9	347.2	348.7	1.5	4.9	-	
91-5	441.8	444.8	3.0	15.2	6.0	
GBDD0004	143.55	145.00	1.45	1.99	-	incl. 0.4m @ 5.18g/t Au

Diagram: Gubong drill holes data

Historic Drill holes at Gubong

Over 17,000 metres of drilling has been completed at Gubong at various periods from the 1960's to 2015. Drill hole downhole depths varied from 9m to 950m, with an average depth of 321.8m. All drill holes were drilled by Korea Resources Corporation (KORES), except the 2012 and 2015 drill holes which were drilled by Hee Song Metals, the Southern Gold Korea predecessor.

Eighteen drill holes contained significant intersections greater than 1g/t Au, and these are tabled above.

The drill results are very encouraging. The fact that a significant percentage of the holes have returned economic grade is typical for an Orogenic deposit as they are highly variable in mineralisation and intersecting structure is considered almost as important as grade for delineating a successful resource.

The Company begins work at Gubong

Since commencing work on the project in May 2016, the Company has carried out extensive desktop research into the history of the mine, created a digitised model and by the date of this Report had developed an initial production scenario for a 10-year mine life.

On the ground, the Company located many of the entry points to the mine. This took longer than expected as nearly all entrances had been buried and, after 50 years, nature had reclaimed the landscape. By October 2017, the Company had uncovered 5 entrances with 2 providing immediate access points to the upper workings of the mine. Initial conditions inside the mine have exceeded the Company's expectations in terms of stability.

Concurrent with efforts to enter the mine, the Company has developed relationships with the local community and with local and provincial government. The Company also met with the authorities involved in the regulation of mining within South Korea to understand the processes required for the reopening of the mine. The Company has been highly encouraged with the "can be done" approach of the authorities combined with a zero Royalty regime and a clear path to production approvals.

Gubong Strategy

Using the production scenario developed by the Company, the next 5 months will be devoted to firming up and adjusting our plan through systematic sampling and metallurgical test work.

The strategy is to start up simply and use cash flow to augment and increase production. The potential ore sources available to the Company from this old mine are:

- numerous surface rock piles which were considered as waste;
- the tailings impoundment;
- underground clean-up; and
- remnant mining.

By April 2018, the Company will present its findings to its Australian partner for the formation of the 50:50 contributing Joint Venture.

The Key Performance Indicators for Gubong are to:

- gain entry to the mine to enable systematic sampling;
- delineate sufficient ore and grade necessary for the first three years of production;
- determine the metallurgy and optimum processing method; and

produce a positive report on the feasibility of reopening the mine.

Philippines Overview

The Philippine mining industry underwent significant upheaval when President Duterte appointed anti-mining activist, Gina Lopez as Secretary of the Department of the Environment and Natural Resources (DENR) in June 2016 – refer the Chairman's Report for more information.

Batangas Gold Project

The Appointment of Gina Lopez created both challenges and opportunities for the Batangas Gold Project. The Company owned 25% of Red Mountain Mining Singapore upon its Admission to the London Stock Exchange in April 2016. Our partner, ASX Listed, Red Mountain Mining Limited published the highlights of a Pre-Feasibility Study (PFS) that declared a Maiden Ore Reserve of 128,000oz of gold (including silver credits) including 100,000oz of high-grade gold at 4.2g/t.

Batangas Gold Project Mineral Resource JORC 2012

Deposit	Resource Classification	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz
Kay Tanda West	Indicated	1,421,000	2.1	96,000	9.2	421,000
	Inferred	229,000	2.3	17,000	2.1	15,000
	Total	1,650,000	2.1	113,000	11.3	436,000
Kay Tanda Main	Indicated	1,161,000	1.9	70,000	1.4	50,000
	Inferred	2,775,000	2.0	180,000	1.2	100,000
	Total	3,936,000	2.0	250,000	2.6	159,000
Archangel MPSA	Total	5,586,000	2.0	363,000	3.3	595,000
South West Breccia	Indicated	214,000	6.4	44,000	1.8	12,600
	Inferred	7,000	2.3	1,000	1.9	400
	Total	221,000	6.3	45,000	1.8	13,000
Japanese Tunnel	Indicated	26,000	3.3	3,000	5.9	5,000
	Inferred	7,000	2.3	1,000	5.7	1,000
	Total	33,000	3.0	4,000	5.7	6,000
West Drift (> 2g/t)	Indicated	145,000	4.2	14,000	4.7	22,000
	Inferred	205,000	2.4	19,000	4.3	28,000
	Total	350,000	3.0	33,000	4.4	50,000
Lobo MPSA	Total	604,000	4.2	82,000	3.6	69,000
Batangas Gold Project	Indicated	2,968,000	2.4	227,000	5.4	511,000
	Inferred	3,222,000	2.1	218,000	1.5	154,000
	Total	6,190,000	2.2	444,000	3.3	665,000

Batangas Gold Project Ore Reserves JORC 2012

Deposit	Ore Reserve Category	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz	Au Eq g/t	Au Eq Oz
Lobo MPSA	Probable	186,000	6.2	37,000	2.2	13,000	6.2	37,000
Archangel MPSA	Probable	1,225,000	2.1	86,000	10.0	403,000	2.3	91,000
Total Batangas Project	Probable	1,441,000	2.6	122,000	9.0	416,000	2.8	128,000

The full disclosure of the Pre-Feasibility Study was announced by Red Mountain and can be downloaded at http://redmm.com.au/wp-content/uploads/051_RMX-ASX-Announcement_Updated-PFS_21-June-2016.pdf

During the brief tenure of Gina Lopez, the project received a show cause letter from the DENR requesting the permit holder to defend the validity of its Mining Permits. This was answered robustly and entirely consistently with the Philippine Mining Act and no further response from the DENR has been received to date of this Annual Report.

Red Mountain underwent corporate changes in July 2016 and as such sought to exit the Philippines. Under the original agreement, the Company had an option to increase its stake to 50.1% by making further investments of either USD 1.8 million prior to the project obtaining the necessary permissions and permits to allow for the construction stage to commence or USD 3.4 million when the project had obtained the necessary permissions and permits to allow for the construction stage to commence. The negotiations concluded with Red Mountain selling its 75% interest in the Batangas Gold Project for the consideration of 1.25 million Bluebird Merchant Ventures Limited shares. Furthermore, Red Mountain agreed to pay 75% of the outstanding liabilities as well as the first-year payments of a three-year redundancy plan for the local project staff.

On 3 February 2017 the Company announced that a term sheet was signed with a local partner who would assist in the permitting process and would receive project equity upon certain permitting milestones being achieved. The local partner has advised that the Company adopt a “wait and see approach” with regards to changes to the regulatory environment, but remains confident that the Project could achieve permitting at some point in the future.

Current project status and outlook

The project has incurred minimal expenditure and is effectively under care and maintenance. Whilst the project has significant undeniable value, the Directors note that in order for the project to progress toward the production phase certain permissions need to be granted. Whilst the regulatory environment has eased since the departure of Gina Lopez, the Directors are not expecting the

Batangas Gold Project to make significant permitting advancements in the coming 12 months. The Directors continue to evaluate potential outcomes for the Project ranging from alternative permitting paths through to

Copper Concentrate Trading Business

The copper concentrate business has not been active due to the operating environment in the Philippines. The Company was able to receive payment of the first copper concentrate shipment it sent to the Glencore owned Philippine smelter. Whilst the business was promising at its conception the upheaval in the regulatory environment caused the Company to make no further shipments of copper concentrate. The Company believes that the outlook will remain uncertain for the next 12 to 18 months and as such the Company has divested from the business.

The Company notes that if the operating environment were to significantly improve the very low capital expenditure of such a business could quickly be put in place to revitalise the opportunity.

This Strategic Report was approved by the board of directors on 30 October 2017 and is signed on its behalf.

By Order of the Board

Jonathan Morley-Kirk
Chairman
30 October 2017

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY

Opinion

We have audited the financial statements of Bluebird Merchant Ventures Limited for the year ended 30 June 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and 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.

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017, and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union

Basis for opinion

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

Emphasis of matter – Recoverability and Impairment of Related Party Debt

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 8 to the financial statements concerning the valuation and recoverability of the debt due from Egerton Gold Philippines Inc. The Group does not have sufficient funds to continue its exploration activities. Issues also exist with Project Permits as disclosed in Note 8, the group has now stopped funding the project in the short term. Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the Group will be able to generate sufficient funds and continue to support exploration work and ultimately recover the debt due from Egerton Gold Philippines Inc. The financial statements do not include the adjustments that would be necessary if the Group was unable to raise these funds.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements.. The ability of the Group to continue to trade is dependant upon the Group being able to raise sufficient funds. Based on the current economic climate there exists a material uncertainty which may cast doubt as to whether the Group will be able to generate sufficient funds and therefore the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the Group was unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters required us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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, 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 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 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Martin Clapson FCA (Senior Statutory Auditor)
For and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge CB4 0WZ

Date: 06 December 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	Note	30-Jun-17 (USD)	30-Jun-16 (USD)
Revenue		-	-
Cost of Sales		-	-
Gross profit/(loss)		-	-
Administrative expenses		(759,299)	(778,421)
Share based payments		(115,136)	(85,400)
Share of loss of associates	13	(2,256)	(39,401)
Operating profit/(loss)		(876,691)	(903,222)
Exchange gain/(loss)		(19,952)	(22,015)
Finance gain/(expense)		-	4,310
Loan written-off	8	(205,955)	-
Extraordinary gain on acquisition	23	2,945,200	-
Profit/(loss) before taxation		1,842,602	(920,927)
Income tax expense	12	-	-
Profit/(loss) for the year from continuing operations		1,842,602	(920,927)
Profit/(loss) for the year		1,842,602	(920,927)
Attributable to:			
Equity shareholders to the parent company		1,842,602	(920,927)
Earnings per share:			
Basic profit/(loss) per share (cents per share)	21	0.0090	(0.0047)
Diluted profit/(loss) per share (cents per share)	21	0.0087	(0.0046)
EBITDA[1]	7	1,824,073	(903,222)

[1] EBITDA represents earnings before exceptional items, finance items, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	30-Jun-17 (USD)	30-Jun-16 (USD)
Loss for the year		1,842,602	(920,927)
Total comprehensive loss for the year		1,842,602	(920,927)
Attributable to:			
Equity shareholders to the parent company		1,842,602	(920,927)
Non-controlling interest		-	-
Total comprehensive loss for the year		1,842,602	(920,927)

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2017

	Note	30-Jun-17 (USD)	30-Jun-16 (USD)
Non-current assets			
Investments	13	-	1,859,990
		-	1,859,990
Current assets			
Trade and other receivables	14	118,074	209,328
Loan due to Bluebird Merchant Ventures Ltd	8	5,000,000	
Cash and cash equivalents	15	94,987	258,919
		5,213,061	468,247
Current liabilities			
Trade and other payables	16	(773,300)	(269,430)
Other financial liabilities	17	(204,652)	-
		(977,952)	(269,430)
Non-current liabilities			
Trade and other payables	16	(188,654)	-
Financial and other liabilities	17	(92,932)	(92,932)
		(281,586)	(92,932)
Net Assets		3,953,523	1,965,875
Equity			
Issued share capital	21	3,080,601	2,948,717
Reserves	22	45,439	45,439
Retained earnings		827,483	(1,015,119)
Total equity attributable to the parent		3,953,523	1,979,037
Non-controlling interest		-	(13,162)
Total Equity		3,953,523	1,965,875

These financial statements were approved and signed on behalf of the Board of Directors.

J Morley-Kirk
Chairman

C Patterson
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Attributable to the owners of the Parents					
	Share Capital (USD)	Retained Earnings (USD)	Reserves (USD)	Total (USD)	Non-Controlling Interest (USD)	Total Equity (USD)
At 01-Jul-15	290,270	(94,192)	-	196,078	(13,162)	182,916
Loss for the year	-	(920,927)	-	(920,927)	-	(920,927)
Total comprehensive loss	-	(920,927)	-	(920,927)	-	(920,927)
Share Capital	2,833,396	-	-	2,833,396	-	2,833,396
Cost of issuing shares	(174,949)	-	-	(174,949)	-	(174,949)
Reserves	-	-	45,439	45,439	-	45,439
Total transactions with owners	2,658,447	(920,927)	45,439	1,782,959	-	1,782,959
At 30-Jun-16	2,948,717	(1,015,119)	45,439	1,979,037	(13,162)	1,965,875
Profit/(loss) for the year	-	1,842,602	-	1,842,602	-	1,842,602
Total comprehensive profit/(loss)	-	1,842,602	-	1,842,602	-	1,842,602
Share Capital	131,884	-	-	131,884		131,884
NCI	-	-	-	-	13,162	13,162
Total transactions with owners	131,884	1,842,602	-	1,974,486	13,162	1,987,648
At 30-Jun-17	3,080,601	827,483	45,439	3,953,523	-	3,953,523

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	Note	30-Jun-17 (USD)	30-Jun-16 (USD)
Cash flows from operating activities			
Cash receipts from customers		-	-
Cash paid to suppliers and employees		(364,357)	(794,398)
Cash generated from operations		(364,357)	(794,398)
Interest received (paid)		-	4,310
Income tax paid		-	-
Net cash from operating activities		(364,357)	(790,088)
Cash flows from investing activities			
Loans to associates and related parties		(136,111)	(185,183)
Investment in RMSS		-	(857,118)
Net cash used investing activities		(136,111)	(1,042,301)
Cash flows from financing activities			
Net proceeds from equity issued		131,884	2,573,047
Proceeds from short-term debt		204,652	134,109
Proceeds from issuance of long-term debt		-	92,932
Payment of debt facilities		-	(716,528)
Net cash used financing activities		336,536	2,083,560
Net increase/(decrease) in cash		(163,932)	251,171
Cash and cash equivalents at the start of the year		258,919	7,748
Cash and cash equivalents at the start of the year		94,987	258,919

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. Basis of Preparation and Adoption of International Financial Reporting Standards (IFRS)

The Group financial statements consolidate those of the Company and of its investments; the Group financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee interpretations as adopted by the European Union at 30 June 2017.

The Group financial statements have been prepared under the historical cost convention except for share based payments that are fair valued at the date of grant and other financial assets and liabilities, for example the Batangas Gold Project, that are measured at fair value. The accounting policies applied in these financial statements are unchanged from those used in the previous annual financial statements.

Certain amounts included in the consolidated financial statements involve the use of judgement and/or estimation. Judgements, estimations and sources of estimation uncertainty are discussed in note 2.

In issue but not effective for periods commencing on 1 July 2016

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 July 2016 are:

- Amendments to IAS 12: Recognition for Deferred Tax Assets for Unrealised Losses (IASB effective date 1 January 2017)
- Amendments to IAS 7: Disclosure Initiatives (effective 1 January 2017)

The Directors anticipate that the above pronouncements, where relevant, will be adopted in the Group’s financial statements for the year beginning 1 July 2017 and will no impact on the Group’s accounting policies or results.

2. Going Concern

The Group has the following loans and liabilities, which total USD 1,259,538:

Party	Current Liability (USD)	Non-Current Liability (USD)
Trade Payables	215,584	55,298
Trade Payables – to be paid as Equity	557,716	-
Deferred Income Tax Liability	-	133,356
Loan Notes:		
Related Parties	92,152	92,932
Non-Related Parties	112,500	-
Total	977,952	281,586

The USD 557,716 to be paid as equity is Directors' Fees and payments to non-Directors that has been approved by the Board, but the Directors and others have agreed for the issuance to be deferred to a later date yet to be specified.

The Company, at the date of this report, has agreed to extend the maturity of all of the Non-Related Loan Notes holders (total of USD 204,652) and, furthermore, has reached agreement with the Related Loan Notes holders (USD 92,932) that these are to be converted to equity at a future placing.

In addition, the Company has received an offer of funding from Colin Patterson that will enable the Company to meet its liabilities and obligations until the Joint Venture with Southern Gold is formed.

As at the date of this Report, the Company has cleared the outstanding liabilities related to MRL Gold Inc, other than the staff retrenchment fees of USD 123,838, which are due in equal monthly payments commencing November 2017 through to October 2019.

The Directors are aware that further funding will be required upon the formation of the Joint Venture with Southern Gold Limited. However, the Joint Venture will be formed only upon the Company producing a positive report of feasibility to reopen the Gubong mine. The Directors will determine at the appropriate time how to source the required funding for the contributing joint venture and remain confident that the required capital will be sourced in the form of either equity and/or debt.

The Directors continue to adopt the Going Concern basis in preparing the Company's financial statements.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND SOURCES OF ESTIMATION UNCERTAINTY

Certain amounts included in the financial statements involve the use of judgement and/or estimation. These are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. However, judgements and estimations regarding the future are a key source of uncertainty and actual results may differ from the amounts included in the financial statements. Information about judgements and estimation is contained in the accounting policies and/or other notes to the financial statements. The key areas are summarised below.

3.1 Mineral Resources and Ore Reserves

Quantification of Mineral Resources requires a judgement on the reasonable prospects for eventual economic extraction. Quantification of Ore Reserves requires a judgement on whether Mineral Resources are economically mineable. These judgements are based on assessment of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors involved. These factors are a source of uncertainty and changes could result in an increase or decrease in Mineral Resources and Ore Reserves. This would in turn affect certain amounts in the financial statements such as depreciation and closure provisions, which are calculated on projected life of mine figures, and carrying values of mining property and plant which are tested for impairment by reference to future cash flows based on life of mine Ore Reserves. Certain relevant judgements are discussed in note 8 in respect of the impairment of mining assets.

3.2 Taxation and deferred tax

Within the Group there are entities with significant losses available to be carried forward against future taxable profits. Estimates of future profitability are required when assessing whether a deferred tax asset may be recognised. The entities in which the losses and available deductions have arisen are principally non-revenue generating exploration companies and corporate management functions. It is not expected that taxable profits will be generated in these entities in the foreseeable future, and therefore the Directors do not consider it appropriate to recognise additional deferred tax assets in addition to those brought into the Group from the MRL Gold Inc group entities. Judgements made in estimating future profitability include forecasts of cash flows, and the timing of intercompany recharges.

3.3 Provisions and contingent liabilities

Judgements are made as to whether a past event has led to a liability that should be recognised in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgements and estimations. These judgements are based on a number of factors including the nature of the claim or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realised. Each of these factors is a source of estimation uncertainty.

3.4 Recoverability of VAT

Recoverability of the VAT receivable in the Philippines is assessed based on a judgement of the validity of the claim and, following review by management, the carrying value in the financial statements is considered to be fully recoverable.

4. ACCOUNTING POLICIES

4.1 Consolidation and Goodwill

The Group financial statements consolidate the results of the Company and its subsidiary undertakings using the acquisition accounting method. On acquisition of a subsidiary, all of the subsidiary's identifiable assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition on that date. The results of subsidiary undertakings acquired are included from the date of acquisition. In the event of the sale of a subsidiary, the subsidiary results are consolidated up to the date of completion of the sale.

For acquisitions occurring after 1 January 2010, the costs of acquisition are recognised in the income statement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any Non-controlling interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement as a gain.

Transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated, unless the unrealised loss provides evidence of an impairment of the asset transferred.

4.2 Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items include the impairment of property, plant and equipment and deferred exploration expenditure, the cost of restructuring forward contracts, and material profit or losses on disposals.

4.3 Segmental reporting

An operating segment is a component of the Group engaged in exploration or production activity that is regularly reviewed by the Chief Operating Decision Maker (CODM) for the purposes of allocating resources and assessing financial performance. The CODM is considered to be the Board of Directors. The Group's operating segments are determined as the British Virgin Islands, South Korea and the Philippines.

4.4 Foreign currency translation

Functional and presentational currency

The functional currency of the entities within the Group is the US dollar, as the currency which most affects each company's revenue, costs and financing. The Group's presentation currency is also the US dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

4.5 Revenue

Revenue is recognised when the risks and rewards of ownership pass to the purchaser, which occurs when confirmation is received of the conclusion of a trading instruction to sell or to sell at pre-determined prices as part of a forward contract.

4.6 Financial assets

Financial assets are classified into the following specific categories which determine the basis of their carrying value in the statement of financial position and how changes in their fair value are accounted for: at fair value through profit and loss, available for sale, and loans and receivables. Financial assets are assigned to their different categories by management on initial recognition, depending on the purpose for which the investment was acquired.

Available for sale financial assets are included within non-current assets unless designated as held for sale in which case they are included within current assets. They are carried at fair value at inception and changes to the fair value are recognised in other comprehensive income; when sold, or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified through the income statement.

Trade and other receivables are measured on initial recognition at fair value and subsequently at amortised cost using the effective interest rates.

4.7 Financial instruments

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least annually at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

4.8 Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments and are measured at cost which is deemed to be fair value as they have short-term maturities.

4.9 Investment in Associates

Associate companies are companies in which the group has significant influence generally though holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

4.10 Financial liabilities

Financial liabilities include loans and trade and other payables. In the statement of financial position these items are included within Non-current liabilities and Current liabilities. Financial liabilities are recognised when the Group becomes a party to the contractual agreements giving rise to the liability. Interest related charges are recognised as an expense in Finance costs in the income statement unless they meet the criteria of being attributable to the funding of construction of a qualifying asset, in which case the finance costs are capitalised.

Trade and other payables and loans are recognised initially at their fair value and subsequently measured at amortised costs using the effective interest rate, less settlement payments.

4.11 Borrowing costs

Borrowing costs that are incurred in respect of the construction of a qualifying asset are capitalised where the construction of an asset takes a substantial period of time to be prepared for use. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.12 Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out operations and where it generates its profits. They are calculated according to the tax rates and tax laws applicable to the financial period and the country to which they relate. All changes to current tax assets and liabilities are recognised as a component of the tax charge in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxes or accounting profit.

Deferred tax liabilities are provided for in full; deferred tax assets are recognised when there is sufficient probability of utilisation. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

4.13 Provisions, contingent liabilities and contingent assets

Other provisions are recognised when the present obligations arising from legal or constructive commitment, resulting from past events, will probably lead to an outflow of economic resources from the Group which can be estimated reliably. Provisions are measured at the present value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.14 Share based payments

The Group may operate equity settled share based compensation plans, which may be settled in cash under certain circumstances. All employee services received in exchange for the grant of any share based compensation are measured at their fair values. These are indirectly determined by reference to the share based award. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share based compensation is ultimately recognised as an expense in profit and loss with a corresponding credit to retained earnings, net of deferred tax where applicable. Where share based compensation is to be cash settled, such as certain share based bonus awards, the corresponding credit is made to accruals or cash. The Company may have certain share option schemes that may be settled in cash at the absolute discretion of the Board.

If any equity settled share based awards are ultimately settled in cash, then the amount of payment equal to the fair value of the equity instruments that would otherwise have been issued is accounted for as a repurchase of an equity interest and is deducted from equity. Any excess over this amount is recognised as an expense.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to the expense recognised in prior periods is made if fewer share options are ultimately exercised than originally granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued, are allocated to share capital with any excess being recorded in share premium.

5. SEGMENTAL REPORTING

INCOME STATEMENT For the Year ended 30 June 2016	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Revenue	-	-	-	-
Administrative Costs	(885,836)	(33,057)	-	(918,893)
Share of Loss from Associate	-	(6,344)	-	(6,344)
Finance Income/(Expense)	-	4,310	-	4,310
Profit/(Loss) from Continuing Operations	(885,836)	(35,091)	-	(920,927)
Loss from Discontinued Operations	-	-	-	-
Loss for the Year	(885,836)	(35,091)	-	(920,927)
Income Tax Expense	-	-	-	-
Total Comprehensive Loss for the Year	(885,836)	(35,091)	-	(920,927)

STATEMENT OF FINANCIAL POSITION For the Year ended 30 June 2016	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Non-Current Assets	-	1,859,990	-	1,859,990
Trade and Other Receivables	-	209,328	-	209,328
Cash and Cash Equivalents	258,919	-	-	258,919
Total Assets	258,919	2,069,318	-	2,328,237
Current Liabilities	(269,430)	-	-	(269,430)
Non-Current Liabilities	(92,932)	-	-	(92,932)
Net Assets	(103,443)	2,069,318	-	1,965,875

INCOME STATEMENT For the Year ended 30 June 2017	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Revenue	-	-	-	-
Administrative Costs	(817,141)	-	(57,294)	(874,435)
Share of Loss from Associate	-	(2,256)	-	(2,256)
Other Income/(Expenses)	(19,952)	(205,955)	-	(225,907)
Extraordinary Gain on Acquisition	-	2,945,200	-	2,945,200
Profit/(loss) from Continuing Operations	(837,093)	2,736,989	(57,294)	1,842,602
Loss from Discontinued Operations	-	-	-	-
Loss for the Year	(837,093)	2,736,989	(57,294)	1,842,602
Income Tax Expense	-	-	-	-
Total Comprehensive Loss for the Year	(837,093)	2,736,989	(57,294)	1,842,602

STATEMENT OF FINANCIAL POSITION For the Year ended 30 June 2017	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Non-Current Assets	-	-	-	-
Trade and Other Receivables	84,094	5,033,980	-	5,118,074
Cash and Cash Equivalents	93,515	1,472	-	94,987
Total Assets	177,609	5,035,452	-	5,213,061
Current Liabilities	(886,348)	(64,345)	(27,259)	(977,952)
Non-Current Liabilities	(92,932)	(188,654)	-	(281,586)
Net Assets	(801,671)	4,782,453	(27,259)	3,953,523

6. LOSS FOR THE PERIOD BEFORE TAX

	30 June 2017 (USD)	30 June 2016 (USD)
Loss for the Year has been arrived at after charging:		
Depreciation	1,423	-
Audit Services	20,000	21,750

7. EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) represents profit before depreciation/amortisation, interest and taxes, as well as excluding any exceptional items and profit or loss from discontinued operations and changes in fair value of forward contracts.

Reconciliation of Loss Before Taxation to EBITDA	30 June 2017 (USD)	30 June 2016 (USD)
Profit/(loss) before taxation	1,842,602	(920,927)
Exchange gain/(loss)	(19,952)	(22,105)
Net finance income	-	4,310
Depreciation	1,423	-
EBITDA	1,824,073	(903,222)

8. IMPAIRMENT OF ASSETS

Net Impairment of the Batangas Gold Project Investment

In accordance with IAS 36 Impairment of Assets, at each reporting date the Company assesses whether there are any indicators of impairment of non-current assets. When circumstances or events indicate that non-current assets may be impaired, these assets are reviewed in detail to determine whether their carrying value is higher than their recoverable value, and where this is the result, an impairment is recognised. Recoverable value is the higher of value in use (VIU) and fair value less costs to sell. VIU is estimated by calculating the present value of the future cash flows expected to be derived from the asset cash generating unit (CGU). Fair value less costs to sell is based on the most reliable information available, including market statistics and recent transactions. The investment into Red Mining Mountain Singapore (RMMS) has been identified as CGU.

When calculating the VIU certain assumptions and estimates were made. Changes in these assumptions can have a significant effect on the recoverable amount and therefore the value of the impairment recognised. Should there be a change in the assumptions which indicated the impairment assessment; this could lead to a revision of the recorded impairment losses in future periods.

The Directors of the Company subsequently undertook an impairment review of the value of the Batangas Gold Project as outlined in the following table.

Area of Review	Judgements	Sensitivity
Permitting/Period of Right to Explore	The Group is maintaining existing permits, but the right to continue exploration has not been granted due to the regulatory environment in the Philippines.	The non-awarding of the principal permits will have an impact on the financial viability of the Batangas Gold Project.
Future exploration expenditure budgeted	For the near-term, the Group has allocated available future resources to the South Korea Gold Project.	The Batangas Gold project will require substantive new resources to move forward with continued exploration.
Exploration has not led to commercially viable quantities of mineral resources	Cash flow timings and production costs have been forecast for the Batangas Gold Project, but these have not been built into its valuation due to the need to complete the DFS and Declaration of Mining Feasibility (DMF).	An extension or shortening of the mine life would have resulted in a corresponding increase or decrease in impairment, the extent of which it was not possible to quantify until the DFS has been completed.
Sufficient data exists to indicate an impairment	The Group believes that the Batangas Gold Project will generate the revenues and profits as previously forecast.	The carrying costs at this time are impaired due to the uncertainty in the regulatory environment within the Philippines.

The Company acquired 100% of MRL Gold, Inc on 30 November 2016. The valuation of the exploration assets in MRL's balance sheet is USD 19,898,349 at 30 June 2017. However, the Company considers that the carrying value of the Batangas Gold Project is higher than the recoverable value within Egerton Gold's balance sheet and that this valuation is unlikely to be recovered due to the issues noted in the table above. Therefore, an impairment of the asset has been recognised in the 2017 financial year and the loan to the Group from the Batangas Gold Project has been valued at USD 5,000,000 at 30 June 2017.

This is represented by the 40,000 ounces of gold noted within the mining plan, as noted in Red Mountain Mining Limited's financial model, at a conservative profitability of USD 125 per ounce, which is based on the substantive experience of the Group's mining executives, which represents less than a tenth of the JORC reserve and resource estimates (as detailed in the Strategic Report section), the Directors believe the valuation of the asset at USD 5,000,000 is a conservative valuation at this time.

On acquisition of the Batangas Gold Project, the Company returned its shareholdings (valued at USD 1,857,734) in RMMS and provided 1,250,000 shares (valued at USD 45,686) in the Company to Red Mountain Mining Limited. The negative goodwill of this purchase for the Group is shown in note 23 to the audited accounts.

8.1 Impairment of the loan to CRRR Mineral Trading

At 30 June 2016 White Tiger Mineral Resources Inc made a secured loan to CRRR Mineral Trading, a sole proprietorship under which Richard B. Garbo trades of USD 205,955. This has been fully provided for in the accounts of White Tiger Mineral Resources Inc in the period to 30 June 2017.

9. LOSS FOR THE PERIOD BEFORE TAX

In accordance with IAS 24 – Related Party transactions, key management personnel, including all Executive and Non-Executive Directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Company uses the same definition as for Persons Discharging Managerial Responsibility ("PDMRs').

	For the Year ended 30 June 2017		For the Year ended 30 June 2016	
	Cash (USD)	Equity (USD)	Cash (USD)	Equity (USD)
Salaries and Fees: Directors	149,945	203,766	76,709	155,500
Share Based Payments: Directors	-	-	-	28,000
Total Key Management Personnel Remuneration	149,945	203,766	76,709	183,500
Salaries and Fees: Non-Directors	201,912	70,450	21,621	100,000
Total Remuneration	351,857	274,216	98,330	283,500

As noted within the Directors' Report, the Directors have agreed to defer the issuance of the equity at this time.

10. AVERAGE NUMBER OF EMPLOYEES

The average number of Employees during the period was made up as follows:

	30 June 2017 (USD)	30 June 2016 (USD)
Directors	5	5
Management and Administration	3	2
Mining, Processing and Exploration staff	4	-
Total	12	7

11. FINANCE INCOME AND EXPENSE

	30 June 2017 (USD)	30 June 2016 (USD)
Other Finance Income/(Expense)	-	4,310
Net Finance Income/(Expense)	-	4,310

12. TAXATION

The Group contains entities with tax losses and deductible temporary differences for which no deferred tax asset is recognised. A deferred tax asset has not been recognised within some of the Group entities where the entities in which those losses and allowances have been generated either do not have forecast taxable in the near future, or the losses have restrictions whereby their utilisation is considered to be unlikely.

MRL Gold Inc has a deferred income tax liability of USD 133,356 at 30 June 2017.

13. INVESTMENTS

Investments – RMMS	30 June 2017 (USD)	30 June 2016 (USD)
At 01 July 2015/16	1,859,990	996,528
Additions	-	896,519
Disposals	(1,857,734)	-
Less: Share of Profit/(Loss)	(2,256)	(33,057)
At 30 June 2016/17	-	1,859,990

Investments – WTMR	30 June 2017 (USD)	30 June 2016 (USD)
At 01 July 2015/16	-	6,344
Less: Share of Profit/(Loss)	-	(6,344)
At 30 June 2016/17	-	-

13.1 Investments in Associates – White Tiger Mineral Resources, Inc

A summary of the Balance Sheet of White Tiger Mineral Resources Corporation is shown below:

	30 June 2017 (USD)	30 June 2016 (USD)
Non-current Assets		
Fixed costs	-	1,150
Current assets		
Cash	1,309	35,767
Receivables	-	58,360
	1,309	94,127
Current liabilities		
Trade and other payables	(214)	(15,299)
Non-current liabilities		
Borrowings	-	(191,813)
Net Assets	1,095	(111,835)
Equity		
Issued Capital	27,802	27,802
Retained Earnings	(26,707)	(139,637)
Total Equity	1,095	(111,835)

The Group's share of retained earnings, a profit of USD 112,930 for the year ended 30 June 2017, has been impaired as the company was sold on 28 August 2017.

13.2 Investments in Associates – Egerton Gold Philippines, Inc

A summary of the Balance Sheet of Egerton Gold Philippines Corporation is shown below:

	30 June 2017 (USD)	30 June 2016 (USD)
Non-current assets		
Deferred exploration costs	19,079,337	20,182,551
Current assets		
Cash	1,072	24,987
Receivables	107,871	93,298
	108,943	118,285
Current liabilities		
Trade and other payables	(19,467,125)	(20,331,664)
Non-current liabilities		
Borrowings	(197,346)	(211,080)
Net Assets	(476,191)	(241,908)
Equity		
Issued Capital	49,607	53,060
Retained Earnings	(525,798)	(294,968)
Total Equity	(476,191)	(241,908)

Retained earnings for the year ended 30 June 2017, a loss of USD 230,830, have not been included in the Group's results as they relate to the period before acquisition by the Company.

14. TRADE AND OTHER RECEIVABLES

	30 June 2017 (USD)	30 June 2016 (USD)
Trade Receivables	69,510	-
Loans to Associates – WTMR	-	191,813
Due from Related Parties	48,564	17,515
Total Trade and Other Receivables	118,074	209,328

15. CASH AND CASH EQUIVALENTS

	30 June 2017 (USD)	30 June 2016 (USD)
Cash at Bank and In Hand	94,987	258,919
Total Cash and Cash Equivalents	94,987	258,919

16. TRADE AND OTHER PAYABLES

	30 June 2017 (USD)	30 June 2016 (USD)
Trade and Other Payables	215,584	45,744
Due to be paid as Equity	557,716	-
Amounts Due to Related Parties	-	223,686
Total Trade and Other Payables – Current	773,300	269,430

	30 June 2017 (USD)	30 June 2016 (USD)
Trade and Other Payables	188,654	-
Total Trade and Other Payables – Non-Current	188,654	-

17. OTHER FINANCIAL LIABILITIES

	30 June 2017 (USD)	30 June 2016 (USD)
Loan Notes Issued to Related Parties	92,152	-
Loan Notes Issued to Non-Related Parties	112,500	-
Total Current Financial Liabilities	204,652	-

	30 June 2017 (USD)	30 June 2016 (USD)
Loan Notes Issued to Related Parties	92,932	92,932
Total Non-Current Financial Liabilities	92,932	92,932

Convertible Notes issued to Related Parties – Loan Notes: Current

On or around 28 April 2017 the Group entered into Loan Notes with various parties worth USD 500,000 with each individual Loan Note being for USD 50,000. At 30 June 2017, Loan Note drawdowns had been made in the amounts of USD 19,825 from Mr Aidan Bishop and USD 30,579 from Mr Charles Barclay and USD 41,748 from Momentum Resources Limited, a company in which Messrs Barclay and Patterson have a minority shareholding.

Convertible Notes issued to Related Parties – Loan Notes: Non-Current

Mr Aidan Bishop and Mr Mitchell Tarr advanced USD 92,932 to the Group in its start-up phase. The funds advanced to the Group are unsecured and interest free. Messrs Bishop and Tarr have agreed to convert these loans to equity at the same price as that of a future placing.

18. FINANCIAL INSTRUMENTS

Financial Assets	30 June 2017 (USD)	30 June 2016 (USD)
Trade and Other Receivables	118,074	209,328
Cash and Cash Equivalents	94,987	258,919
Total Financial Assets	213,061	468,247

Financial Liabilities	30 June 2017 (USD)	30 June 2016 (USD)
Trade and Other Payables	961,954	269,430
Loan Notes	297,584	92,932
Total Financial Liabilities	1,295,538	362,362

18.1 Liquidity Risk

The Group monitors constantly the cash outflows from day to day business and monitors long term liabilities to ensure that liquidity is maintained. As disclosed in the going concern statement in note 2, the Group is actively addressing the requirement to manage the funds it is able to generate as well as to raise new financing to fund corporate and development activities. This is an area which receives considerable focus from the Board and management on a daily basis.

18.2 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

Credit risk on cash and cash equivalents is considered to be acceptable as the counterparties are either substantial banks with high credit ratings or with whom the Group has offsetting debt arrangements.

Trade and other receivables have been recorded at cost.

18.3 Interest rate risk

At the balance date the Company does not have any long-term variable rate borrowings.

18.4 Foreign current risk

The Group's cash balance consisted of the following currency holdings:

	30 June 2017 (USD)	30 June 2016 (USD)
Sterling	2,545	258,919
US Dollars	71,144	-
Philippine Pesos	21,298	-
	94,987	258,919

The Group is exposed to transaction foreign exchange risk due to transactions not being matched in the same currency. The Group currently has no currency hedging in place.

19. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure that the Group's ability to continue as a going concern, and to provide an adequate return to shareholders.

The Group manages the capital structure through a process of constant review and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares, adjust dividends paid to shareholders, return capital to shareholders, or seek additional debt finance.

20. SHARE BASED PAYMENTS

Share based payments

	30 June 2017 Number	30 June 2016 Number
Oyster Trust Limited	500,000	-
Pizza Man Company Limited	210,527	260,870
Charles Barclay	-	347,826
Peter Wallwin	-	347,826
Gary Middleton	-	104,348
	710,527	1,060,870

During the year 710,527 shares, at a value of USD 12,798, were issued in settlement of services rendered to the Company.

Share options

There were no options issued during the financial year.

Warrants

	30 June 2017		30 June 2016	
	Number	Weighted Average Exercise Award	Number	Weighted Average Exercise Award
Outstanding at the Beginning of the Period	5,912,707	5.75p	-	-
Granted During the Period	-	-	5,912,707	5.75p
Outstanding at the Period End	5,912,707	5.75p	5,912,707	5.75p
Exercisable at the Period End	5,912,707	5.75p	5,912,707	5.75p

The following warrants were issued in connection with the Company's capital raising activities in 2016:

Vistra Trust (Singapore) Pte Limited	5,757,924	exercise price 5.75p	no expiry date
Optiva Securities Limited	154,783	exercise price 5.75p	3 years from admission

These warrants were valued at USD 45,439, using a Black-Scholes model, based on the following parameters – volatility 25%, interest rate 2.25%. Vistra Trust (Singapore) Pte Limited is a related party of a Director of the Company, Colin Patterson.

21. SHARE CAPITAL

	30 June 2017		30 June 2016	
	Number	USD	Number	USD
Opening Balance	195,605,589	2,948,717	2	290,270
Issued During the Year (Net)	9,107,809	131,884	195,605,587	2,838,396
Less: Costs	-	-	-	(179,949)
Closing Balance	204,713,938	3,080,601	195,605,589	2,948,717

The shares have no par value.

21.1 Earnings Per Share

	30 June 2017 (USD)	30 June 2016 (USD)
Basic profit/(loss) per share	0.0090	(0.0047)
Diluted profit/(loss) per share	0.0087	(0.0046)
Profit/(loss) used to calculate basic and diluted profit/(loss) per share	1,842,602	(920,927)
Number of shares used in calculating basic profit/(loss) per share	204,713,938	195,605,589
Number of shares used in calculating basic profit/(loss) per share	210,626,645	201,518,296

22. RESERVES

	30 June 2017 (USD)	30 June 2016 (USD)
Share Based Payments Reserve	45,439	45,439
Closing Balance	45,439	45,439

23. EXTRAORDINARY GAIN ON ACQUISITION

The acquisition of MRL Gold Inc in November 2016 is represented by the cost of acquisition less the fair value of the Group's share of the identifiable net assets acquired:

	(USD)
Cash	1,472
Debtors & Prepayments	99,509
Loan due to MRL Gold	5,000,000
Current assets	5,100,981
Current liabilities – Trade payables	(63,707)
Non-current liabilities – Trade payables	(188,654)
Net Assets acquired at fair value	4,848,620
Less: Issuance of 1,250,000 Company shares to RMX	(45,686)
Write-off of RMSS shares held by the Company	(1,857,734)
Royalty due to Red Mountain Mining Limited	-
Extraordinary Gain on Acquisition	2,945,200

As the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the extraordinary gain on acquisition of USD 2,945,200 has been recognised in the Consolidated Income Statement.

As noted in the Chairman's Report, prior to the acquisition of 100% of the Batangas Gold project, the Company owned 25% of the project at an investment cost of USD 1.9 million and had the option to acquire a further 25.1% of the project for a total investment of up to USD 3.7 million. However, through good negotiation the Company was able to acquire the remaining 75% for the consideration of just 1.25 million Company shares. The acquisition therefore cost just over USD 1.9 million in total –

representing a significant saving compared to the joint venture path that was previously agreed, as well as securing an additional 49.9% of the project.

The sale and purchase agreement further provides for a 1% Net Smelter Return Royalty, in respect to any product recovered on the Batangas Gold project, to be paid to Red Mountain Mining Limited from the first commercial sale of product from the Batangas Gold Project. The Directors have determined that no accrual of liabilities related to this Royalty can reasonably be estimated at this time as the Company does not have the right to commence production and, due to the political environment in the Philippines, does not envisage securing such in the near term.

The Directors subsequently fair valued the Batangas project at USD 5 million. Further, the project has a historic cash spend of USD 19 million, which may be offset against Philippines taxes resulting from future production. The directors have not included this future tax benefit in the Company's statement of financial position.

24. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2017 (2016 Nil).

25. CAPITAL COMMITMENTS

At 30 June 2017 the Group had entered into no contractual commitments for the acquisition of property, plant and equipment.

26. EVENTS AFTER THE REPORTING PERIOD

On 28 August 2017 the Company entered into an agreement to sell White Tiger Mineral Resources Inc to a group of several private individuals for a nominal sum of USD 109,136 to be paid under certain conditions. This decision was made by the Directors due to the uncertain policy and operating environment in the Philippines. The initial payment of USD 25,796 was received in September 2017.

There are no additional material post balance date events.

27. RELATED PARTY TRANSACTIONS

Amounts Loaned to Related Parties	30 June 2017 (USD)	30 June 2016 (USD)
Due from Related Parties	48,564	17,515
Loans to Associates – WTMR	-	191,813

USD 16,681 has been lent to a related party of Mr Bishop to acquire shares in White Tiger Mineral Resources Inc. This amount has been repaid as part of the August 2017 sale of White Tiger Mineral Resources Inc.

Amounts Due to Related Parties	30 June 2017 (USD)	30 June 2016 (USD)
Messrs Bishop & Tarr (Loan Notes: Non-Current Liability)	92,932	92,932
Messrs Bishop & Barclay (Loan Notes: Current Liability)	50,404	-
Parties Associated with Messrs Barclay & Patterson (Loan Notes)	42,878	-
Aidan Bishop	-	100,000
Charles Barclay	-	100,000
Daniel Fox-Davies	-	2,175

Messrs Bishop, Patterson, Barclay are directors of the Company. Mr Fox-Davies was a director of the Company until December 2016.

USD 200,000 of the trade payables due at 30 June 2016 were owed to Messrs Bishop and Barclay. This sum, along with amounts due to Directors for the current year, has, with the agreement of the Directors, been converted to unissued shares, which have not been issued at 30 June 2017.

28. SHARES IN GROUP UNDERTAKINGS

During the period the principal trading subsidiaries of the Company, including those indirectly held by the Company, are shown in the following table.

Name of Entity	Nature of Business	Country of Registration	Percentage of Ordinary Share Capital Held 2017	2016
Bluebird Merchant Ventures Inc	Non-trading	Philippines	99%	99%
White Tiger Mineral Resources Inc	Commodity Trading	Philippines	40%	40%
Red Mountain Mining Singapore Pte Limited	Batangas Gold Project	Singapore	-	25%
MRL Gold Inc	Batangas Gold Project	Philippines	100%	-
Egerton Gold Philippines Inc	Batangas Gold Project	Philippines	40%	-

Red Mountain Mining Singapore Pte Limited

The Company's investment in Red Mountain Mining Singapore Limited has been written off as part of the agreement to purchase the Batangas Gold Project.

MRL Gold Inc & Egerton Gold Philippines Inc

In November 2016 the Company entered into an agreement to purchase the Batangas Gold Project from Red Mountain Mining Limited. The Company agreed to pay 25% of all outstanding vendor balances owed by MRL Gold Inc plus 66% of the redundancy costs of USD 139,908, which are payable over a period of 3 years from November 2016.

The audited accounts have been adjusted to only show the Company's share of liabilities due by MRL Gold Inc.

29. FINANCIAL STATEMENTS OF THE PARENT COMPANY

The statement of financial position of the parent company is presented below. The directors have chosen not to include the full financial statements of the parent entity and related notes in the Annual Report.

STATEMENT OF FINANCIAL POSITION	30 June 2017 (USD)	30 June 2016 (USD)
Non-current assets		
Investments	79,282	1,859,990
	79,282	1,859,990
Current assets		
Trade and other receivables	18,565	209,328
Cash and cash equivalents	93,515	258,919
Loans due to Bluebird Merchant Ventures Ltd	5,000,000	-
	5,112,080	468,247
Current liabilities		
Trade and other payables	(742,551)	(268,792)
Other financial liabilities	(204,652)	-
	(947,203)	(268,792)
Non-current liabilities		
Financial liabilities	(92,932)	(92,932)
Net Assets	4,151,227	1,996,513
Equity		
Share Capital	3,080,601	2,948,716
Reserves	45,439	45,439
Retained Earnings	1,025,187	(1,027,642)
Total Equity	4,151,227	1,996,513

Bluebird

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