

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000.

This document comprises a Prospectus relating to Chesterfield Resources plc prepared in accordance with the Prospectus Rules. This document has been approved by the FCA and has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules. The Existing Ordinary Shares are admitted to the Official List (by way of a Standard Listing) and to trading on the London Stock Exchange's Main Market for listed securities. As the Acquisition represents a Reverse Takeover, upon announcement of the signing of heads of terms in relation to the Acquisition on 2 November 2017, the listing of and trading in the Ordinary Shares was suspended and it is anticipated that, in accordance with the Listing Rules, the existing listing of and trading in the Ordinary Shares will be cancelled. Application has been made to the UK Listing Authority and the London Stock Exchange for all of the ordinary share capital of the Company, issued and to be issued pursuant to the Acquisition, the Placing and the Subscription, to be admitted to the Official List (by way of a Standard Listing) under Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 3 July 2018.

The Company and each of the Directors and the Proposed Director, whose names appear on page 27 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors and the Proposed Director (who have each taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE COMPANY, AS SET OUT IN THE SECTION ENTITLED "RISK FACTORS" ON PAGES 12 TO 20 OF THIS DOCUMENT.



CHESTERFIELD RESOURCES PLC

(Incorporated and registered in England and Wales with number 10545738)

Acquisition of HKP Exploration Ltd, Placing of 10,766,667 Ordinary Shares, Subscription of 15,900,000 Ordinary Shares and admission of the Enlarged Ordinary Share Capital to the Standard Listed segment of the Official List and to trading on the London Stock Exchange's Main Market

*ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING AND ADMISSION
Issued and fully paid Ordinary Shares*

Nominal Value
£61,933

Number
61,933,334

The Ordinary Shares have not been, nor will they be, registered under the US Securities Act or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of any province or territory of Canada, Australia, the Republic of South Africa or Japan. Subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered, sold, taken up or delivered in, into or from the United States, Canada, Australia, the Republic of South Africa or Japan or to or for the account or benefit of any national, resident or citizen of the United States, or any person resident in Canada, Australia, the Republic of South Africa or Japan. This document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The distribution of this document in other jurisdictions may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves of and observe any restrictions. The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the US Securities Act. There will be no public offer in the United States. The Company has not been and will not be registered under the US Investment Company Act pursuant to the exemption provided by Section 3(c)(7) thereof and Shareholders will not be entitled to the benefits of that Act. The Ordinary Shares are being offered outside the United States in offshore transactions within the meaning of and in accordance with the safe harbour from the

registration requirements provided by Regulation S under the US Securities Act. The Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing commissions or authorities passed comment upon or endorsed the merit of the offer of the Ordinary Shares or the accuracy or the adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The distribution of this document in or into other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document is not, and under no circumstances is to be construed as, a prospectus within the meaning of Canadian securities laws, an advertisement or a public offering of the securities described herein in Canada. No prospectus has been filed with any securities commission or similar authority in Canada in connection with the offering of the Placing Shares or the Subscription Shares. In addition, no securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Placing Shares or the Subscription Shares and any representation to the contrary is an offence. In Canada, the offering of the Subscription Shares is being made on a private placement basis to "accredited investors" (as such term is defined under applicable Canadian securities laws) in the Canadian provinces of British Columbia, Alberta and Ontario only and not in, or to the residents of, any other province or territory of Canada. Each Canadian investor that purchases Subscription Shares will be deemed to have made certain representations, warranties, acknowledgements and agreements (see the section entitled "Notices to Prospective Placees and Subscribers" set out in Part X of this document).

APPLICATION HAS BEEN MADE FOR THE ORDINARY SHARES, ISSUED AND TO BE ISSUED PURSUANT TO THE ACQUISITION, THE PLACING AND THE SUBSCRIPTION, TO BE ADMITTED TO STANDARD LISTING. A STANDARD LISTING WILL AFFORD SHAREHOLDERS A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT AFFORDED TO INVESTORS IN COMPANIES WITH PREMIUM LISTINGS, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES. IT SHOULD BE NOTED THAT THE UK LISTING AUTHORITY WILL NOT HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES WHICH THE COMPANY HAS INDICATED HEREIN THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY SO TO COMPLY.

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SUMMARY

Section A - Introduction and warnings		
A.1	Introduction and warning	<p>THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS DOCUMENT. ANY DECISION TO INVEST IN THE ORDINARY SHARES SHOULD BE BASED ON CONSIDERATION OF THIS DOCUMENT AS A WHOLE.</p> <p>Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document, or if this summary does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the Ordinary Shares.</p>
A.2	Consent and financial intermediaries	Not applicable. The Company has not and will not give its consent to the use of this document for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
B.1	Legal and commercial name	The legal and commercial name of the issuer is Chesterfield Resources plc.
B.2	Domicile, legal form, legislation and country of incorporation	<p>The Company was incorporated and registered in England and Wales on 4 January 2017 with registered number 10545738 as a private limited company under the Companies Act with the name Chesterfield Resources Limited. On 8 May 2017, the Company was re-registered as a public limited company under the Companies Act and accordingly changed its name to Chesterfield Resources plc.</p> <p>The principal legislation under which the Company operates and under which the Ordinary Shares have been created is the Companies Act.</p> <p>The Company is domiciled in the United Kingdom.</p>
B.3	Current operations / principal activities and markets	<p>Chesterfield Resources was formed for the purpose of acquiring a company, business or asset with operations in the Exchange Traded Non-Ferrous Metals mining segment within the European geographic region.</p> <p>On 28 June 2018, the Company announced that it had entered into the Acquisition Agreement under which the Company conditionally agreed to acquire the entire issued share capital of HKP for £500,000, to be satisfied by the issue of the Consideration Shares. The principal activity of HKP is the exploration for natural resources in Cyprus.</p> <p>The primary objective of the Company is to generate value for Shareholders, which the Company will seek to achieve through the definition of a Mineral Resource estimate from multiple prospects within the HKP Portfolio and, potentially, through further acquisitions.</p> <p>The New Group proposes a phased exploration work programme for the HKP Portfolio, the exploration target of which is a Mineral Resource of 1,000,000 to 5,000,000 tonnes from multiple prospects, at two per cent. copper plus more than one gram per tonne gold and silver/zinc credits. The Proposed Work Programme comprises three phases:</p> <p><i>Phase 1 – Data collection and analysis</i> The aim of Phase 1 is to identify the most prospective areas within the HKP Portfolio and prioritise field work. This will be achieved by acquiring and collating into digital form all relevant available existing data from the Cyprus Geological Survey, academic studies and historical commercial activity. Spatial data will be captured into a GIS All datasets will then be interrogated to identify areas and prospects where exploration will be prioritised.</p> <p><i>Phase 2 – Confirmatory field studies</i> The aim of Phase 2 is to rank prospects and to define drill targets. Field studies will include geological and structural mapping, rock chip and trench sampling and ground geophysics and will start at areas and prospects prioritised during Phase 1. All new data will be integrated into an evolving exploration model.</p> <p><i>Phase 3 – Drilling</i> The aim of Phase 3 is to drill targets defined in Phase 2 and define Mineral Resources. The style and quantum of drilling will be constrained by local conditions.</p>

		<p>The Directors and the Proposed Director expect the Proposed Work Programme to be completed within 12 months at a cost of approximately £1,100,000.</p> <p>Each project area and each prospect within each project area, will move through the proposed exploration phases at different rates. For example, data collection and analysis are already quite advanced for the Troodos West Project and a number of prospects within it, whereas data are still being gathered for the Troodos North and Troodos East Projects. The primary focus of the Proposed Work Programme is the Troodos West Project, comprising HKP's Granted Prospecting Permits. Less than 10 per cent. of the budget of the Proposed Work Programme is projected to be spent on the Troodos North and Troodos East Projects, comprising HKP's Prospecting Permit Applications. The Troodos North and Troodos East Projects are expected to provide a pipeline of further exploration prospects for the New Group beyond the Proposed Work Programme, subject to the approval of HKP's Prospecting Permit Applications.</p> <p>In addition to pursuing the exploration of the HKP Portfolio, the Company will continue to seek acquisition opportunities in the sector. Particularly attractive acquisition opportunities will continue to include companies, businesses or assets where an identified mineral resource can be optimised or increased or where value can be unlocked.</p>																																																																					
B.4a	A description of the most significant recent trends	The Company is a new entrant and there are no significant trends which can be derived from the Company's business as it is at a very early stage.																																																																					
B.5	Group structure	As at the date of this document, the Company is not a part of a group and does not have any subsidiary undertakings. On completion of the Acquisition, the Company will be the holding company of a group comprising the Company and its sole subsidiary undertaking, HKP. HKP is incorporated in Cyprus and, on completion of the Acquisition, the Company will hold the entire issued share capital of HKP.																																																																					
B.6	Notifiable interests, different voting rights and controlling interests	<p>The Company is aware of the following persons who are interested and who, immediately following Admission, are expected to be interested, directly or indirectly, in three per cent. or more of the issued ordinary share capital of the Company.</p> <table> <thead> <tr> <th><i>Name</i></th><th><i>As at the date of this document</i></th><th></th></tr> <tr> <th></th><th><i>Number of</i></th><th><i>Percentage of Existing</i></th></tr> <tr> <th></th><th><i>Ordinary Shares</i></th><th><i>Ordinary Shares</i></th></tr> </thead> <tbody> <tr> <td>Claudio Ciavarella</td><td>2,400,000</td><td>8.39</td></tr> <tr> <td>Leo Berezan</td><td>2,080,000</td><td>7.27</td></tr> <tr> <td>Wentworth Ltd</td><td>2,000,000</td><td>6.99</td></tr> <tr> <td>Glenn Olnick</td><td>1,475,000</td><td>5.16</td></tr> <tr> <td>Michael Johnson</td><td>1,375,000</td><td>4.81</td></tr> <tr> <td>Peter Damouni</td><td>1,200,000</td><td>4.20</td></tr> <tr> <td>Winterflood Securities Limited</td><td>1,186,900</td><td>4.15</td></tr> <tr> <td>Helen Johnson</td><td>1,000,000</td><td>3.50</td></tr> <tr> <td>John Kutzschan</td><td>947,000</td><td>3.31</td></tr> </tbody> </table> <table> <thead> <tr> <th><i>Name</i></th><th><i>Immediately following Admission</i></th><th></th></tr> <tr> <th></th><th><i>Number of</i></th><th><i>Percentage of Enlarged</i></th></tr> <tr> <th></th><th><i>Ordinary Shares</i></th><th><i>Ordinary Share Capital</i></th></tr> </thead> <tbody> <tr> <td>Claudio Ciavarella</td><td>4,400,000</td><td>7.10</td></tr> <tr> <td>Leo Berezan</td><td>4,201,334</td><td>6.78</td></tr> <tr> <td>Kingfisher Distribution Company Limited</td><td>3,350,000</td><td>5.41</td></tr> <tr> <td>Fahad Al Tamimi</td><td>2,333,333</td><td>3.77</td></tr> <tr> <td>Martin French</td><td>2,328,000</td><td>3.76</td></tr> <tr> <td>Glenn Olnick</td><td>2,075,000</td><td>3.35</td></tr> <tr> <td>Wentworth Ltd</td><td>2,000,000</td><td>3.23</td></tr> <tr> <td>1770120 Ontario Inc.</td><td>1,925,000</td><td>3.11</td></tr> </tbody> </table> <p>The voting rights of all shareholders are the same in respect of each Ordinary Share held.</p> <p>The Company has no controlling parties.</p>	<i>Name</i>	<i>As at the date of this document</i>			<i>Number of</i>	<i>Percentage of Existing</i>		<i>Ordinary Shares</i>	<i>Ordinary Shares</i>	Claudio Ciavarella	2,400,000	8.39	Leo Berezan	2,080,000	7.27	Wentworth Ltd	2,000,000	6.99	Glenn Olnick	1,475,000	5.16	Michael Johnson	1,375,000	4.81	Peter Damouni	1,200,000	4.20	Winterflood Securities Limited	1,186,900	4.15	Helen Johnson	1,000,000	3.50	John Kutzschan	947,000	3.31	<i>Name</i>	<i>Immediately following Admission</i>			<i>Number of</i>	<i>Percentage of Enlarged</i>		<i>Ordinary Shares</i>	<i>Ordinary Share Capital</i>	Claudio Ciavarella	4,400,000	7.10	Leo Berezan	4,201,334	6.78	Kingfisher Distribution Company Limited	3,350,000	5.41	Fahad Al Tamimi	2,333,333	3.77	Martin French	2,328,000	3.76	Glenn Olnick	2,075,000	3.35	Wentworth Ltd	2,000,000	3.23	1770120 Ontario Inc.	1,925,000	3.11
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B.7	Historical financial information	<p>The following selected financial information has been extracted from the Historical Financial Information of the Company for the period from incorporation on 4 January 2017 to 31 December 2017.</p> <p><i>Statement of comprehensive income for the period from incorporation on 4 January 2017 to 31 December 2017</i> £</p> <table><tr><td>Revenue</td><td>-</td></tr><tr><td>Administrative expenses</td><td>(111,012)</td></tr><tr><td>Loss on ordinary activities before taxation</td><td>(111,012)</td></tr><tr><td>Tax on loss on ordinary activities</td><td>-</td></tr><tr><td>Loss and total comprehensive loss for the period attributable to the owners of the Company</td><td>(111,012)</td></tr><tr><td>Loss per share (basic and diluted) attributable to the ordinary shareholders (pence)</td><td>(1.01)</td></tr></table> <p><i>Statement of financial position as at 31 December 2017</i> £</p> <table><tr><td>Current assets</td><td></td></tr><tr><td>Trade and other receivables</td><td>44,683</td></tr><tr><td>Cash and cash equivalents</td><td>1,184,424</td></tr><tr><td></td><td>1,229,107</td></tr><tr><td>Total assets</td><td>1,229,107</td></tr><tr><td>Current liabilities</td><td></td></tr><tr><td>Trade and other payables</td><td>(51,286)</td></tr><tr><td>Total liabilities</td><td>(51,286)</td></tr><tr><td>Net assets</td><td>1,177,821</td></tr><tr><td>Share capital</td><td>126,600</td></tr><tr><td>Share premium</td><td>1,157,873</td></tr><tr><td>Share-based payment reserve</td><td>4,360</td></tr><tr><td>Retained loss</td><td>(111,012)</td></tr><tr><td>Equity attributable to the owners of the Company</td><td>1,177,821</td></tr></table> <p><i>Statement of cashflows for the period from incorporation on 4 January 2017 to 31 December 2017</i> £</p> <table><tr><td>Cashflow from operating activities</td><td></td></tr><tr><td>Loss for the period</td><td>(111,012)</td></tr><tr><td>Costs settled by the issue of warrants</td><td>4,360</td></tr><tr><td>Increase in trade and other receivables</td><td>(44,683)</td></tr><tr><td>Increase in trade and other payables</td><td>51,286</td></tr><tr><td>Net cash outflow from operating activities</td><td>(100,049)</td></tr><tr><td>Cashflow from financing activities</td><td></td></tr><tr><td>Gross proceeds of the issue of shares</td><td>1,400,600</td></tr><tr><td>Costs related to share issues</td><td>(116,127)</td></tr><tr><td>Net cash inflow from financing activities</td><td>1,284,473</td></tr><tr><td>Net increase in cash and cash equivalents</td><td>1,184,424</td></tr><tr><td>Cash and cash equivalents at the beginning of the period</td><td>-</td></tr><tr><td>Cash and cash equivalents at the end of the period</td><td>1,184,424</td></tr></table> <p>During the period from incorporation on 4 January 2017 to 31 December 2017 and during the period since 31 December 2017, there has been no significant change in the financial condition or operating results of the Company, save for completion of the IPO Placing, which produced gross proceeds (before expenses) of £1,300,000, and the payment of expenses in connection with the Acquisition, the Placing, the Subscription and Admission. The Company intends to issue the 6,666,667 Consideration Shares in connection with Acquisition and to issue the 10,766,667 Placing Shares and 15,900,000 Subscription Shares, raising £2,000,000 (approximately £1,500,000 net of expenses), subject only to Admission.</p>	Revenue	-	Administrative expenses	(111,012)	Loss on ordinary activities before taxation	(111,012)	Tax on loss on ordinary activities	-	Loss and total comprehensive loss for the period attributable to the owners of the Company	(111,012)	Loss per share (basic and diluted) attributable to the ordinary shareholders (pence)	(1.01)	Current assets		Trade and other receivables	44,683	Cash and cash equivalents	1,184,424		1,229,107	Total assets	1,229,107	Current liabilities		Trade and other payables	(51,286)	Total liabilities	(51,286)	Net assets	1,177,821	Share capital	126,600	Share premium	1,157,873	Share-based payment reserve	4,360	Retained loss	(111,012)	Equity attributable to the owners of the Company	1,177,821	Cashflow from operating activities		Loss for the period	(111,012)	Costs settled by the issue of warrants	4,360	Increase in trade and other receivables	(44,683)	Increase in trade and other payables	51,286	Net cash outflow from operating activities	(100,049)	Cashflow from financing activities		Gross proceeds of the issue of shares	1,400,600	Costs related to share issues	(116,127)	Net cash inflow from financing activities	1,284,473	Net increase in cash and cash equivalents	1,184,424	Cash and cash equivalents at the beginning of the period	-	Cash and cash equivalents at the end of the period	1,184,424
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B.8	Pro forma financial information	<p>The following unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.</p> <table><tr><th></th><th><i>The Company as at 31 December 2017 (Note 1) £</i></th><th><i>HKP as at 31 December 2017 (Note 2) £</i></th><th><i>Pro forma adjustments (Notes 3 and 4) £</i></th><th><i>Resulting pro forma financial information as at 31 December 2017 £</i></th></tr><tr><td>Non-current assets</td><td></td><td></td><td></td><td></td></tr><tr><td>Intangible assets</td><td>-</td><td>-</td><td>512,676</td><td>512,676</td></tr><tr><td></td><td>-</td><td>-</td><td>512,676</td><td>512,676</td></tr><tr><td>Current assets</td><td></td><td></td><td></td><td></td></tr><tr><td>Trade and other receivables</td><td>44,683</td><td>-</td><td>(35,187)</td><td>9,496</td></tr><tr><td>Cash and cash equivalents</td><td>1,184,424</td><td>35,098</td><td>2,000,000</td><td>3,219,552</td></tr><tr><td></td><td>1,229,107</td><td>35,098</td><td>1,964,813</td><td>3,229,018</td></tr><tr><td>Total assets</td><td>1,229,107</td><td>35,098</td><td>2,477,489</td><td>3,741,694</td></tr><tr><td>Current liabilities</td><td></td><td></td><td></td><td></td></tr><tr><td>Trade and other payables</td><td>(51,286)</td><td>(12,857)</td><td>(461,067)</td><td>(524,940)</td></tr><tr><td>Borrowings</td><td>-</td><td>(35,187)</td><td>35,187</td><td>-</td></tr><tr><td></td><td>(51,286)</td><td>(47,774)</td><td>(425,880)</td><td>(524,940)</td></tr><tr><td>Non-current liabilities</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td></td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Total liabilities</td><td>(51,286)</td><td>(47,774)</td><td>(425,880)</td><td>(524,940)</td></tr><tr><td>Net assets</td><td>1,177,821</td><td>(12,676)</td><td>2,051,609</td><td>3,216,754</td></tr></table> <p><i>Notes:</i></p> <ol style="list-style-type: none">This information has been extracted from the Historical Financial Information of the Company.This information has been extracted from the Historical Financial Information of HKP, translated from euros to pounds sterling at £1=€1.12.The increase in intangible assets of £512,676 represents the excess of the purchase consideration of £500,000 (6,666,667 Consideration Shares at the Issue Price of 7.5p per share) over the carrying amount of the net assets acquired (net liabilities of £12,676). The increase in trade and other receivables of £35,187 and a decrease in borrowings of the same amount illustrates the effect of consolidation adjustments relating to the loan from the Company to HKP.The increase in cash and cash equivalents illustrates the receipt by the Company of the gross proceeds of the Placing and the Subscription of £2,000,000. The increase in trade and other payables of £461,067 illustrates the effect of the estimated expenses (exclusive of VAT) payable by the Company in connection with the Acquisition, the Placing, the Subscription and Admission of £500,000, less the expenses already incurred by the Company as at 31 December 2017 of £38,933.		<i>The Company as at 31 December 2017 (Note 1) £</i>	<i>HKP as at 31 December 2017 (Note 2) £</i>	<i>Pro forma adjustments (Notes 3 and 4) £</i>	<i>Resulting pro forma financial information as at 31 December 2017 £</i>	Non-current assets					Intangible assets	-	-	512,676	512,676		-	-	512,676	512,676	Current assets					Trade and other receivables	44,683	-	(35,187)	9,496	Cash and cash equivalents	1,184,424	35,098	2,000,000	3,219,552		1,229,107	35,098	1,964,813	3,229,018	Total assets	1,229,107	35,098	2,477,489	3,741,694	Current liabilities					Trade and other payables	(51,286)	(12,857)	(461,067)	(524,940)	Borrowings	-	(35,187)	35,187	-		(51,286)	(47,774)	(425,880)	(524,940)	Non-current liabilities						-	-	-	-		-	-	-	-	Total liabilities	(51,286)	(47,774)	(425,880)	(524,940)	Net assets	1,177,821	(12,676)	2,051,609	3,216,754
	<i>The Company as at 31 December 2017 (Note 1) £</i>	<i>HKP as at 31 December 2017 (Note 2) £</i>	<i>Pro forma adjustments (Notes 3 and 4) £</i>	<i>Resulting pro forma financial information as at 31 December 2017 £</i>																																																																																								
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B.9	Profit forecasts	No profit forecast or estimate is included in this document.																																																																																										
B.10	Qualifications in the audit report	No audit reports have been refused by the auditors of the Company and no audit reports contain qualifications or disclaimers.																																																																																										
B.11	Working capital	As at the date of this document, the Company is of the opinion that the working capital available to the New Group is sufficient for the New Group's present requirements (that is, for at least the next twelve months from the date of this document).																																																																																										

Section C – Securities

C.1	Description of the Ordinary Shares	<p>The Existing Ordinary Shares, the Consideration Shares, the Placing Shares and the Subscription Shares are ordinary shares of 0.1p each in the capital of the Company.</p> <p>The ISIN of the Ordinary Shares is GB00BF2F1X78.</p>
C.2	Currency of the Ordinary Shares	The nominal value of the Ordinary Shares is denominated in sterling and the Issue Price of the Placing Shares and the Subscription Shares is payable in sterling.

C.3	Amount paid up and par value	<p>The Company's issued share capital, as at the date of this document, is:</p> <table> <tr> <th colspan="2"><i>Issued and fully paid</i></th><th></th></tr> <tr> <td><i>Ordinary Shares</i></td><td></td><td><i>Nominal Value</i></td></tr> <tr> <td>28,600,000</td><td></td><td>£28,600</td></tr> <tr> <td><i>Deferred Shares</i></td><td></td><td><i>Nominal Value</i></td></tr> <tr> <td>2,000,000</td><td></td><td>£98,000</td></tr> </table> <p>Immediately following Admission, the Company's issued share capital is expected to be:</p> <table> <tr> <th colspan="2"><i>Issued and fully paid</i></th><th></th></tr> <tr> <td><i>Ordinary Shares</i></td><td></td><td><i>Nominal Value</i></td></tr> <tr> <td>61,933,334</td><td></td><td>£61,933</td></tr> <tr> <td><i>Deferred Shares</i></td><td></td><td><i>Nominal Value</i></td></tr> <tr> <td>2,000,000</td><td></td><td>£98,000</td></tr> </table>	<i>Issued and fully paid</i>			<i>Ordinary Shares</i>		<i>Nominal Value</i>	28,600,000		£28,600	<i>Deferred Shares</i>		<i>Nominal Value</i>	2,000,000		£98,000	<i>Issued and fully paid</i>			<i>Ordinary Shares</i>		<i>Nominal Value</i>	61,933,334		£61,933	<i>Deferred Shares</i>		<i>Nominal Value</i>	2,000,000		£98,000
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2,000,000		£98,000																														
C.4	Rights attaching to the Ordinary Shares	<p>Subject to any special terms as to voting on which any shares may have been issued, on a show of hands every member who being an individual is present in person or by proxy or, being a corporation is present by a duly authorised representative, has one vote, and on a poll every member has one vote for every share of which he is the holder.</p> <p>Subject to the provisions of the Companies Act and to any special rights attaching to any shares, the Shareholders are to distribute amongst themselves the profits of the Company according to their respective rights and priorities, provided that no dividend will be declared in excess of the amount recommended by the directors of the Company. Interim dividends may be paid if profits are available for distribution and if the Board so resolves. Any dividend unclaimed after a period of 12 years from the date of its declaration will be forfeited and will revert to the Company.</p> <p>On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by the Companies Act, be divided amongst the members.</p> <p>The Ordinary Shares are not redeemable.</p> <p>The Company may sell any share if, during a period of 12 years, at least three dividends in respect of such shares have been paid, no cheque or warrant in respect of any such dividend has been cashed and no communication has been received by the Company from the relevant member. The Company must advertise its intention to sell any such share in both a national daily newspaper and in a newspaper circulating in the area of the last known address to which cheques or warrants were sent. Notice of the intention to sell must also be given to the UK Listing Authority.</p> <p>The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570-571 of the Companies Act) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash.</p>																														
C.5	Restrictions on free transferability of the Ordinary Shares	The Articles contain no restrictions on the free transferability of fully paid Ordinary Shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the Articles, if any, relating to registration of transfers have been complied with.																														
C.6	Admission	Application has been made to the UK Listing Authority and the London Stock Exchange for all of the ordinary share capital of the Company, issued and to be issued pursuant to the Acquisition, the Placing and the Subscription, to be admitted to the Official List (by way of a Standard Listing) under Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 3 July 2018.																														
C.7	Dividend policy	The Directors' and the Proposed Director's current intention is to retain any earnings for use in the Group's operations and the Directors and the Proposed Director do not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and to the extent that to do so is in accordance with all applicable laws.																														

Section D – Risks

D.1	Key risks specific to the Company or the mining industry	<p>There can be no assurance that HKP's Prospecting Permit Applications will be granted or that, if granted, they will be granted in full or without conditions which may delay or hinder the New Group's ability to access favourable areas and complete work programmes</p> <p>The New Group is unlikely to be revenue generating in the short to medium term and the Company may need to consider raising further funds to finance the New Group's operations</p> <p>There is no certainty that exploration and development expenditure by the Group will result in the discovery of economic deposits or lead to profitable commercial operations</p> <p>Failure to discover new resources, enhance existing resources or adequately develop new projects could adversely affect the Group's business</p> <p>The Group may be unable to obtain or renew required exploration or mining rights and concessions, licences, permits and other authorisations and/or such concessions, rights, licences, permits and other authorisations may be suspended, terminated or revoked prior to their expiration</p> <p>The Group's business strategy depends on the effectiveness of the operating strategies devised by the Board and management and there is no assurance that these strategies will be successfully implemented or, if implemented, that they will deliver the anticipated benefits</p> <p>Changes in global supply and demand owing to an economic downturn may adversely affect the business, results of operations, cash flows and financial condition of the Group</p> <p>Mineral exploration, development and production activities are capital intensive and inherently uncertain in their outcome and the Group may not be able to generate cash flows or secure additional financing for its discretionary capital expenditure plans</p> <p>The Group is dependent upon a small management team and may be unable to retain or recruit in a timely manner the personnel required to deliver the Group's business strategy</p> <p>Whilst the Republic of Cyprus is a member of the European Union, the northern part of the island of Cyprus is occupied by Turkey and there can be no certainty that relations between Turkey and the Republic of Cyprus will not deteriorate, which could lead to political instability or even military conflict</p> <p>Due diligence conducted by the Company in connection with the Acquisition, or any further acquisition, may not reveal all relevant considerations or liabilities, which could have a material adverse effect on the Company's financial condition or results of operations</p> <p>There is no assurance that the Company will identify suitable further acquisition opportunities or that the Company will be successful in completing any further acquisitions</p> <p>There is likely to be competition for further acquisition opportunities</p> <p>The use of new Ordinary Shares as consideration for any further acquisition could result in significant dilution of Shareholders</p> <p>The natural resources sector is subject to commodity price fluctuations, which may adversely impact the results of operations, financial condition and prospects of the Group</p> <p>Failure to manage relationships with local communities, government and non-government organisations could adversely affect the Group's reputation, as well as its ability to advance projects</p> <p>Political, legal and commercial instability, as well as political and fiscal pressure on governments, in countries in which the Group operates could affect the viability of the Group's operations</p> <p>The Group may estimate resources and reserves, which will be subject to a number of assumptions and variables, variations in which may result in material changes to such estimates</p> <p>Safety, health and environmental laws and related regulations may expose the Group to increased litigation, compliance costs, interruptions to operations, unforeseen environmental remediation expenses and loss of reputation</p> <p>Exploration and mining operations are vulnerable to natural disasters, operating difficulties and damage to or breakdown of a physical asset, any of which could have a material impact on the productivity of the operations and not all of which may be covered by insurance</p> <p>The use of independent contractors in operations may expose those operations to delays or suspensions of activities</p>
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D.3	Key risks specific to the Ordinary Shares	<p>The proposed Standard Listing of the Ordinary Shares will afford Shareholders a lower level of regulatory protection than a Premium Listing</p> <p>Shareholders may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable and the market price of the Ordinary Shares may be volatile</p> <p>The pre-emption rights in the Articles have been disapplied and the Company may be required to raise cash through issuing substantial additional equity, which may dilute the percentage ownership of a Shareholder and the value of the Ordinary Shares</p> <p>Dividend payments on the Ordinary Shares are not guaranteed and the Company does not intend to pay dividends in the foreseeable future</p> <p>Overseas Shareholders may not be able to participate in future equity offerings by the Company</p> <p>The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors and the Proposed Director may be limited</p>

Section E – Offer		
E.1	Net proceeds and expenses of the Placing and the Subscription	The total costs (including fees and commissions) (exclusive of VAT) payable by the Company in connection with the Acquisition, the Placing, the Subscription and Admission are estimated to amount to approximately £500,000, of which a total of approximately £100,000 is commission payable to Shard and Haywood. The estimated net proceeds accruing to the Company from the Placing and the Subscription are approximately £1,500,000.
E.2a	Reasons for the Placing and use of proceeds	<p>The Company's intention is to use the Net Proceeds as follows:</p> <ul style="list-style-type: none"> the Proposed Work Programme for the HKP Portfolio – approximately £1,100,000, which is expected to be broken down as follows: <ul style="list-style-type: none"> Phase 1 – data collection and analysis – approximately £90,000; Phase 2 – confirmatory field studies – approximately £130,000; and Phase 3 – drilling – approximately £880,000; and additional general working capital to be applied towards ongoing corporate costs and expenses (including directors' and key personnel's remuneration and consultancy fees and other internal costs of sourcing, reviewing and pursuing any further acquisitions) – approximately £400,000.
E.3	Terms and conditions of the Placing and the Subscription	Under the Placing and the Subscription, the 10,766,667 Placing Shares and the 15,900,000 Subscription Shares have been conditionally subscribed for by the Placees and the Subscribers, respectively, at the Issue Price of 7.5p per Ordinary Share. The Placing and the Subscription are conditional on, <i>inter alia</i> , Admission. Conditional upon Admission becoming effective by 8.00 a.m. on or prior to 3 July 2018 (or such later date, not being later than 15 July 2018), each Placee and each Subscriber who has applied for Ordinary Shares agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to them at the Issue Price. To the fullest extent permitted by law, Placees and Subscribers will not be entitled to rescind their agreement at any time. Each Placee has undertaken to pay the Issue Price for the Placing Shares allocated to them in such manner as directed by Shard in the Placing Letter. Each Subscriber has undertaken to pay the Issue Price for the Subscription Shares allocated to them in accordance with the terms of their Subscription Agreement. In the event that Admission does not occur by 8.00 a.m. on or prior to 3 July 2018 (or such later date, not being later than 15 July 2018), Placees and Subscribers will receive a full refund of monies subscribed.
E.4	Interests material to the Placing and the Subscription	There are no interests, including conflicting interests, that are material to the Placing or the Subscription.
E.5	The offeror and locked-in persons	<p>All of the Placing Shares and the Subscription Shares are new Ordinary Shares being issued by the Company.</p> <p>On 28 June 2018, the Company and Shard entered into a lock-in deed with each of the Principal HKP Sellers pursuant to which each of the Principal HKP Sellers agreed with the Company and Shard that, save in certain limited circumstances, while he holds a role of director or employee of any member of the Group or any other role with any member of the Group, including that of a consultant, he will not dispose of any interest in shares in the capital of the Company for a period of six months following completion of the Acquisition. The lock-in deed also contains certain orderly market arrangements for any disposals permitted during the lock-in period and all other disposals which apply for six months after the expiry of the initial lock-in period.</p> <p>On 22 August 2017, the Company and Shard entered into a lock-in deed with each of the Directors pursuant to which each of the Directors agreed with the Company and Shard that, save in certain limited circumstances, while he holds a role of director or employee of the Company or any other role with the Company, he will not dispose of any interest in shares in the capital of the Company for a period of six months following completion of the Acquisition. The lock-in deed also contains certain orderly market arrangements for any disposals permitted during the lock-in period and all other disposals which apply for six months after the expiry of the initial lock-in period.</p>
E.6	Dilution	The issue of the Consideration Shares, the Placing Shares and the Subscription Shares will result in the Existing Ordinary Shares being diluted so as to constitute approximately 46.18 per cent. of the Enlarged Ordinary Share Capital.
E.7	Expenses	No expenses will be charged by the Company to Placees or Subscribers in connection with the Placing or the Subscription.

RISK FACTORS

Investment in the Company and the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, risks relating to the natural resources sector, risks relating to taxation and risks relating to the Ordinary Shares. The risks referred to below are the material risks relating to the Company. However, there may be additional risks that the Company and the Directors and the Proposed Director do not currently consider to be material or of which the Company and the Directors and the Proposed Director are not currently aware that may adversely affect the Company's business, financial condition or results of operations.

Prospective Shareholders should review this document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this document were to occur, the results of operations, financial condition and prospects of the Company could be materially adversely affected. If that were to be the case, the market price of the Ordinary Shares, the target rate of return, and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, Shareholders could lose all or part of their investment.

RISKS RELATING TO THE GROUP'S BUSINESS STRATEGY

There can be no assurance that HKP's Prospecting Permit Applications will be granted or that, if granted, they will be granted in full or without conditions which may delay or hinder the New Group's ability to access favourable areas and complete work programmes

Between 31 January and 2 March 2018, HKP submitted six applications for Prospecting Permits to the Mines Service but, as at the date of this document, HKP's Prospecting Permit Applications have not been approved. In Cyprus, Prospecting Permit applications are not competitive but based on precedence. At the time of submission, there were no granted Prospecting Permits or other applications for Prospecting Permits over any area covered by HKP's Prospecting Permit Applications, other than one small known overlap in the application relating to the Troodos East Project. Therefore, HKP's Prospecting Permit Applications have priority, except for this overlap. Prospecting Permit applications are reviewed by a number of government departments and local community councils, who may set certain conditions. For example, the Department of Antiquities requests that sites of historical significance are not disturbed. The Prospecting Permit approval process takes at least three months but may take longer if reviewers do not respond in a timely manner. The Head of the Mines Service can approve a Prospecting Permit application if all the reviews are not received within a reasonable time period. HKP's Granted Prospecting Permits were all granted during 2018 within 12 months of submission and approved in full, with conditions that are reasonable and will not impede the Proposed Work Programme. There are existing Prospecting Permits immediately adjacent to HKP's Prospecting Permit Applications and the Directors and the Proposed Director are not aware that HKP's Prospecting Permit Applications cover any areas of special sensitivity. Accordingly, the Directors and the Proposed Director have no reason to believe that HKP's Prospecting Permit Applications will not be approved before the end of 2018, in full and with conditions no more restrictive than those attaching to HKP's Granted Prospecting Permits. Nevertheless, if any of HKP's Prospecting Permit Applications are not granted or are granted subject to material amendment or special conditions, that may have an adverse effect on the prospects of the New Group.

The New Group is unlikely to be revenue generating in the short to medium term and the Company may need to consider raising further funds to finance the New Group's operations

The New Group's primary objective in the short to medium term will be to explore and develop the HKP Portfolio. Unless the Company acquires a revenue generating company business or asset or is able to exploit a near term revenue generating opportunity from within the HKP Portfolio, the Directors and the Proposed Director do not expect the Group to generate revenues during this exploration and development phase. As a result, the Group is likely to be reliant on the Net Proceeds to fund its activities. Whilst the Company is satisfied that the Net Proceeds are sufficient for the New Group to carry out the Proposed Work Programme, there is a risk that the New Group will have insufficient financial resources to explore and develop the HKP Portfolio further and that the Company may need to consider raising further funds to finance its operations. It is likely that, if additional funds are required, the Company may need to raise such funds through the issue of new Ordinary Shares, which would dilute the interests of Shareholders. In addition, there is a further risk that the Group may be unable to raise such additional funds as may be required, which would have a material adverse impact on the financial condition and prospects of the Group.

There is no certainty that exploration and development expenditure by the Group will result in the discovery of economic deposits or lead to profitable commercial operations

The exploration and development of mineral properties is speculative and subject to a number of uncertainties and hazards which even a combination of careful evaluation, experience and knowledge may not eliminate. The projected timing and cost of the Proposed Work Programme are estimated and may not produce the desired results. Most exploration projects do not result in the discovery of commercially mineable deposits. Any decision by the Group to explore or develop a mineral property will typically be based on the analysis of geological and mineralogical data and estimates of the cost to complete further exploration or development work. Actual costs may differ significantly from those anticipated by such analyses and estimates.

The aim of Phase 1 (data collection and analysis) of the Proposed Work Programme is to identify the most prospective areas within the HKP Portfolio and prioritise field work. There are risks that the data used in this analysis may be flawed at the point of collection and/or may be misinterpreted when analysed. Confirmatory field studies planned for Phase 2 of the Proposed Work Programme involve geological and structural mapping, rock chip and trench sampling and ground geophysics. These are all subjective areas and, despite the experience of those undertaking the work, may be open to misinterpretation. The drilling planned for Phase 3 of the Proposed Work Programme is intended to provide the data necessary for the definition of Mineral Resources but there is a risk that the results of drilling may prove insufficient, inaccurate or inappropriate for the purpose. Flawed analysis or misleading interpretations of data or samples may result in elements of the relevant phase needing to be repeated, which may delay the Proposed Work Programme and/or result in additional costs being incurred by the Group.

Exploration and development activities may be disrupted, damaged or delayed by a variety of problems. Factors affecting the economics of developing mineral properties and the commercial viability of such projects include but are not limited to:

- variations in grade, deposit size, density, unusual or unexpected rock formations and other geological problems;
- seismic activity, structural cave-ins or slides, flooding, fires and explosions;
- operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- metallurgical and other processing problems;
- delays to or failure to obtain regulatory or landowner consents or approvals;
- unavailability or significant increases in the cost of drilling, mining, processing and other equipment or supplies, including water, fuel, power and transportation facilities;
- industrial disputes and labour force disruptions or shortages of skilled workers and management;
- delays in installing and commissioning plant and equipment;
- mechanical equipment performance problems or failures and other technical problems;
- default or non-performance by third parties providing essential services;
- interruptions due to adverse or hazardous weather conditions;
- environmental and industrial hazards and accidents;
- changes in government regulations relating to matters such as prices, taxes, equity participation, royalties, land use, importing and exporting of minerals and environmental protection; and
- civil unrest, an outbreak of hostilities and other force majeure events.

There can be no assurance that any exploration and development activities of the Group will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Group.

Failure to discover new resources, enhance existing resources or adequately develop new projects could adversely affect the Group's business

The Group will initially focus on exploring the HKP Portfolio. There can be no assurance that the HKP Portfolio will be brought into production or that it will ever be profitable or, indeed, whether a resource will be established. The commercial viability of the mineral deposits of the kind believed to be located within the HKP Portfolio is dependent upon a number of factors, including but not limited to, the market price of copper, gold or any other relevant metals, the quality, size, grade, metallurgy and other attributes of the deposits and proximity to and availability of infrastructure necessary to develop and exploit minerals on a commercial scale.

Failure to discover new resources or to enhance existing resources in sufficient amounts and in a timely manner could materially and adversely affect the Group's results of operations, cash flows, financial condition and prospects. In addition, the Group may not be able to recover the funds used in any exploration programme to identify new opportunities.

Increasingly stringent requirements relating to regulatory, environmental and social approvals can result in significant delays in construction of additional facilities and may adversely affect new exploration or mining projects or the expansion of existing operations and, consequently, the Group's results of operations, cash flows and financial condition, and such effects could be material.

The Group may be unable to obtain or renew required exploration or mining rights and concessions, licences, permits and other authorisations and/or such concessions, rights, licences, permits and other authorisations may be suspended, terminated or revoked prior to their expiration

The Group will conduct its operations pursuant to exploration or mining rights and concessions, licences, permits and other authorisations, which may be valid only for a defined time and subject to certain requirements. Any delay in obtaining or renewing a licence, permit or other authorisation may result in a delay in investment or development of a resource and may have a material adverse effect on the Group's results of operations, cash flows and financial condition. In addition, any existing exploration or mining rights and concessions, licences, permits and other authorisations of the Group may be suspended, terminated or revoked if the Group fails to comply with the relevant requirements. If the Group fails to fulfil the specific terms of any of its rights, concessions, licences, permits and other authorisations or if it operates its business in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the right, concession, licence, permit or other authorisation, any of which could have a material adverse effect on the Group's results of operations, cash flows and financial condition. In Cyprus, Prospecting Permits are valid for five years and can be renewed for a further five years thereafter. Mining leases may be granted for up to 50 years. Annual rents for Prospecting Permits are payable each year and failure to make this payment by the renewal date will result in automatic cancellation. There is no statutory requirement for annual reductions to the area covered by a Prospecting Permit. Statutory reporting of completed work is also required each year. Prospecting Permits may be subject to certain conditions, including those relating to access in sites of historic significance and Natura 2000 areas. HKP will also need to seek access approvals from local landowners.

The Group's business strategy depends on the effectiveness of the operating strategies devised by the Board and management and there is no assurance that these strategies will be successfully implemented or, if implemented, that they will deliver the anticipated benefits

There can be no assurance that the Board and management will be able to propose and/or implement effective operating strategies for HKP or any other company, business or asset which the Group acquires or to implement effectively other features of its value creation strategy. In addition, general economic and market conditions or other factors outside the Company's control could make the Group's operating strategies difficult to implement. The implementation of the Group's business strategy will also be dependent upon the ability of the Board and management to maintain, expand and upgrade effective operational, financial and management information systems in line with the Group's growth. Any failure to implement these strategies successfully and/or the failure of these strategies to deliver the anticipated benefits could have a material adverse effect on the Company's results of operations and financial condition. As a result, the Company may be unable to achieve attractive returns for its Shareholders.

Changes in global supply and demand owing to an economic downturn may adversely affect the business, results of operations, cash flows and financial condition of the Group

Commodity prices are affected by global supply and demand, particularly in the demand from the United States and from Asia (notably China), as well as widespread trading activities by market participants and others, either seeking to secure access to such commodities or to hedge against commercial risks, or as part of investment portfolio activity. Fluctuations in commodity prices give rise to commodity price risk for the Group. Historically, such prices can be subject to substantial variation which cannot be accurately predicted. If the global economic environment experiences a substantial downturn or remains relatively weak for the medium to long term, the ability of the Group to grow or maintain revenues in future years may be adversely affected, and at certain long term price levels for a given commodity, extractive operations with respect to that commodity may not be economically viable.

Adverse and volatile economic conditions can also limit the Group's ability to anticipate revenues and costs and can affect the Group's ability to implement planned projects. In addition, industry analysts are likely to take such conditions into account when assessing the prospective business and creditworthiness of the Group and any adverse determinations may make it more difficult for the Company to raise capital in the future to finance the Group's business.

Further details of the effects of unfavourable global, regional or national macroeconomic conditions on the natural resources sector are set out in the risk factor headed "*The natural resources sector is subject to fluctuations in commodity prices, which may adversely impact the results of operations, financial condition and prospects of the Group*".

Mineral exploration, development and production activities are capital intensive and inherently uncertain in their outcome and the Group may not be able to generate cash flows or secure additional financing for its discretionary capital expenditure plans

Mineral exploration, development and production activities are capital intensive and inherently uncertain in their outcome and may not produce sufficient net revenues to return a profit after development, operating and other costs. In the event that cash flows are lower than expected and the Company is unable to secure additional equity and/or debt financing on terms acceptable to the Company or at all, the Group may be forced to scale back or delay discretionary capital expenditure resulting in delays to, or the postponement of, exploration or mining activities, which could have a material adverse effect on its business, results of operations, financial condition or prospects.

The Group is dependent upon a small management team and may be unable to retain or to recruit in a timely manner the personnel required to deliver the Group's business strategy

The success of the Group will depend to a significant extent on its ability to retain and recruit highly qualified management, geological, technical and industry experienced personnel. The New Group is dependent upon the continuing services of a small management team comprising the Directors, the Proposed Director, Michael Green and Jeremy Martin, the loss of one or more of whom could have a material adverse impact on the business of the New Group. Given the current high levels of activity in the global exploration and mining industry, there can be no assurance that the Group will be able to retain or recruit experienced, qualified individuals to deliver the Group's business strategy, which could lead to delays or increase costs and have a material adverse impact on the results of operations, financial condition or prospects of the Group.

Whilst the Republic of Cyprus is a member of the European Union, the northern part of the island of Cyprus is occupied by Turkey and there can be no certainty that relations between Turkey and the Republic of Cyprus will not deteriorate, which could lead to political instability or even military conflict

Since the Turkish invasion of Cyprus in 1974, approximately 40 per cent. of the island has been occupied by Turkey. The ceasefire line from August 1974 became the United Nations Buffer Zone in Cyprus, commonly referred to as the Green Line. In 1983, the Turkish Republic of Northern Cyprus declared independence, although Turkey is the only country to recognise it and the international community considers the territory to be Turkish occupied territory of the Republic of Cyprus. There can be no certainty that relations between Turkey and the Republic of Cyprus will not deteriorate, which could lead to political instability or even military conflict. Were such developments to occur, they would be likely to have a material adverse impact on the financial condition and prospects of the Group. The current atmosphere is benign, with border gates open since 2003 and meetings between various stakeholders to resolve the 'Cyprus situation' ongoing.

Due diligence conducted by the Company in connection with the Acquisition, or any further acquisition, may not reveal all relevant considerations or liabilities, which could have a material adverse effect on the Company's financial condition or results of operations

In connection with the Acquisition, the Company has conducted such due diligence investigations as it deemed reasonably practicable and appropriate based on the facts and circumstances applicable to the Acquisition. The objective of a due diligence process is to identify material issues which might affect the decision to proceed with any acquisition. The Company may also use information revealed during a due diligence process to formulate its business and operational planning for any target business.

While conducting due diligence and assessing a potential acquisition, the Company and its advisers will rely on available information provided by the relevant acquisition target where such target is willing or able to provide such information and, in some circumstances, third party investigations. There can be no assurance that the due diligence undertaken with respect to a potential acquisition, including the Acquisition, will reveal all relevant facts that may be necessary to evaluate such acquisition or to formulate a business strategy. Furthermore, there can be no assurance that the information provided during due diligence will be adequate or accurate. As part of the due diligence process, the Company will also make subjective judgments regarding the results of operations, financial condition and prospects of a potential opportunity. There can be no assurance that any due diligence will result in any potential acquisition, including the Acquisition, being successful. If any due diligence investigation fails correctly to identify material information regarding any potential acquisition, including the Acquisition, or if the Company considers such material risks to be commercially acceptable relative to such acquisition, and the Company proceeds with such acquisition, the Company may subsequently incur substantial impairment charges or other losses. In addition, following any acquisition,

including the Acquisition, the Company may be subject to significant, previously undisclosed liabilities of the acquired business that were not identified during the due diligence process and which could have a material adverse effect on the Company's financial condition and results of operations (especially if the due diligence is required to be undertaken in a short timeframe or in a competitive situation).

There is no assurance that the Company will identify suitable further acquisition opportunities or that the Company will be successful in completing any further acquisitions

The Company can provide no assurance that it will be able to identify suitable further acquisition opportunities or that the Company will make any further acquisitions that will generate positive returns for Shareholders. If the Company does identify a suitable target company, business or asset, there can be no guarantee that the Company will be able to acquire it at a price that is consistent with its objectives or at all. In addition, if the Company fails to complete an acquisition which it has been pursuing (for example, because it has been outbid), it may be left with substantial unrecovered transaction costs, potentially including substantial break fees, which could have a material adverse impact on the results of operations, cash flow and financial condition of the Group.

There is likely to be competition for further acquisition opportunities

There is likely to be competition from others interested in some or all of the further acquisition opportunities that the Company may explore, including competitors with greater financial, technical and other resources than the Company. Such competition may, for example, come from strategic buyers, mining companies, existing controlling shareholders in potential acquisition targets and public and private investment funds. Although the Company believes that it is well placed to compete for opportunities, the Company can give no assurance that it will be successful against such competition.

The use of new Ordinary Shares as consideration for any further acquisition could result in significant dilution of Shareholders

If the Company offers its Ordinary Shares as consideration or part consideration in making any further acquisition, depending on the number of new Ordinary Shares offered and the value of such new Ordinary Shares at the time, the issuance of such new Ordinary Shares could materially reduce the percentage ownership of the Company and the value of the Ordinary Shares held by existing Shareholders at the time. Where any further acquisition target has an existing large shareholder, an issue of new Ordinary Shares as consideration or part consideration may result in such shareholder subsequently holding a large stake in the Company, which may, in turn, enable it to exert significant influence over the Company (to a greater or lesser extent depending on the size of its holding). In order to avoid triggering a mandatory bid under the Takeover Code, the Company may, if appropriate, issue shares with limited or no voting rights for a period of time.

RISKS RELATING TO THE NATURAL RESOURCES SECTOR

The natural resources sector is subject to commodity price fluctuations, which may adversely impact the results of operations, financial condition and prospects of the Group

Commodities are globally traded and as a result, and in common with its competitors, the Group will be unable to control the prices of any commodities it produces or intends to produce. In addition, the range of the commodities which the Group produces or intends to produce may be concentrated in one or more commodities within the resources sector. As a result, the Group may not be able to mitigate the effects of adverse price changes in one commodity with counter-cyclical changes in another commodity.

Historically, commodity prices have been volatile and subject to wide fluctuations for many reasons, including, but not limited to: global and regional supply and demand, and expectations regarding future supply and demand for commodities; geopolitical uncertainty; availability of processing equipment; proximity to, and capacity and cost of, transportation; level and availability of government subsidies; price and availability of new technologies; political, economic and military developments in producing regions; domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations; global and regional economic conditions; and weather conditions and natural disasters. It is impossible to predict accurately future commodities price movements and commodities prices may not remain at their current levels. Any material decline in commodities prices could have a material adverse impact on the results of operations, financial condition and prospects of the Group.

In addition, the economics of producing in some jurisdictions, or some assets within some jurisdictions, may change as a result of lower commodities prices to the extent that they may become no longer economically viable to develop or operate. As a result, the Group may experience significant volatility in its results of operations and financial condition in its periodic financial statements if there are adverse changes in commodity prices during the reported financial period. The Group will also not be able to predict accurately the precise timing of any improvements and/or recoveries in the global, regional or national macroeconomic environments, or in commodity prices, any of which can make the Group's operational strategies more difficult to implement successfully.

Failure to manage relationships with local communities, government and non-government organisations could adversely affect the Group's reputation, as well as its ability to advance projects

The Group may have operations located in or near communities which may regard such operations as detrimental to their environmental, economic or social circumstances. Negative community reaction to such operations could have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could also lead to disputes with national or local governments or with local communities and give rise to material reputational damage. In addition, the Group may operate in countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. These disputes are not always predictable and may cause disruption to projects or operations. Natural resources operations can also have an impact on local communities, including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services. There is an active extractives mining industry in Cyprus, producing for both local use and export, and HKP has already engaged with numerous stakeholders

in Cyprus. Nevertheless, failure to manage relationships with local communities, government and non-government organisations may adversely affect the Group's reputation, as well as its ability to advance projects, which could in turn affect the Group's revenues, results of operations and cash flows.

Political, legal and commercial instability, as well as political and fiscal pressure on governments, in countries in which the Group operates could affect the viability of the Group's operations

The Group may have operations in jurisdictions with varying degrees of political, legal and commercial stability. Mineral exploration and development operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. Political, civil and social pressures may result in administrative change, policy reform, changes in law or governmental regulations, which in turn can result in expropriation or nationalisation of mineral assets. Renegotiation or nullification of pre-existing agreements, concessions, leases and permits, changes in fiscal policies (including increased tax or royalty rates) or currency restrictions are all possibilities. Commercial instability caused by bribery and corruption and more generally underdeveloped corporate governance policies in their various guises can lead to similar consequences, any of which could have a material adverse effect on the profitability, the ability to finance or, in extreme cases, the viability of an operation. The Republic of Cyprus is a member of the European Union and has a modern democratic government. The Republic of Cyprus was ranked 53 of 190 in the World Bank Ease of Doing Business Report 2018 and 42 of 180 in the Transparency International Corruption Perceptions Index 2017 (score of 57).

In addition, fiscal constraints or political pressure may also lead governments to impose increased taxation on operations in the natural resources sector within a given jurisdiction. Such taxes or other expropriation of assets could be imposed by a jurisdiction in which the Group operates. If operations are delayed or shut down as a result of political, legal or commercial instability, or if the Group's operations are subjected to increased taxation or other expropriation, the ability of the Group to generate long term value for Shareholders could be adversely impacted.

The Group may estimate resources and reserves, which will be subject to a number of assumptions and variables, variations in which may result in material changes to such estimates

The Group may estimate or engage third party experts to estimate its resources and reserves. Such estimates will be subject to a number of assumptions, including the price of relevant commodities, production costs and recovery rates. Fluctuations in the variables underlying the Group's or third party expert's estimates may result in material revisions to such reserve estimates and such changes may have a materially adverse impact on the financial condition and prospects of the Group.

Safety, health and environmental laws and related regulations may expose the Group to increased litigation, compliance costs, interruptions to operations, unforeseen environmental remediation expenses and loss of reputation

The natural resources sector involves extractive enterprises. Such activities often make the sector a hazardous industry and as a result it is typically highly regulated by safety, health and environmental laws. The Group's operations will be subject to extensive governmental regulations in the jurisdictions in which it operates. Operations are subject to general and specific regulations and restrictions governing drilling and production, mining and processing, land tenure and use, environmental requirements (including site specific environmental licences, permits and remediation requirements), workplace health and safety, social impacts and other laws.

Certain of the Group's operations may be carried out under potentially hazardous conditions and create environmental risk in the form of dust, noise or leakage of polluting substances from site operations. Environmental laws and regulations continue to evolve and it is likely that the environmental laws and standards that regulate the Group's operations will become increasingly stringent in the future, particularly under air quality and water quality laws and regulations and standards related to climate change issues, such as the reporting of greenhouse gas emissions. Whilst the Group intends to operate in accordance with relevant safety, health and environmental regulations and requirements, the Group will remain susceptible to the risk that liabilities might arise as a result of accidents or other workplace misfortunes, some of which may be beyond the control of the Group and/or uninsurable. Failure to provide a safe working environment or to manage environmental risks may result in harm to the Group's employees, the communities near the Group's operations and the local environment. Government authorities may also force closure of facilities on a temporary or permanent basis or refuse future drilling or mining right applications. The Group could face fines and penalties, liability to employees and third parties for injury, statutory liability for environmental remediation and other financial consequences, which may be significant. The Group could also suffer impairment of its reputation, industrial action or difficulty in recruiting and retaining skilled employees. Any future changes in laws, regulations or community expectations governing the Group's operations could result in increased compliance and remediation costs. Any of the foregoing developments could have a materially adverse effect on the Group's results of operations, cash flows or financial condition.

Exploration and mining operations are vulnerable to natural disasters, operating difficulties and damage to or breakdown of a physical asset, any of which could have a material impact on the productivity of the operations and not all of which may be covered by insurance

Exploration and mining operations are vulnerable to natural disasters, including earthquakes, drought, floods, fire, storms and the physical effects of climate change, all of which are outside the Group's control. Operating difficulties, such as unexpected geological variations that could result in significant failure, could affect the costs and viability of the Group's operations for indeterminate periods. In addition, damage to or breakdown of a physical asset, including as a result of fire, explosion or natural catastrophe, can result in a loss of assets and subsequent financial losses. Insurance can provide protection from some, but not all, of the costs that may arise from unforeseen events. Although the Group intends to maintain suitable insurance, the Group's insurance may not cover every potential risk associated with its operations. Adequate coverage at reasonable rates is not always obtainable. In addition, the Group's insurance may not fully cover its liability or the consequences of any business interruptions such as equipment failure or labour dispute. The occurrence of a significant adverse event not fully or partially covered by insurance could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The use of independent contractors in operations may expose those operations to delays or suspensions of activities

Independent contractors are typically used in operations in the natural resources sector to perform various operational tasks, including carrying out drilling and mining activities and delivering raw commodities to processing or beneficiation plants. In periods of high commodity prices, demand for such contractors may exceed supply, resulting in increased costs or lack of availability of key contractors. Disruptions of operations or increased costs can also occur as a result of disputes with contractors or a shortage of contractors with particular capabilities. Additionally, because the Group will not have the same control over independent contractors as it does over employees, there is a risk that such contractors will not operate in accordance with the Group's safety standards or other policies. Whilst the Directors and the Proposed Director believe that any disputes with or unavailability of key contractors is likely to lead to only minor disruption and delays, it is possible that any of the foregoing circumstances could have a material adverse effect on the Group's operating results and cash flows.

The Group's operations and projects could be adversely affected by shortages of, as well as lead times to deliver, certain key inputs

The inability to obtain, in a timely manner, strategic consumables, raw materials, and exploration, mining and processing equipment could have an adverse impact on the Group's results of operations and financial condition. Periods of high demand for such supplies can result in periods when availability of supplies are limited and cause costs to increase above normal inflation rates. Any interruption to supplies or increase in costs could adversely affect the operating results and cash flows of the Group.

Restrictions on access to necessary infrastructure services may adversely affect the Group's operations

Although Cyprus is a modern country with generally excellent infrastructure such as roads, ports and mobile phone coverage, restrictions on the Group's ability to access necessary infrastructure services, including transportation and utilities, may adversely affect the Group's operations. Inadequate or restricted access to the critical infrastructure elements required for drilling or mining activity could have a negative effect on the Group's financial performance and significant additional funding may be required to develop such infrastructure. Disruptions to or restrictions on access to essential utility services, such as water and electricity, could halt the Group's operations for the duration of the disruption or restriction and, when unexpected, may cause loss of life or damage to drilling or mining equipment or facilities, which may in turn affect the Group's ability to recommence operations on a timely basis. Adequate provision of transportation services is critical to distributing products and disruptions to or restrictions on such services may affect the Group's operations. The Group may be dependent on third party providers of utility and transportation services. As such, third party provision of services, maintenance of networks and expansion and contingency plans will be outside of the Group's control.

There can be no guarantee that the actions of the Group will not result in litigation

There can be no guarantee that the past, current or future actions of the Group will not result in litigation, since the natural resources industry, in common with most industries, is subject to claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Furthermore, the legal systems in countries in which the Group may operate could result in risks, including in relation to: obtaining effective legal redress, whether in respect of a breach of law or regulation or an ownership dispute; a lack of judicial or administrative guidance on interpreting applicable rules and regulations; and inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions. Owing to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceedings will not have a material adverse effect on the Group's financial position or results of operations.

In particular, on 19 January 2018, the Company received an email from a third party alleging that the Company was in breach of a mutual confidentiality agreement (governed under English law) previously entered into between them in order to explore the prospects of the Company entering into a transaction with such third party. The email alleged that the Company was in breach of the non-compete and non-circumvention provisions of such agreement and was written subsequent to the third party terminating its discussions with the Company over a potential transaction. The Company has denied such allegations in correspondence with such third party and, as at the date of this document, no formal action has been brought against the Company or proceedings issued. Based on a preliminary assessment of the allegations made, the Company believes that they are without merit and that any claim brought against it will be rejected by the courts due to lack of factual and legal grounds. If any such claim is brought by such third party against the Company, the Company does not therefore expect it to have any material adverse effect on its financial position and operations.

However, in the event that such third party seeks to bring a claim against the Company, the Company will defend it accordingly but may be required to incur significant expenses in defending against such litigation and (notwithstanding the Company's position) there can be no guarantee that a court or tribunal will find in the Company's favour. Further, the adverse publicity surrounding such claim could materially adversely affect the Company's business, results of operations, financial condition and/or prospects.

Title to resource properties or interests may be disputed or subject to defects

Title to resource properties or interests may be based upon the interpretation of a country's laws, which may be ambiguous, inconsistently applied and subject to reinterpretation or change, and may be disputed. The regulation of mining activities in Cyprus is well established and the rights under Prospecting Permits are clear. Under the mineral title system in other jurisdictions, the issuance of a permit or licence does not imply that other parties do not have any prior claims over the relevant area. In Cyprus, applications for Prospecting Permits have precedence and cannot be over-riden by subsequent applications. Whilst the title to and rights and interests in permits or licences may be diligently investigated, permits or licences may still be subject to defects and, if a defect does exist, then it is possible that part or all of the interest in those permits or licences to which the defect relates may be lost, which could have a material adverse impact on the results of operations, financial condition and prospects of the Group. HKP's Prospecting Permit Applications were checked by the Mines Service upon submission for overlaps with other Prospecting Permits and none were discovered, except for the known overlap in relation to the Troodos East Project.

The Group may be adversely affected by currency exchange rate fluctuations

Although the Placing and the Subscription will raise proceeds denominated in sterling, the HKP Portfolio is located in the Republic of Cyprus which is in the euro zone. In addition, the markets for the commodities produced within the resources sector are predominately priced in US dollars. The Group does not intend to hedge the Net Proceeds against risks for adverse exchange rate movements against the euro or the US dollar immediately. As such, the Group may be adversely affected by currency exchange rate fluctuations from Admission until it hedges the currency exchange rate. The Group will be exposed to currency risk on its operations in Cyprus. Whilst the Group's financial statements will be stated in sterling, and certain ongoing management costs will be denominated in sterling, the price of any future production (and thus its revenues) will be determined by world commodities markets which are typically expressed in US dollars, and the Group will have operating expenses denominated in other currencies, including euros and US dollars. As a result, fluctuations in the exchange rates of these currencies may adversely affect the Group's operating results, cash flows or financial condition to a material extent.

Inflation and other cost increases may have an adverse effect on the Group's results of operations and cash flows

The Group will generally be unable to control the prevailing market prices of any commodities produced in its operations. The Group may be unable to pass increased production costs to customers. As a result, significant inflation or other production cost increases in the countries in which the Group operates could increase operational costs without a corresponding increase in the sales price of the commodities the Group may produce. Alternatively, a lag in the reduction of input costs relative to declining commodity prices will have a similar adverse effect on the Group's operations. Any such increased costs or delays in cost reductions may adversely affect the Group's results of operations and cash flows.

RISKS RELATING TO THE GROUP'S RELATIONSHIP WITH THE BOARD AND CONFLICTS OF INTEREST

The Directors and the Proposed Director will allocate their time to other businesses, leading to potential conflicts of interest in their determination as to how much time to devote to the Group's affairs, which could have a negative impact on the Group's ability to achieve its objectives

None of the Directors nor the Proposed Director are required to commit their full time to the Group's affairs, which could create a conflict of interest when allocating their time between the Group's operations and their other commitments. The Directors and the Proposed Director are engaged in other business endeavours and are not obligated to devote the whole of their time to the Group's affairs. If the Directors' and the Proposed Director's other business affairs require them to devote more substantial amounts of time to such affairs, it could limit their ability to devote time to the Group's affairs and could have a negative impact on the Group's ability to achieve its objectives.

The Directors and the Proposed Director are currently and may in the future become affiliated with, or otherwise have financial interests in, entities engaged in business activities similar to those intended to be conducted by the Group and may have conflicts of interest in allocating their time and business opportunities

Each of the Directors and the Proposed Director is currently or may in the future become affiliated with, or otherwise have financial interests in, entities engaged in business activities similar to those intended to be conducted by the Group. In addition, the Directors and the Proposed Director may become aware of business opportunities that may be appropriate for presentation to the Group. In such instances, they may decide to present these business opportunities to other entities with which they are or may be affiliated, in addition to, or instead of, presenting them to the Group. Due to these existing or future affiliations, the Directors and the Proposed Director may have fiduciary obligations to present potential acquisition opportunities to those entities prior to presenting them to the Group which could cause additional conflicts of interest.

The Company cannot provide any assurance that any of the Directors or the Proposed Director will not become involved in one or more other business opportunities that would present conflicts of interest in the time they allocate to the Group. In addition, the conflict of interest procedures described in section 5 of Part II of this document may require or allow the Directors and the Proposed Director and certain of their affiliates to present certain acquisition opportunities to other companies before they may present them to the Group.

The Directors and/or the Proposed Director may enter into related party transactions with the Group, which may give rise to conflicts of interest between the Group and the Directors and/or the Proposed Director

The Directors and the Proposed Director and one or more of their affiliates may enter into agreements with the Group that are not currently under contemplation. It is possible that the entering into of such an agreement might raise conflicts of interest between the Group and the Directors and/or the Proposed Director. Although, in accordance with the Articles, a director of the Company may not vote on any proposal in which they have a material interest, a transaction with a related party might be effected on terms less favourable to the Group than would otherwise be the case, which could impact adversely the results of operations, financial condition and prospects of the Group.

RISKS RELATING TO TAXATION

Taxation of returns from assets located outside of the UK may reduce any net return to Shareholders

To the extent that any members of the Group are established outside the UK, it is possible that any return the Company receives from such entities may be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived by Shareholders from an investment in the Company.

Changes in tax law may reduce any net returns for Shareholders

The tax treatment of holders of securities issued by the Company, any special purpose vehicle which the Company may establish or any company which the Company may acquire are all subject to changes in tax laws or practices in the UK or any other relevant jurisdiction. Any change may reduce any net return derived by Shareholders from an investment in the Company.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner

It is intended that the Group will be structured to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company will make certain assumptions regarding taxation. If those assumptions are not borne out in practice, however, taxes may be imposed with respect to any of the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could adversely affect the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends, if any. In addition, the Group may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

RISKS RELATING TO THE ORDINARY SHARES

The proposed Standard Listing of the Ordinary Shares will afford Shareholders a lower level of regulatory protection than a Premium Listing

Application has been made for the Ordinary Shares to be admitted to the Standard Listed segment of the Official List. A Standard Listing will afford Shareholders a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares. Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 21 of this document.

Shareholders may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable and the market price of the Ordinary Shares may be volatile

An investment in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this may contribute to infrequent trading in the Ordinary Shares on the London Stock Exchange and volatile movements in the market price of the Ordinary Share. Shareholders should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Issue Price. The market price of the Ordinary Shares and the price at which Shareholders may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and others which may affect publicly traded companies generally. Such factors could include the performance of the Group, large purchases or sales of Ordinary Shares, currency fluctuations, legislative and regulatory changes and general economic or political conditions.

The pre-emption rights in the Articles have been disapplied and the Company may be required to raise cash through issuing substantial additional equity, which may dilute the percentage ownership of a Shareholder and the value of the Ordinary Shares

Although the Company will receive the Net Proceeds, the Directors and the Proposed Director believe that further equity capital raisings may be required by the Company, which may be substantial, in order to achieve its objectives. The pre-emption rights contained in the Articles were disapplied in respect of the issuance of new Ordinary Shares on exercise of subscription rights attaching to the Series A Warrants and otherwise with an aggregate nominal value of up to £100,000. The Company is issuing the Consideration Shares as consideration in respect of the Acquisition. The pre-emption rights contained in the Articles were also disapplied in respect of the issuance of new Ordinary Shares for cash on the exercise of subscription rights attaching to the Series A Warrants, to the holders of Ordinary Shares in proportion (as nearly as practicable) to their respective holdings and otherwise with an aggregate nominal value of up to £100,000 (which amount includes the IPO Placing Shares and new Ordinary Shares on exercise of subscription rights attaching to the Series B Warrants and the Broker Warrants and shall include the Placing Shares and the Subscription Shares and the issue of Ordinary Shares under the Series C Warrants and the Share Options) by resolutions passed on 28 April 2017. At the first annual general meeting of the Company held on 26 June 2018, resolutions were passed to disapply the pre-emption rights contained in the Articles in respect of the issuance of shares with an aggregate nominal value of up to £100,000 and in respect of the issuance of equity securities for cash with an aggregate nominal value of £100,000. Further details are set out in paragraph 2 of Part IX of this document. The disapplication of pre-emption rights could cause a Shareholder's percentage ownership in the Company to be materially reduced and the issuance of new Ordinary Shares, or, as the case may be, other equity securities could also dilute the value of Ordinary Shares held by such Shareholder.

Dividend payments on the Ordinary Shares are not guaranteed and the Company does not intend to pay dividends in the foreseeable future

The Company does not intend to pay dividends on the Ordinary Shares in the foreseeable future. The Company will only pay dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and subject to its obligations under the Companies Act and the Articles. In particular, payments of dividends will be dependent on the availability of distributable reserves. Since most of the operations of the Group will be conducted by one or more subsidiaries located outside the UK, the availability of distributable reserves will be dependent on the ability of such a subsidiary to make payments to the Company, which may be constrained by, among other things, the level of taxation, particularly in relation to corporate profits and withholding taxes, in the jurisdiction in which the relevant subsidiary operates and the existence of exchange controls or repatriation restrictions. The Company can therefore give no assurance that it will be able to pay dividends in the future or as to the amount of such dividends, if any.

Overseas Shareholders may not be able to participate in future equity offerings by the Company

The Companies Act provides for pre-emptive rights to be granted to Shareholders unless such rights are disapplied by a special resolution in accordance with the Articles. The securities laws of certain jurisdictions, however, may restrict the Company's ability to allow the participation of certain Overseas Shareholders in any such future equity offerings by the Company. In particular, Shareholders in the United States may not be entitled to exercise any pre-emptive rights unless either the rights and the Ordinary Shares are registered under the US Securities Act, or the rights and the Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Overseas Shareholders who are unable to participate in any such future equity offerings may suffer dilution.

The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors and the Proposed Director may be limited

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of Shareholders are set out in the Articles and are governed by English law. These rights may differ from the rights of holders of shares in non-UK corporations. An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors, the Proposed Director and executive officers. The Directors are residents of the UK and the Proposed Director is a resident of the Republic of Ireland. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors, the Proposed Director and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors, the Proposed Director and executive officers judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors, the Proposed Director or executive officers who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors, the Proposed Director or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors or the Proposed Director in a court of competent jurisdiction in England or other countries.

CONSEQUENCES OF A STANDARD LISTING

Application will be made for all of the Ordinary Shares, issued and to be issued pursuant to the Acquisition, the Placing and the Subscription, to be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings.

The Ordinary Shares will be listed under Chapter 14 of the Listing Rules (Standard Listing (Shares)) and, as a consequence, a significant number of the Listing Rules will not apply to the Company. Shareholders will therefore not receive the full protections of the Listing Rules associated with a Premium Listing.

Listing Rule 14.3 sets out the continuing obligations applicable to companies with a Standard Listing and requires that such companies' listed equity shares must be admitted to trading on a regulated market at all times. Such companies must have at least 25 per cent. of the shares of any listed class in public hands in one or more Member States at all times and the FCA must be notified as soon as possible if these holdings fall below that level.

The continuing obligations under Chapter 14 also include requirements as to:

- the forwarding of circulars and other documentation to the National Storage Mechanism and related notification to a RIS;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- notifying an RIS in relation to changes to equity and debt capital; and
- compliance with, in particular, Chapters 4, 5 and 6 of the Disclosure Guidance and Transparency Rules.

From Admission, the Company will be subject to the Market Abuse Regulation.

As a company with a Standard Listing, the Company will, following Admission, not be required to comply with, *inter alia*, the provisions of Chapters 6 to 13 of the Listing Rules (except for Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules, as required by the UK Listing Authority), which set out more onerous requirements for issuers with a Premium Listing of equity securities. These include provisions relating to certain listing principles, the requirement to appoint a sponsor, various continuing obligations, significant transactions, related party transactions, dealings in own securities and treasury shares and contents of circulars.

The Company will comply with Chapter 5 of the Listing Rules (Suspending, cancelling and restoring listing).

The Company intends to comply with the Premium Listing Principles set out in Chapter 7 of the Listing Rules notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. The Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the UK Listing Authority.

In addition, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which is only applicable to companies with a Premium Listing.
- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Acquisition, the Placing, the Subscription and Admission.
- Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing.
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted that the Company will only seek Shareholder consent for any further acquisition if required by the Companies Act or the Takeover Code.
- Chapter 11 of the Listing Rules regarding related party transactions. It should be noted therefore that related party transactions will not require Shareholder consent.
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. However, Shareholder authority is required in order for a company to buy back its shares under the Companies Act.
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

IMPORTANT INFORMATION

In deciding whether or not to invest in Placing Shares or Subscription Shares, prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Proposed Director or Shard. Without prejudice to the Company's obligations under FSMA, the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this document or any subsequent communications from the Company or Shard or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matter.

Neither Shard nor any person acting on its behalf makes any representations or warranties, express or implied, with respect to the completeness, accuracy or verification of this document nor does any such person authorise the contents of this document. No such person accepts any responsibility or liability whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Acquisition, the Placing, the Subscription or Admission. Shard accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement. Neither Shard nor any person acting on its behalf accepts any responsibility or obligation to update, review or revise the information in this document or to publish or distribute any information which comes to its or their attention after the date of this document, and the distribution of this document shall not constitute a representation by Shard or any such person that this document will be updated, reviewed or revised or that any such information will be published or distributed after the date hereof. However, nothing in this paragraph excludes or limits any responsibility which Shard may have under FSMA or the regulatory regime established thereunder, or which, by law or regulation, cannot otherwise be limited or excluded.

Shard and any affiliate thereof acting as an investor for its or their own account(s) may subscribe for, retain, purchase or sell Ordinary Shares for its or their own account(s) and may offer or sell such securities otherwise than in connection with the Placing. Shard does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any applicable legal or regulatory requirements.

This document is being furnished by the Company in connection with an offering exempt from registration under the US Securities Act solely to enable a prospective investor to consider the subscription of Ordinary Shares. Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Ordinary Shares offered hereby is prohibited. Each offeree of the Ordinary Shares, by accepting delivery of this document, agrees to the foregoing.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised, (ii) in which the person making such offer or invitation is not qualified to do so, or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the UK into whose possession this document comes are required by the Company and Shard to inform themselves about and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of this document under the laws and regulations of any territory in connection with any applications for Placing Shares or Subscription Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or Shard that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Neither the Company nor Shard accepts any responsibility for any violation of any of these restrictions by any other person.

The Ordinary Shares have not been nor will be registered under the US Securities Act, or under any relevant securities laws of any state or other jurisdiction in the US, or under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exceptions, the Ordinary Shares may not be taken up, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered directly or indirectly, within, into or in the US, Australia, Canada, the Republic of South Africa or Japan or to any national, resident or citizen of the US, Australia, Canada, the Republic of South Africa or Japan.

The Ordinary Shares have not been approved or disapproved by the SEC, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

Selling and Transfer Restrictions

Prospective investors should consider (to the extent relevant to them) the notices to residents of various countries set out in Part X of this document.

Data Protection

The following information is provided to prospective investors in accordance with Article 13 and Article 14 of the EU Regulation 2106/679 (General Data Protection Regulation) (the "GDPR"). For the purposes of this section, an investor is deemed to include the legal or natural person making the investment in the Company and any beneficial owner.

1. The Company is the controller of any personal data that may be supplied by investors, and its contact details can be found on page 27 of this document.
2. Investors will be asked to provide information to the Company, including personal data, as part of their applications for Placing Shares or Subscription Shares. If an investor does not provide all of the information requested, the Company will not be able to process the application and the investor will not receive any Placing Shares or Subscription Shares.
3. The personal data provided by investors will be processed for the following purposes:
 - 3.1 processing the investor's application for Placing Shares or Subscription Shares, collecting funds and communications regarding the Placing and/or the Subscription;
 - 3.2 verifying the identity of the investor to comply with statutory and regulatory requirements including but not limited to in relation to anti-money laundering procedures;
 - 3.3 meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere;
 - 3.4 administering the Company's shareholder records, including sending notices and information about the Company to its shareholders;
 - 3.5 administering the payment of dividends and any tax liabilities that may arise from the same;
 - 3.6 disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.
4. The legal basis on which such personal data is provided is:
 - 4.1 processing is necessary for the performance of a contract to which the investor is party or in order to take steps at the request of the investor prior to entering into a contract (in each case the contract concerned being the contract to subscribe for shares in the Company); and/or
 - 4.2 processing is necessary for compliance with legal obligations to which the Company is subject, particularly those set out in paragraphs 3.2 and 3.3 above; and/or
 - 4.3 the processing is necessary for the purposes of the legitimate interests pursued by the Company, namely the issue of shares and the effective administration of its shareholder records.
5. The Company may provide personal data regarding investors to third parties in the following circumstances:
 - 5.1 it will be required to disclose information about investors to government and regulatory and tax authorities in order to comply with applicable law;
 - 5.2 it may delegate certain administrative functions to third parties including its brokers, share registrars, solicitors and accountants and, to enable such parties to perform their functions, it may be necessary for the Company to disclose investor information for that purpose; and
 - 5.3 it may also need to disclose information about its shareholders to potential lenders or potential purchasers of the share capital of the Company.
6. In some cases, the disclosure of information in accordance with paragraph 5 will necessitate the transfer of personal data about the investor outside of the EEA to countries or territories which do not offer the same level of protection for the rights or freedoms of prospective investors as the United Kingdom. The Company will take steps to ensure that any such transfer complies with Chapter V of the GDPR.
7. If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to a third party, agent or functionary and/or makes such a transfer of personal data it will, where required by law, ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is obliged to provide an adequate level of protection in respect of such personal data.
8. The processing of the investor's personal data will not be subject to automated decision-making by the Company, including profiling, which has any legal or significant effect on him or her.
9. Personal data provided by investors will be retained as follows:
 - 9.1 if the investor's application is wholly unsuccessful and it is not issued shares, any personal data regarding the investor will be deleted by the Company and its providers in accordance with any data retention policies; or
 - 9.2 if the investor's application is successful and shares are issued to him or her by the Company, the Company will retain the name and contact details of the investor for as long as it is obliged to maintain records of its shareholders under law, and any other details will be deleted in accordance with data retention policies, after the investor ceases to be a shareholder.
10. An investor has the right, in relation to his or her personal data held by the Company, to:

- 10.1 request access to such personal data;
 - 10.2 require the Company to rectify any inaccurate personal data;
 - 10.3 in some cases, to require the Company to:
 - 10.3.1 restrict processing the personal data;
 - 10.3.2 erase the personal data; and/or
 - 10.3.3 transfer the personal data to another controller; and/or
 - 10.4 lodge a complaint with the supervisory authority, being the Information Commissioner's Office.
11. Investors are responsible for informing any third party individual to whom the personal data relates (including but not limited to any beneficial owner) of the disclosure and use of such data in accordance with these provisions.

Investment Considerations

In making an investment decision, prospective investors must rely on their own examination of the Company, this document and the terms of the Placing or the Subscription, including the merits and risks involved. The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matter. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the subscription, purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the subscription, purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the subscription, purchase, holding, transfer or other disposal of the Ordinary Shares.

Prospective investors must rely upon their own representatives, including their own legal and financial advisers and accountants, as to legal, tax, financial, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objective will be achieved.

It should be remembered that the price of the Ordinary Shares, and any income from such Ordinary Shares, can go down as well as up.

This document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, which prospective investors should review.

Forward-looking Statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors and Proposed Director concerning, among other things: (i) the Group's objectives, acquisition and financing strategies, returns of capital, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends, (ii) future deal flow and implementation of active management strategies, and (iii) trends in the sectors in which the Group may elect to operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the Group's actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the New Group's success in exploring and developing the HKP Portfolio;
- the Group's ability to source and close any further acquisitions and to propose effective growth strategies for any company, business or assets the Group acquires;
- changes in commodity prices and in economic conditions generally (and specifically in the copper and gold markets and those relevant to any further acquisition made by the Group);
- changes in interest rates and currency fluctuations, as well as the success of the Group's hedging strategies in relation to such changes and fluctuations (if such strategies are in fact used);

- legislative and/or regulatory changes, including changes in taxation regimes; and
- the availability and cost of equity or debt capital to finance or part finance the development of the HKP Portfolio and any further acquisition.

Prospective investors should carefully review the “Risk Factors” section of this document for a discussion of additional factors that could cause the Group’s actual results to differ materially, before making an investment decision.

Forward-looking statements contained in this document apply only as at the date of this document. Subject to any obligations under FSMA, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Rules and the Market Abuse Regulation, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

The contents of these paragraphs relating to forward-looking statements are not intended to qualify any statement made in this document as to the sufficiency of working capital and, in particular, the statement set out in paragraph 14 of Part IX of this document.

Currency Presentation

Unless otherwise indicated, all references in this document to “sterling”, “£” or “p” are to the lawful currency of the UK; all references to “\$”, “US\$” or “US dollars” are to the lawful currency of the United States; and all references to “€” or “euro” are to the lawful currency of the Euro zone countries.

No Incorporation of Website

The contents of the Company’s website (or any other website) do not form part of this document.

Definitions

A list of defined terms used in this document is set out in Part XI of this document.

Governing Law

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>Time and/or Date</i>
Publication of this document	28 June 2018
Results of the Placing and the Subscription announced	3 July 2018
Completion of the Acquisition, the Placing and the Subscription, Admission and commencement of unconditional dealings in the Enlarged Ordinary Share Capital	8.00 a.m. on 3 July 2018
CREST members' accounts credited in respect of Consideration Shares, Placing Shares and Subscription Shares in uncertificated form	3 July 2018
Despatch of definitive share certificates in respect of Consideration Shares, Placing Shares and Subscription Shares in certificated form	by 10 July 2018

All references to times and dates in this document are to London time unless otherwise stated.

ACQUISITION, PLACING AND SUBSCRIPTION STATISTICS

Number of Existing Ordinary Shares	28,600,000
Number of Consideration Shares	6,666,667
Number of Placing Shares	10,766,667
Number of Subscription Shares	15,900,000
Number of Ordinary Shares in issue on Admission	61,933,334
Percentage of Enlarged Ordinary Share Capital represented by the Consideration Shares	10.76 per cent.
Percentage of Enlarged Ordinary Share Capital represented by the Placing Shares and the Subscription Shares	43.06 per cent.
Issue Price	7.5p
Gross proceeds of the Placing and the Subscription	£2,000,000
Net Proceeds	£1,500,000
Number of Series A Warrants	5,200,000
Number of Series B Warrants	13,000,000
Number of Series C Warrants	13,333,322
Number of Broker Warrants	494,300
Number of options under the Share Options	2,970,000
Aggregate subscription rights of the Series A Warrants, the Series B Warrants, the Series C Warrants and the Broker Warrants and under the Share Options as a percentage of the Enlarged Ordinary Share Capital	56.51 per cent.

DIRECTORS, PROPOSED DIRECTOR AND ADVISERS

Directors	Christopher Raymond John Hall (Non-Executive Chairman) David Charles Cliff (Non-Executive Director) Derek Crowhurst (Non-Executive Director) Peter Damouni (Non-Executive Director)
Proposed Director	David John Hall (Proposed Non-Executive Director) all c/o the Registered Office
Registered Office	71 Queen Victoria Street London EC4V 4BE
Company Secretary	Derek Crowhurst
Company Website	www.chesterfieldresourcesplc.com
Broker	Shard Capital Partners LLP 23rd Floor 20 Fenchurch Street London EC3M 3BY
Competent Person	Rocklore Exploration Services Limited Ilex Cottage The Street West Clandon Guildford GU4 7TJ
Reporting Accountants and Auditor to the Company	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Solicitors to the Company	Fladgate LLP 16 Great Queen Street London WC2B 5DG
Cyprus Legal Advisers to the Company	Michael Kyprianou & Co LLC Michael Kyprianou House 116 Gladstonos Street 3032 Limassol Cyprus
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA
Principal Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP

PART I

THE COMPANY, THE ACQUISITION AND THE NEW GROUP

1. Introduction and Background

Chesterfield Resources was incorporated on 4 January 2017 under the laws of England and Wales and formed for the purpose of acquiring a company, business or asset with operations in the Exchange Traded Non-Ferrous Metals mining segment within the European geographic region that could act as a cornerstone for building a substantial group within the sector, growing both organically and by further acquisition.

The Founders subscribed the initial share capital on incorporation of the Company and, on 24 April 2017, the Seed Investors subscribed a further £100,000 of share capital. On 29 August 2017, the Ordinary Shares were admitted to the Standard Listed segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities and gross proceeds of £1,300,000 were raised pursuant to the IPO Placing.

Following IPO Admission, the Company reviewed more than 20 different opportunities and entered into negotiations in relation to a number of potential acquisition opportunities. On 2 November 2017, the Company announced that it had entered into non-binding heads of terms in relation to the Acquisition and, on the basis that the Acquisition would represent a reverse takeover for the purposes of the Listing Rules, the existing listing of and dealings in the Ordinary Shares were suspended. On 28 June 2018, following a period of negotiation and due diligence, the Company announced that it had entered into the Acquisition Agreement under which the Company conditionally agreed to acquire the entire issued share capital of HKP for £500,000, to be satisfied by the issue of the Consideration Shares. Completion of the Acquisition Agreement is conditional on Admission.

The Company has raised gross proceeds of £2,000,000 through the Placing and the Subscription, conditional on Admission.

The Company has requested that the existing listing of and dealings in the Ordinary Shares be cancelled and has made application for the Enlarged Ordinary Share Capital to be admitted to the Standard Listed segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities.

Following completion of the Acquisition, in parallel with the Proposed Work Programme to advance the HKP Portfolio, the Company will continue to seek acquisition opportunities in the natural resources sector, maintaining a focus on companies, businesses or assets with operations in the Exchange Traded Non-Ferrous Metals mining segment with the European geographic region, although the Company will consider opportunities focused on other commodities and/or in other locations.

2. HKP and the HKP Portfolio

HKP was incorporated in the Republic of Cyprus under the Cyprus Companies Law Cap.113, as amended, on 1 July 2014 with company number HE 333726. The founder of HKP is Michael Green and the majority shareholders of HKP are Michael Green, David Hall and Jeremy Martin. Conditional on Admission, David Hall will join the Board as a Non-Executive Director, Michael Green will be engaged as Country Manager and Head of Exploration, Cyprus and Jeremy Martin will be engaged as a Technical Adviser.

The principal activity of HKP is the exploration for natural resources in Cyprus. Cyprus is a member of the European Union and has a rich heritage in mining for copper and gold.

Between February and April 2017, HKP made applications to the Mines Service, being the relevant branch of the Cyprus government, for seven Prospecting Permits. HKP's Granted Prospecting Permits were approved by the Mines Service between 10 January 2018 and 7 March 2018. Between January and March 2018, HKP made applications to the Mines Service for a further six Prospecting Permits. HKP's Prospecting Permit Applications had not yet been approved by the Mines Service at the date of this document.

The HKP Portfolio consists of three project areas as follows:

- HKP's Granted Prospecting Permits comprise a near contiguous block of seven Prospecting Permits on the western side of the Troodos Mountains forming the Troodos West Project, covering an area of 3,211 hectares (32.11 km²);
- five of HKP's Prospecting Permit Applications, covering an area of 2,299 hectares (22.99 km²), form the Troodos North Project on the northern side of the Troodos Mountains; and
- the remaining one of HKP's Prospecting Permit Applications, covering an area of 480 hectares (4.8 km²), forms the Troodos East Project on the eastern side of the Troodos Mountains.

HKP has a 100 per cent. interest in each of HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications, with no encumbrances or dilutive interests.

Each of HKP's Granted Prospecting Permits are valid for a period of five years from grant, subject to annual renewal upon the payment of annual fees, and may be extended for a further period of five years. The principal conditions attached to HKP's Granted Prospecting Permits are as follows:

- exploration work should follow that proposed to the Mines Service;
- ground disturbing works need the consent of the Mines Service;
- work on private land or leased government land requires the consent of the landholder;

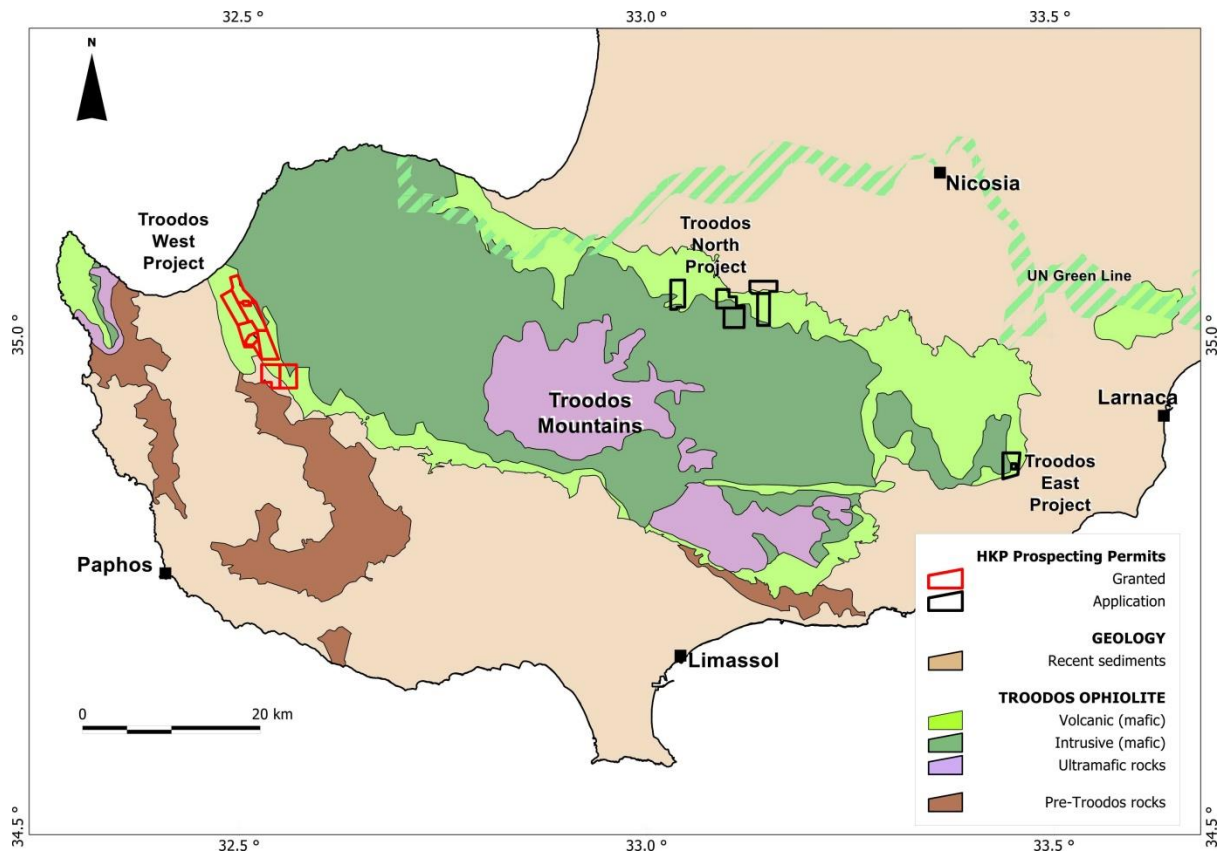
- work in designated forestry land requires the consent of the Forestry Department;
- no exploration work without consent from relevant authorities:
 - in areas of pine trees or thick forest;
 - less than 200 metres from water infrastructure (less than 500 metres from drinking water bores in AE4672 and AE4673);
 - less than 500 metres from places with farm animals;
 - in local area reconciled areas; and
 - in Natura 2000 areas between March and July inclusive, except for surficial work, including mapping and sampling;
- work to be supervised by an authorised geologist and all staff to be declared with the Mines Service;
- any antiquities discovered should be reported immediately to the Department of Antiquities and all work stopped pending their assessment, within 15 days, of further proposed work;
- no extensive earthworks in designated archaeological sites (a total of six sites listed in AE4661, AE4664 and AE4665);
- consult with the Ministry of Defence if working near military installations;
- in relation to drilling programmes;
 - must be submitted to the Mines Service and the Water Development Department;
 - local water resources must be protected from contamination;
 - local damage in the preparation of drill sites should be limited; and
 - existing roads and tracks should be used where possible;
- measures must be taken to ensure public safety;
- measures must be taken to protect the environment, with damages payable if found negligent; and
- sites must be returned to their original state after work completed, with a financial guarantee held by the Mines Service to be used for environmental rehabilitation, if necessary.

If the holder of a Prospecting Permit fails to comply with the conditions attached to such Prospecting Permit, the Prospecting Permit will be withdrawn.

The Mines Service approved basic, generic field work (mapping, surface sampling, ground geophysics) across HKP's Granted Prospecting Permits as part of the application process. This level of work will be sufficient to undertake Phases 1 and 2 of the Proposed Exploration Programme on HKP's Granted Prospecting Permits, with the aim of defining drill targets. No drill targets have yet been defined.

Once drill targets have been defined, approval will be sought from the Mines Service, other relevant authorities and stakeholders to access the drill sites, as required by the conditions attached to HKP's Granted Prospecting Permits. HKP has already met with some of the relevant authorities and stakeholders and will meet with others to ensure that the defined drilling programme can proceed. Given the history of mining and exploration across the HKP Portfolio, the Directors and the Proposed Director do not expect any unreasonable access restrictions to be applied. All work will be supervised by authorised geologists and carried out according to industry best practice occupational health, safety and environmental procedures.

All of the project areas within the HKP Portfolio are considered by the Directors and the Proposed Director to be highly prospective for copper and/or gold. A Competent Person's Report on the HKP Portfolio is set out in Part V of this document.



Save for its activities relating to the exploration for natural resources in Cyprus commenced in 2017, HKP operated as an investment holding company in respect of its sole subsidiary undertaking, Khalkeus, from incorporation on 1 July 2014 until the date of disposal of Khalkeus to Michael Green for nil consideration on 31 October 2017, and otherwise has not traded. The principal activity of Khalkeus was the provision of consultancy services and the sole director of Khalkeus was Michael Green who, at the time of the disposal, was also the sole director and sole shareholder of HKP. The Historical Financial Information of HKP is set out in Part VI (B) of this document.

3. Terms of the Acquisition

On 28 June 2018, the Company and the Principal HKP Sellers entered into the Acquisition Agreement, pursuant to which the Company has agreed, subject to certain conditions, to purchase the entire issued share capital of HKP, comprising 1,000 ordinary shares of €1.00 each, for £500,000, to be satisfied by the issue of 6,666,667 new Ordinary Shares to the HKP Sellers at a price of 7.5p per Ordinary Share.

The Acquisition Agreement is conditional on, among other things, the Placing Agreement and the Subscription Agreements becoming or being declared unconditional in all respects, save for Admission, and Admission.

Under the Acquisition Agreement, the Principal HKP Sellers have given certain limited warranties to the Company in relation to the business and assets of HKP.

Further details of the Acquisition Agreement are set out in paragraph 12.11 of Part IX of this document.

4. The Opportunity and the Objectives and Strategy of the New Group

The Directors believe that the Acquisition represents an attractive opportunity for the Company which meets the principal acquisition search criteria of the Company:

- the HKP Portfolio is considered by the Directors to be highly prospective, primarily for copper and gold, two of the most actively traded Exchange Traded Non-Ferrous Metals;
- HKP's Granted Prospecting Permits include previously operating copper + pyrite mines at Limni, Kinousa, Uncle Charles, and Evloimeni. HKP's Prospecting Permit Applications include previously operating copper + pyrite mines at Memi and Agrokippia. Exploitation at the mines was mainly by way of open-pit operations;
- the HKP Portfolio is located in the Republic of Cyprus, which is a member of the European Union;
- the Company will acquire the entire issued share capital of HKP which, in turn, has a 100% interest in the HKP Portfolio;
- the early stage of development of HKP provides the scope, through a focussed exploration work programme, to generate value for Shareholders; and

- the Principal HKP Sellers are highly experienced in the mineral exploration sector and will all contribute to the management of the New Group following completion of the Acquisition.

Since 2016, commodity prices generally have been robust and the Directors and the Proposed Director believe that has encouraged investment capital to return to the sector.



Copper price (US dollars per tonne) Five years
Source: 4-traders.com



Gold price (US dollars per troy ounce) Five years
Source: 4-traders.com

The price of copper reached a three-year high in December 2017, having risen by approximately 31 per cent. over the course of 2017. The factors driving this recent appreciation in the copper price include: more robust global economic growth, particularly in China; supply dislocation caused by labour disruptions at some of the biggest copper mines; the expectation of increased demand for copper from the anticipated switch to the use of electric vehicles and the infrastructure required to support that change; and weakness in the US dollar, the currency in which the price of copper is denominated. Despite the recent rise in the copper price, the Directors and the Proposed Director believe the outlook for the price of copper remains positive.

The price of gold also rose strongly during 2017, recording an increase of approximately 14 per cent over the year. Demand for gold comes predominantly from use in jewellery, bullion and gold coinage as well as various industrial and electronic applications. The supply of gold to meet this demand comes largely from newly mined gold but also from recycling. Production of newly mined gold was reportedly largely unchanged over 2016 and 2017 as new mines replaced production lost from existing mines. The supply of gold from recycling generally responds more quickly to changes in the gold price than newly mined gold, however, despite continued rises in the price of gold, the supply of gold from recycling was down approximately 10 per cent. in 2017 compared with 2016.

The following table contains historic and forecast prices (average for the relevant period) of the leading Exchange Traded Non-Ferrous Metals, denominated in US dollars:

Commodity	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	2018*	2019*	2020*	2021*
Base Metals										
(\$ per tonne)										
Aluminium	1,604	1,851	1,907	2,010	2,103	2,154	2,175	2,100	2,109	2,118
Copper	4,868	5,840	5,668	6,349	6,823	6,957	6,800	6,816	6,833	6,849
Lead	1,867	2,278	2,160	2,331	2,490	2,518	2,500	2,483	2,465	2,448
Nickel	9,595	10,273	9,232	10,532	11,601	13,284	13,500	13,828	14,163	14,507
Tin	17,934	20,004	19,923	20,514	19,803	21,187	20,700	20,883	21,067	21,252
Zinc	2,090	2,779	2,593	2,962	3,230	3,415	3,200	2,900	2,500	2,490
Precious Metals										
(\$ per troy ounce)										
Gold	1,249	1,219	1,258	1,278	1,275	1,329	1,300	1,282	1,264	1,247
Platinum	987	981	941	952	921	977	985	1,020	1,057	1,094
Silver	17.1	17.5	17.2	16.8	16.7	16.73	17.0	16.9	16.8	16.7

* Forecast

Source: World Bank Group. 2018. *Commodity Markets Outlook*, April. World Bank, Washington, DC.

The market in which the New Group operates is global with participants in the market ranging from multi-national giants through to small private exploration businesses. The Directors and the Proposed Director believe that the New Group should be well placed to compete against other market participants on the basis of the following competitive advantages:

- Cyprus has a rich heritage in mining dating back to the earliest Bronze Age, in particular of mining copper from which the name of the island is derived, and the style of mineralisation is relatively well understood;
- HKP has a 100 per cent. interest in the HKP Portfolio;
- Cyprus is an EU member with close ties to the UK and, despite the ongoing partition of the island following the Turkish invasion in 1974, is well-ranked both in terms of ease of doing business and corruption perception, representing relatively low country risk;

- the climate in Cyprus allows for year-round exploration and mining operations;
- Cyprus has good infrastructure, such as road networks, mobile phone coverage, electricity and water supply, international airports and sea ports;
- copper and gold are both widely traded by participants in the metals markets, with the price of copper often seen as a barometer of global economic growth, representing relatively low commodity risk; and
- the Directors and the Proposed Director have wide-ranging experience working for and/or advising businesses operating within the natural resources sector and Michael Green provides local knowledge and community engagement in Cyprus.

Within the Republic of Cyprus, the only active copper or gold mining operations are those of Hellenic Mining Public Company Limited at Skouriotissa. Other holders of Prospecting Permits include Eastern Mediterranean Minerals Limited, 10 per cent, owned by AIM-traded Atalaya Mining Plc, and Treasure Development Limited, 30 per cent. owned by ASX-listed BMG Resources Ltd. As evidenced by HKP's Prospecting Permit Applications, however, there remain areas within the Republic of Cyprus that may be considered prospective for copper and/or gold that are not covered by Prospecting Permits, whether granted or under application.

The primary objective of the Company is to generate value for Shareholders, which the Company will seek to achieve through the definition of a Mineral Resource estimate from multiple prospects within the HKP Portfolio and, potentially, through further acquisitions.

Given the unpredictability of mineral exploration, the outcome of the Proposed Work Programme is uncertain. Accordingly, the development of the business of the New Group beyond completion of the Proposed Work Programme, by which time the Board will be better placed to assess the economic potential of the Troodos West Project, is currently difficult to project. Subject to the approval of HKP's Prospecting Permit Applications, however, the New Group intends to advance the exploration of the Troodos North and Troodos East Projects to first-pass drilling stage within two years. The Company is satisfied that the Net Proceeds are sufficient for the New Group to carry out the Proposed Work Programme and to seek further acquisition opportunities. Nevertheless, the New Group may have insufficient financial resources to explore and develop the HKP Portfolio further or to complete any further acquisitions and the Company may need to consider raising additional funds to finance such further activities. A sensitivity analysis has been carried out on the major assumptions underlying the Company's business plan, in particular the impact on the business plan of movements in currency exchange rates and increases in costs of material items, such as drilling. The principal milestone in the New Group's business plan is successful completion of the Proposed Work Programme, which is expected to be completed within 12 months.

The plant and equipment required to carry out the Proposed Work Programme will generally be supplied by contractors as part of the relevant contract of works, such as drill rigs by drilling contractors. The Directors and the Proposed Director do not expect the New Group to acquire significant property, plant and equipment, although certain geophysical equipment, motor vehicles computer hardware and software and field office equipment, with an estimated aggregate cost of less than €45,000, are intended to be purchased within the Proposed Work Programme budget.

5. The Proposed Work Programme

The New Group proposes a phased exploration work programme for the HKP Portfolio, the exploration target of which is a Mineral Resource of 1,000,000 to 5,000,000 tonnes from multiple prospects, at two per cent. copper plus more than one gram per tonne gold and silver/zinc credits. The Proposed Work Programme comprises three phases:

Phase 1 – Data collection and analysis

The aim of Phase 1 is to identify the most prospective areas within the HKP Portfolio and prioritise field work. This will be achieved by acquiring and collating into digital form all relevant available existing data from the Cyprus Geological Survey, academic studies and historical commercial activity. Spatial data will be captured into a GIS. All datasets will then be interrogated to identify areas and prospects where exploration will be prioritised.

Phase 2 – Confirmatory field studies

The aim of Phase 2 is to rank prospects and to define drill targets. Field studies will include geological and structural mapping, rock chip and trench sampling and ground geophysics and will start at areas and prospects prioritised during Phase 1. All new data will be integrated into an evolving exploration model.

Phase 3 – Drilling

The aim of Phase 3 is to drill targets defined in Phase 2 and define Mineral Resources. The style and quantum of drilling will be constrained by local conditions.

The Directors and the Proposed Director expect the Proposed Work Programme to be completed within 12 months at a cost of approximately £1,100,000.

Each project area and each prospect within each project area, will move through the proposed exploration phases at different rates. For example, data collection and analysis are already quite advanced for the Troodos West Project and a number of prospects within it, whereas data are still being gathered for the Troodos North and Troodos East Projects. The primary focus of the Proposed Work Programme is the Troodos West Project, comprising HKP's Granted Prospecting Permits. Less than 10 per cent. of the budget of the Proposed Work Programme is projected to be spent on the Troodos North and Troodos East Projects, comprising HKP's Prospecting Permit Applications. The Troodos North and Troodos East Projects are expected to provide a pipeline of further exploration prospects for the New Group beyond the Proposed Work Programme, subject to the approval of HKP's Prospecting Permit Applications.

In addition to pursuing the exploration of the HKP Portfolio, the Company will continue to seek acquisition opportunities in the sector. Particularly attractive acquisition opportunities will continue to include companies, businesses or assets where an identified mineral resource can be optimised or increased or where value can be unlocked.

6. The Placing and the Subscription and Use of Proceeds

The Company has raised gross proceeds of £2,000,000 through the Placing and the Subscription, conditional on Admission. Further details of the Placing and the Subscription are set out in Part III of this document.

After deduction of the estimated expenses of the Acquisition, the Placing, the Subscription and Admission, amounting to approximately £500,000, the Net Proceeds are estimated to be approximately £1,500,000.

The Company's intention is to use the Net Proceeds as follows:

- the Proposed Work Programme for the HKP Portfolio – approximately £1,100,000, which is expected to be broken down as follows:
 - Phase 1 – data collection and analysis – approximately £90,000;
 - Phase 2 – confirmatory field studies – approximately £130,000; and
 - Phase 3 – drilling – approximately £880,000; and
- additional general working capital to be applied towards ongoing corporate costs and expenses (including directors' and key personnel's remuneration and consultancy fees and other internal costs of sourcing, reviewing and pursuing any further acquisitions) – approximately £400,000.

Prior to utilisation, the Company will invest or deposit the Net Proceeds in sterling denominated money market instruments, government securities, commercial paper, asset backed commercial paper, corporate bonds and/or deposits with commercial banks. Each of these instruments or commercial banks will be no less than A- rated at the time of investment or deposit.

7. Capital and returns management

The Company has conditionally raised gross proceeds of £2,000,000 under the Placing and the Subscription, giving Net Proceeds of approximately £1,500,000.

Further equity capital fundraisings are expected to be undertaken by the Company as it pursues its objectives. The amount of any such additional equity to be raised, which could be substantial, will depend on the results of the Proposed Work Programme to explore the HKP Portfolio and the nature of any further acquisition opportunities which arise and the form of consideration the Company uses to make any such further acquisitions and, accordingly, cannot be determined with any certainty at the date of this document. The Company expects that returns for Shareholders will derive primarily from capital appreciation of the Ordinary Shares and, potentially, any dividends paid pursuant to the Company's dividend policy set out below.

The Articles include pre-emption rights in favour of existing Shareholders which were disapplied in relation to the issuance of new Ordinary Shares for cash on the exercise of subscription rights attaching to the Series A Warrants, to the holders of Ordinary Shares in proportion (as nearly as practicable) to their respective holdings and otherwise with an aggregate nominal value of up to £100,000 (which amount includes the Consideration Shares, the Placing Shares, the Subscription Shares, the IPO Placing Shares and new Ordinary Shares on exercise of subscription rights attaching to the Series B Warrants, the Broker Warrants and under the Series C Warrants and the Share Options). At the first annual general meeting of the Company held on 26 June 2018, resolutions were passed to disapply the pre-emption rights contained in the Articles in respect of the issuance of shares with an aggregate nominal value of up to £100,000 and in respect of the issuance of equity securities for cash with an aggregate nominal value of £100,000. Otherwise, Shareholders will have pre-emption rights which will generally apply in respect of future issues of new Ordinary Shares for cash. Further details are set out in paragraph 2 of Part IX of this document.

8. Selected Financial Information

The following selected financial information has been extracted from the Historical Financial Information of the Company, which is set out in Part V (B) of this document.

<i>Statement of comprehensive income for the period from incorporation on 4 January 2017 to 31 December 2017</i>	£
Revenue	-
Administrative expenses	(111,012)
Loss on ordinary activities before taxation	(111,012)
Tax on loss on ordinary activities	-
Loss and total comprehensive loss for the period attributable to the owners of the Company	(111,012)
Loss per share (basic and diluted) attributable to the ordinary shareholders (pence)	(1.01)

Statement of financial position as at 31 December 2017

£

Current assets	
Trade and other receivables	44,683
Cash and cash equivalents	1,184,424
	<u>1,229,107</u>
Total assets	<u>1,229,107</u>
Current liabilities	
Trade and other payables	(51,286)
Total liabilities	<u>(51,286)</u>
Net assets	<u>1,177,821</u>
Share capital	126,600
Share premium	1,157,873
Share-based payment reserve	4,360
Retained loss	(111,012)
Equity attributable to the owners of the Company	<u>1,177,821</u>

Statement of cashflows for the period from incorporation on 4 January 2017 to 31 December 2017

£

Cashflow from operating activities	
Loss for the period	(111,012)
Costs settled by the issue of warrants	4,360
Increase in trade and other receivables	(44,683)
Increase in trade and other payables	51,286
Net cash outflow from operating activities	<u>(100,049)</u>
Cashflow from financing activities	
Gross proceeds of the issue of shares	1,400,600
Costs related to share issues	(116,127)
Net cash inflow from financing activities	<u>1,284,473</u>
Net increase in cash and cash equivalents	<u>1,184,424</u>
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	<u>1,184,424</u>

9. Operating and Financial Review

The Company was incorporated on 4 January 2017 for the purpose of acquiring a company, business or asset with operations in Europe in the Exchange Traded Non-Ferrous Metals mining sector that it would look to develop and expand.

The Company completed a seed capital funding round on 24 April 2017 and became a public limited company on 8 May 2017. The Company published a prospectus on 22 August 2017 and the admission of its ordinary shares to the Standard Listed segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities became effective on 29 August 2017.

The Standard Listing and trading in the ordinary shares of the Company on the London Stock Exchange were suspended on 2 November 2017 following the announcement by the Company of the signing of heads of terms in relation to the potential acquisition of HKP, which would constitute a reverse takeover for the purposes of the Listing Rules of the Financial Conduct Authority. The Company announced that a formal conditional share purchase agreement in relation to the potential acquisition of HKP had been signed on 28 June 2018.

The Company has been funded entirely through the issue of share capital. During the period from incorporation to 31 December 2017, the Company successfully completed three funding rounds: the initial £600 of founder share capital; the £100,000 of seed capital; and the £1,300,000 of capital raised in connection with the IPO (before expenses).

The Company generated no revenue during the period from incorporation to 31 December 2017. The Company is focused on ultimately generating revenue from acquisitions.

The Company incurred expenditure during the period from incorporation to 31 December 2017 totalling approximately £227,000, which includes all expenditure in connection with the formation and development of the Company, the IPO, the review of numerous acquisition opportunities, the remuneration of the directors of the Company and initial expenses in connection with the proposed acquisition of HKP.

At 31 December 2017, the Company had cash at bank of £1,184,424, all of which was denominated in pounds sterling.

10. Capital Resources and Capitalisation and Indebtedness

The Company's capitalisation and indebtedness as at 31 December 2017, since when there has been no material change, are summarised in the table below:

	£
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	-
	<hr/>
	-
	<hr/>
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	-
	<hr/>
	-
	<hr/>
Shareholders' equity	
Share capital	126,600
Share premium	1,157,873
Retained loss	(111,012)
Share-based payment reserve	4,360
	<hr/>
	1,177,821
	<hr/>

11. Dividend Policy

The Directors' and the Proposed Director's current intention is to retain any earnings for use in the Group's operations and the Directors and the Proposed Director do not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and to the extent that to do so is in accordance with all applicable laws.

PART II

THE BOARD AND KEY PERSONNEL AND CORPORATE GOVERNANCE

1. The Board and key personnel

The Directors and the Proposed Director

The Directors have been the only directors of the Company since its incorporation and have led the Company through its development to date. The Directors are:

Christopher Hall, Non-Executive Chairman, aged 68

Christopher is an experienced mining finance and investment specialist and corporate manager with a career spanning more than 40 years and encompassing exploration and mine geology, mining share analysis, specialist fund management, M&A, general management and wide-ranging consultancy. Between 1998 and 2003, Christopher was with international mining consultants, Behre Dolbear International Limited, initially as a consultant and then from 2000 as President, managing the UK office covering Europe, the Middle East, Russia, the Former Soviet Union, India and parts of Asia. He acted as an in-house mining adviser/resources specialist for international accountant and AIM Nominated Adviser Grant Thornton LLP, UK from 2005 until 2015, advising capital markets and audit functions. Christopher is a Director of Rift Resources Limited, a private exploration company operating in East Africa and the Middle East, and, until 2016, was Non-Executive Chairman of AIM-traded companies Stratex International plc, a gold producer and explorer active in Turkey and Senegal with strategic interests in East Africa and Ghana, and Goldstone Resources plc, an exploration company operating principally in Ghana. Christopher holds a BSc degree in Geology from the University of Reading, an MSc degree in Exploration and Mining Geology from the University of Leicester and is a Chartered Engineer, Member of the Institute of Materials, Minerals and Mining.

David Cliff, Non-Executive Director, aged 72

David is an experienced geologist who spent 26 years working in a management capacity for the Rio Tinto Exploration group until 2006, including the last five years as Exploration Manager Europe. During his time with Rio Tinto Exploration, he headed exploration teams in the wider European area, including the discovery and evaluation of the Çöpler gold mine in Turkey, now owned and operated by Alacer Gold Corporation. David commenced his career in 1968 with the Union Corporation group, spending seven years in South Africa (including work on the discovery and evaluation of the Beatrix Gold Mine complex, as well as the development of the Unisel mine and production-related geology at St Helena Gold Mine). Prior to that he spent four years in the United Kingdom, mainly involved in development and production at two Cornish tin mines. More recently, he was a Director and Chief Executive Officer of Columbus Copper Corporation (formerly Empire Mining Corp.), a Toronto Venture Exchange listed exploration company exploring copper and gold assets in western Turkey and chromite in Albania, until its merger with Energulf Resources Inc. in 2015. David holds a BSc honours degree in Geology from University College London and is a Chartered Engineer, Member of the Institute of Materials, Minerals and Mining.

Derek Crowhurst, Non-Executive Director, aged 56

Derek has spent more than 30 years working in the City of London, having commenced his career with R. Nivison & Co. (ultimately absorbed into Smith & Williamson Investments) as a fixed-interest analyst before progressing to the eurobond sales/trading desk, where he became involved in the issuance of eurodollar convertible bonds. He became increasingly focused on providing corporate financial advice, culminating in him joining Keith, Bayley Rogers & Co. in 1993, where he worked on numerous IPOs (on both the Official List and AIM), secondary fund raisings and M&A transactions. After spending more than 15 years with Keith, Bayley, Rogers & Co., the last two years of which as Managing Director of the business, Derek left to join Religare Capital Markets Limited in 2009 and moved to natural resources specialists VSA Capital Limited in 2012. Since January 2014, he has been a Director – Corporate Finance with corporate financial advisory boutique, Argento Capital Markets Limited. Derek holds a BSocSc honours degree in Mathematics, Economics and Statistics from the University of Birmingham and is a Fellow of the Chartered Institute for Securities and Investment and an FCA Approved Person.

Peter Damouni, Non-Executive Director, aged 40

Peter has over 17 years of experience in investment banking and capital markets, with expertise in mining and oil and gas. During his career, Peter has worked on and led equity and debt financings valued at more than \$5 billion. He has comprehensive experience in equity financing, restructuring, corporate valuations and advisory assignments. Peter is a Non-Executive Director of Georgian Mining Corporation, an AIM traded copper and gold development and exploration company and of Kerr Mines, Inc., a Toronto Stock Exchange listed North American gold development and exploration company based in Toronto, Canada. He holds a double major BA honours degree in Economics, Finance and Political Science from McGill University, Montreal, Canada.

With effect from Admission, the Proposed Director will join the Company as a Non-Executive Director. The Proposed Director is:

David Hall, Proposed Non-Executive Director, aged 59

David has nearly 30 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in more than 50 countries and is one of the Principal HKP Sellers. From 1992, he was Chief Geologist for Minorco SA, responsible for Central and Eastern Europe, Central Asia and the Middle East. He moved to South America in 1997 as a consultant geologist for Minorco South America and subsequently became exploration manager for AngloGold South America in 1999, where he was responsible for exploration around the Cerro Vanguardia gold mine in Argentina, around the Morro Velho and Crixas mines in Brazil and establishing the exploration programme that resulted in the discovery of the La Rescantada gold deposit in Peru as well as certain joint ventures in Ecuador and Colombia. David was a founder and executive director of Stratex International Plc, an AIM traded company with exploration assets in Turkey, and was also a founder of Erris Resources plc, an AIM traded company with exploration assets in Ireland and Sweden, where he remains a technical adviser. He is also currently CEO of Thani-Stratex Resources Ltd, a private gold exploration and development company focused on North and East Africa and the Middle East, and Non-Executive Chairman of Horizonte Minerals Plc, an AIM traded and Toronto Stock Exchange listed company with development stage nickel assets in Brazil. David holds a BA honours degree in geology from Trinity College Dublin and an MSc in Mineral Exploration from Queens University, Kingston, Ontario and is a Fellow of the Society of Economic Geologists, a Member of the Institute of Geologists of Ireland, a EuroGeol and P. Geo.

Further information on the Directors and the Proposed Director is set out in paragraph 5 of Part IX of this document.

Key personnel

The management team of the New Group will comprise the Directors and the Proposed Director and the following key personnel.

Dr Michael Green, Proposed Country Manager and Head of Exploration, Cyprus, aged 48

Michael is a geologist with more than 20 years of mineral exploration experience, including managing all aspects of exploration programmes targeting a broad range of commodities but particularly gold, copper and nickel. He is the founder, a director and company secretary of HKP and one of the Principal HKP Sellers and has built the HKP Portfolio. Michael has operated as an independent geological consultant and has worked with numerous publicly traded and private companies. He was Chief Operating Officer of BMG Resources Limited, an Australian Stock Exchange listed company, where he managed its exploration portfolio in Cyprus. Michael holds a BSc honours degree in geology from the University of Western Australia and gained his PhD in geology from the University of Sydney, Australia. He is a Member of the Australian Institute of Geoscientists.

Jeremy Martin, Proposed Technical Adviser, aged 41

Jeremy has worked in South America, Central America and Europe, where he was responsible for grassroots regional metalliferous exploration programmes through to resources definition and mine development. Jeremy has been involved in the formation of a number of publicly listed mineral resource companies and is one of the Principal HKP Sellers. He is currently Chief Executive of Horizonte Minerals Plc and Non-Executive Chairman of Erris Resources plc. Jeremy holds a BSc honours degree in mining geology from the Camborne School of Mines and an MSc in mineral exploration from the University of Leicester and is a Member of the Society of Economic Geologists.

2. Remuneration

Each of the Directors and the Proposed Director have entered into letters of appointment with the Company, conditional on Admission in the case of the Proposed Director. Following Admission, each of the Directors and the Proposed Director will be entitled to receive a gross annual fee of £24,000, payable in equal monthly instalments in arrears, except for Christopher Hall who, as Chairman, will be entitled to receive a gross annual fee of £27,000.

Until Admission, each of the Directors is entitled to receive a gross annual fee of £12,000, payable in equal monthly instalments in arrears and, upon successful completion of the Acquisition, each of the Directors will be entitled to receive a bonus of £25,000 less the gross cumulative annual fees received prior to completion of the Acquisition.

The provision of services relating to corporate and/or technical services areas are not covered by the Directors' and the Proposed Director's letters of appointment. Following Admission and consequently the completion of the Acquisition the Company intends to consider what additional services it requires, above those services provided by the Directors and the Proposed Director in their roles as Non-Executive Directors. The Company may elect to enter into consultancy contracts with companies controlled by the Directors and/or the Proposed Director to secure the provision of such services in return for fees based on time spent. It is envisaged that each of the consultancy companies will agree to make available one or more named individuals (which may include a Director or Proposed Director) or an appropriate substitute to carry out the relevant services.

Following Admission, none of the Directors nor the Proposed Director will have any entitlement to receive bonus payments and none of the Directors nor the Proposed Director will have or have had any entitlements to receive pension, retirement or similar benefits under any of the letters of appointment.

Further details of the letters of appointment of the Directors and the Proposed Director are set out in paragraph 7 of Part IX of this document.

Pursuant to a consultancy agreement between the Company, Khalkeus and Michael Green, Khalkeus has been engaged by the Company, subject to and from the date of Admission, to provide the services of Michael Green, who will provide corporate, technical and/or geology consultancy services to the Company. Michael Green will be engaged as the Country Manager and Head of Exploration, Cyprus of the Company. Khalkeus and Michael Green have agreed to provide the services for a minimum of 15 days per month and Khalkeus will receive a fee of €8,000 per month, plus a milestone payment of €25,000 payable on the first anniversary of the date of the agreement. The consultancy agreement contains protections relating to the confidential information and intellectual property of the Company and certain post-termination restrictions on Khalkeus and Michael Green.

Pursuant to a consultancy agreement between the Company and Jeremy Martin, Jeremy Martin has been engaged by the Company, subject to and from the date of Admission, to provide corporate, technical and/or geology consultancy services to the Company. Jeremy Martin has agreed to devote a minimum of two days per calendar month, for which he will receive a fee of £1,000 per day. The consultancy agreement contains protections relating to the confidential information and intellectual property of the Company and certain post-termination restrictions on Jeremy Martin.

Further details of the consultancy agreements relating to the services of Michael Green and Jeremy Martin are set out in paragraphs 12.17 and 12.18 of Part IX of this document, respectively.

3. Share Options

In view of the fact that generation of Shareholder value is a primary objective of the Company, in order to align the interests of the Board closely with those of the Shareholders, the Company has entered into the Share Options.

Options over approximately 4.80 per cent. of the Enlarged Ordinary Share Capital have been granted, conditional on Admission, under the Share Options as follows:

<i>Name</i>	<i>Number of share options</i>	<i>Percentage of Enlarged Ordinary Share Capital</i>
Christopher Hall	175,000	0.28
David Cliff	465,000	0.75
Derek Crowhurst	700,000	1.13
Peter Damouni	700,000	1.13
Michael Green	700,000	1.13
David Hall	115,000	0.19
Jeremy Martin	115,000	0.19

Each of the share options entitles the holder to subscribe for one new Ordinary Share at a subscription price of 7.5p per share and is exercisable from the date falling six months after Admission until the fifth anniversary of Admission.

4. Board Composition and Corporate Governance

Independence

On Admission, all of the Directors and the Proposed Director will be considered to be 'independent' members of the Board, as that term is defined in the Corporate Governance Code. It is expected that additional directors, both executive and non-executive, will be appointed as the business of the Group develops and independence will be one of the factors taken into account in determining the composition of the Board at such time.

In order to implement its business strategy, the Company has adopted a corporate governance structure, the key features of which are:

- a Board comprising five independent non-executive directors with effect from Admission;
- the Board has extensive experience in the natural resources sector, specifically in Exchange Traded Non-Ferrous Metals and in mergers and acquisitions and the capital markets;
- the Company intends to comply, insofar as is appropriate having regard to the size and nature of the Company and the composition of the Board, with the Corporate Governance Code (as set out in more detail in section 4 of Part II of this document under the sub-heading "Corporate Governance");
- the Company has adopted a share dealing policy that complies with the requirements of the Market Abuse Regulation; and
- the Company has adopted an anti-bribery and corruption policy.

Members and responsibility

The Board is responsible for the Company's objectives and business strategy and its overall supervision. Acquisition, divestment and other strategic decisions will all be considered and determined by the Board. The Board provides leadership within a framework of prudent and effective controls. The Board sets the corporate governance values of the Group and has overall responsibility for setting the Group's strategic aims, defining the business plan and strategy, managing the financial and operational resources of the Group and reviewing the performance of the officers and management of the Group's business.

Frequency of meetings

While the Board will schedule monthly meetings, it will hold additional meetings as and when required.

Financial Management

The Company does not currently have a finance director and responsibility for financial management is undertaken by the Board as a whole. The Company has engaged an experienced bookkeeper to provide accounting services. Due to the limited number of expected financial transactions of the Group and the financial expertise of the Directors and the Proposed Director, the Directors and the Proposed Director believe these arrangements will continue to be appropriate following Admission. At the appropriate time, however, it is the Company's intention either to appoint a finance director to the Board or to appoint a chief financial officer.

Corporate Governance

As a company with a Standard Listing, the Company is not required to comply with the provisions of the Corporate Governance Code, which forms a key part of the corporate governance regime for England and Wales, the Company's country of incorporation. In the interests of observing best practice on corporate governance, however, the Company will observe the requirements of the Corporate Governance Code, insofar as the Board considers appropriate, having regard to the size and nature of the Group and the composition of the Board. As at the date of this document, the Company is in compliance with the Corporate Governance Code with the exception of the following:

- Given the size and wholly non-executive composition of the Board, certain provisions of the Corporate Governance Code (in particular, the provisions relating to the division of responsibilities between the Chairman and chief executive and executive compensation), are not being complied with by the Company as the Board considers these provisions to be inapplicable to the Company. In addition, the Company does not comply with the requirements of the Corporate Governance Code in relation to the requirement to have a senior independent director.
- The Company has not had audit, risk, remuneration or nomination committees. The Board as a whole has reviewed its size, structure and composition, the scale and structure of the Directors' fees (taking into account the interests of Shareholders and the performance of the Company), taken responsibility for the appointment of auditors and negotiating their audit fee, monitored and reviewed the integrity of the Company's financial statements and taken responsibility for any formal announcements on the Company's financial performance.

The Directors and the Proposed Director consider these elements of the Corporate Governance Code to have been inappropriate for the Company to date.

With effect from Admission, audit and remuneration committees will be put in place.

The audit committee will comprise Derek Crowhurst, as chairman, Peter Damouni and Christopher Hall and will meet normally not less than twice each year. The audit committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the audit committee will receive and review reports from management and the auditors relating to the interim report, the annual report and financial statements and the internal control systems of the Company.

The remuneration committee will comprise Peter Damouni, as chairman, David Cliff and Christopher Hall and will meet normally not less than twice each year. The remuneration committee will be responsible for the review of and making recommendations to the Board on the scale and structure of remuneration for the Board and key personnel, including any bonus arrangements and the award of share options, having due regard to the interests of Shareholders and other stakeholders.

The Company has adopted a share dealing policy that complies with the requirements of the Market Abuse Regulation. All persons discharging managerial responsibilities (comprising the Directors as at the date of this document and the Directors, the Proposed Director and Michael Green and Jeremy Martin with effect from Admission) are required to comply with the share dealing policy and the Board will be responsible for taking reasonable steps to ensure such compliance.

The Company takes a zero-tolerance approach to bribery and corruption and has adopted an anti-bribery and corruption policy under which the Company is committed to conducting its business in a fair and ethical way without using bribes or corrupt practices to obtain unfair advantages in its business dealings and to implementing and enforcing effective systems to counter bribery and corruption.

A Standard Listing offers less protection to Shareholders than would otherwise be the case with a Premium Listing on the Official List. Further details on the consequences of a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 21 of this document.

5. Conflicts of Interest

Potential areas for conflicts of interest for the Directors and the Proposed Director in relation to the Group include:

- the Directors and the Proposed Directors will be required to commit a limited amount of time to the Group's affairs and, accordingly, they may have conflicts of interest in allocating management time among various business activities;
- in the course of their other business activities, the Directors and the Proposed Director may become aware of investment and business opportunities which may be appropriate for presentation to the Group as well as the other entities with which they are affiliated and they may have conflicts of interest in determining to which entity a particular opportunity should be presented;
- the Directors and the Proposed Director are or may in the future become affiliated with entities, including special purpose acquisition companies, engaged in or focused on activities similar to those of the Group; and
- the Directors may have a conflict of interest with respect to evaluating a particular acquisition opportunity if the retention or resignation of any of the Directors were included by the vendors of a target company or business as a condition to any agreement with respect to the acquisition of such target.

Accordingly, as a result of these multiple business affiliations, each of the Directors and the Proposed Director may have similar legal obligations to present business opportunities to multiple entities. In addition, conflicts of interest may arise when the Board evaluates a particular business opportunity.

The Directors and the Proposed Director have, or may come to have, other fiduciary obligations, including to other companies on whose board of directors they presently sit or to other companies whose board of directors they may join in the future. To the extent that they identify business opportunities that may be suitable for the Group or other companies on whose board of directors they may sit, the Directors and the Proposed Director will honour any pre-existing fiduciary obligations ahead of their obligations to the Group. Accordingly, they may refrain from presenting certain opportunities to the Group that come to their attention in the performance of their duties as directors of such other entities unless the other companies have declined to accept such opportunities or clearly lack the resources to take advantage of such opportunities. Additionally, the Directors and the Proposed Director may become aware of business opportunities that may be appropriate for presentation to the Group as well as other entities with which they are or may be affiliated.

The Articles contain provisions whereby a director shall not vote on or be counted in the quorum of any Board meeting in respect of, any matter in which he has, directly or indirectly, any material interest.

In accordance with the terms of the letters of appointment entered into by each of the Directors and the Proposed Director, further details of which are set out in paragraph 7 of Part IX of this document, the Directors and the Proposed Director may be required to seek the agreement of the Board before accepting commitments outside their role in the Group, in addition to those already disclosed to the Company, which might give rise to a conflict of interest with any of their duties to the Group.

PART III

THE PLACING AND THE SUBSCRIPTION

1. Description of the Placing and the Subscription

Under the Placing and the Subscription, the 10,766,667 Placing Shares and the 15,900,000 Subscription Shares have been conditionally subscribed for by the Placees and the Subscribers, respectively, at the Issue Price of 7.5p per Ordinary Share, for gross proceeds of £2,000,000. After commissions and other estimated fees and expenses in connection with the Acquisition, the Placing, the Subscription and Admission of approximately £500,000 (exclusive of VAT), the Net Proceeds are estimated to be £1,500,000.

The Placing Shares have been made available to investment professionals and high net worth, sophisticated and institutional investors in the UK and elsewhere outside the United States in accordance with Regulation S. The Subscription Shares have been made available to "accredited investors", as that term is defined under applicable Canadian securities laws, in the Canadian provinces of British Columbia, Alberta and Ontario and not in, or to residents of any other provinces or territory of Canada.

In accordance with Listing Rule 14.3, on Admission at least 25 per cent. of the Ordinary Shares will be in public hands (as defined in the Listing Rules).

The Placing and the Subscription are conditional on, *inter alia*, Admission. If Admission does not occur, neither the Placing nor the Subscription will proceed and all monies paid will be refunded to the applicants.

Completion of the Placing and the Subscription will be announced via a regulatory news service on Admission, which is expected to take place at 8.00 a.m. on 3 July 2018.

At the Issue Price, the Enlarged Ordinary Share Capital will have a market capitalisation of £4,645,000 on Admission.

2. Admission and Dealings

The Placing is subject to the satisfaction of conditions contained in the Placing Agreement, including Admission occurring on or before 3 July 2018 or such later date as may be agreed by the Company and Shard (being not later than 15 July 2018). Further details of the Placing Agreement are set out in paragraph 12.12 of Part IX of this document.

The Subscription is subject to the satisfaction of conditions contained in the Subscription Agreements, including Admission occurring on or before 3 July 2018 or such later date as may be determined by the Company (being not later than 15 July 2018). Further details of the Subscription Agreements are set out in paragraph 12.13 of Part IX of this document.

Admission is expected to take place and dealings in the Enlarged Ordinary Share Capital are expected to commence on the London Stock Exchange at 8.00 a.m. on 3 July 2018.

The CREST accounts designated by Placees and Subscribers that have requested delivery of Placing Shares or Subscription Shares in uncertificated form are expected to be credited with the relevant new Ordinary Shares on the date of Admission. Where applicable, definitive share certificates in respect of the Placing Shares and Subscription Shares of Placees and Subscribers that have requested delivery of Placing Shares and Subscription Shares in certificated form are expected to be despatched, by post at the risk of the recipients, to the relevant Placees and Subscribers not later than 10 July 2018. No temporary documents of title will be issued. Prior to the despatch of definitive share certificates in respect of any new Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the register of members of the Company.

The Ordinary Shares are in registered form and may be held in certificated or uncertificated form.

3. Placing Arrangements

The Company, the Directors and the Proposed Director and Shard have entered into the Placing Agreement pursuant to which Shard has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement is conditional on, among other things, Admission. The Placing Agreement does not include any underwriting obligations.

Shard may terminate the Placing Agreement (and the arrangements associated with it) at any time prior to Admission in certain circumstances (including for a material breach of warranty). If this right is exercised, the Placing and these arrangements will lapse and any monies received in respect of the Placing will be returned to applicants without interest by Shard.

Further details of the terms of the Placing Agreement are set out in paragraph 12.12 of Part IX of this document.

4. Subscription Arrangements

The Company and the Subscribers have entered into the Subscription Agreements pursuant to which the Subscribers have agreed, subject to certain conditions, to subscribe for the Subscription Shares at the Issue Price. The Subscription Agreements are conditional on, among other things, Admission. The Subscription Agreements do not include any underwriting obligations.

Further details of the terms of the Subscription Agreements are set out in paragraph 12.13 of Part IX of this document.

5. Allocation and Pricing

All Ordinary Shares subscribed for pursuant to the Placing and the Subscription will be issued at the Issue Price, which has been determined by the Directors and the Proposed Director after consultation with Shard.

Allocations have been determined by agreement between the Directors and the Proposed Director and Shard after indications of interest from prospective Placees and Subscribers were received. A number of factors were considered in deciding the basis of allocations under the Placing and the Subscription, including the level and nature of the demand for the Ordinary Shares, investor profile and the firm through which the application was to be made, if any. Each prospective Placee and Subscriber shall only be entitled to acquire their allocation. Allocations have been managed by the Directors and the Proposed Director and Shard so that the Company shall have sufficient shares in public hands, in accordance with Listing Rule 14.2.2.

Conditional upon Admission becoming effective by 8.00 a.m. on or prior to 3 July 2018 (or such later date, not being later than 15 July 2018), each Placee and each Subscriber who has applied for Ordinary Shares agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to them at the Issue Price. To the fullest extent permitted by law, Placees and Subscribers will not be entitled to rescind their agreement at any time. In the event that Admission does not occur by 8.00 a.m. London time on or prior to 3 July 2018 (or such later date, not being later than 15 July 2018), Placees and Subscribers will receive a full refund of monies subscribed.

The rights attaching to the Placing Shares and the Subscription Shares will be uniform in all respects and all of the Ordinary Shares will form a single class for all purposes.

6. Payment

Each Placee has undertaken to pay the Issue Price for the Placing Shares allocated to them in such manner as directed by Shard in the Placing Letter. Each Subscriber has undertaken to pay the Issue Price for the Subscription Shares allocated to them in accordance with the terms of their Subscription Agreement. No expenses will be charged by the Company to Placees or Subscribers in connection with the Placing or the Subscription. Liability for stamp duty and stamp duty reserve tax is as set out in section 3 of Part VIII of this document.

If Admission does not occur, subscription monies will be returned to applicants, without interest, by Shard in the case of Placees and by the Company in the case of Subscribers.

7. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Ordinary Shares were admitted to CREST with effect from IPO Admission on 29 August 2017. Accordingly, settlement of transactions in the Ordinary Shares may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain certificates for their securities will be able to do so. A prospective Placee or Subscriber applying for Placing Shares or Subscription Shares may elect to receive such new Ordinary Shares in uncertificated form if such person is a system-member (as defined in the CREST Regulations) in relation to CREST.

8. Selling Restrictions

The Ordinary Shares will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within into or in the United States. The Placing and the Subscription are being made by means of offering the Placing Shares and the Subscriber Shares to certain institutional and other investors in the UK and elsewhere outside the United States in accordance with Regulation S. The Company has not been and will not be registered under the US Investment Company Act and Shareholders will not be entitled to the benefits of that Act.

Certain restrictions that apply to the distribution of this document and the Placing Shares and the Subscription Shares being issued pursuant to the Placing and the Subscription in certain jurisdictions are described in Part X of this document.

PART IV
COMPETENT PERSON'S REPORT

INDEPENDENT TECHNICAL REPORT
CHESTERFIELD RESOURCES PLC
CYPRUS EXPLORATION PORTFOLIO

Report Prepared for:

Chesterfield Resources plc
71 Queen Victoria Street
London
EC4V 4BE
United Kingdom

Project Number: RK096

Author: Andrew Craig, Principal Geologist
Dated: 28 June 2018

Rocklore

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ABOUT ROCKLORE

Through Andrew Craig, owner and principal, and a number of professional associates and corporate affiliations, Rocklore provides a spectrum of mineral exploration services to companies operating in remote and challenging locations around the world.

From its sole office located in Surrey, UK, Rocklore, which was founded in 2010 but has its roots in a predecessor company formed in 2002, aims to:

- provide an effective, efficient and professional service at a competitive price;
- provide exploration personnel who are capable of managing projects in a variety of commodities and in any of the diverse geographic regions worldwide; and
- identify and subsequently develop future opportunities that in themselves may lead to expansion and diversification within the company.

The ethos of Rocklore is that of a comprehensive and detailed approach to the technical, social and economic challenges that can and more often do arise during the exploration and development of mineral resources. These challenges, which may include such matters as geological interpretation, stakeholder engagement and industrial disputes, can be overcome through the ability of key personnel to put into practice a wide range of complementary skills during the collection and processing of high quality exploration data. Whilst there are the obvious geological skills required for a field geologist to operate in the field, there are many more that can make the difference between an efficient and adaptive operation and one that stagnates due to lack of initiative and a restricted skills base. The ability to resource, construct and maintain an effective base for exploration operations is fundamental to the success of any exploration programme. The logistical chain that will supply the operation must also be maintained and managed.

Furthermore, an ability to assimilate languages, new cultures and local etiquette is also an important part of paving the way to achieving results, especially when a close working partnership is required with the indigenous population. The management of additional personnel is also crucial. Motivation, attention to detail and a willingness to listen and resolve problems will enable the operation to run more smoothly. Personnel who have travelled extensively and who are accustomed to working abroad, in challenging and diverse environments, will ultimately achieve faster results and to a higher quality.

Rocklore aims to provide personnel capable of the abilities and experience outlined above. This will permit the client to achieve the results required in a timely manner and as economically as possible.

ABOUT ANDREW CRAIG

Andrew specialises in early stage project development and remote exploration as well as GIS, QA/QC and logistics. Having worked with or consulted to a number of Major and Junior mining companies he has developed strong communication skills and a wide range of practical field skills. Andrew graduated with Honours in Geology from the University of St Andrews in 1997 and spent time in the Aberdeen oil industry before completing a Master's degree in Mineral Exploration at the Royal School of Mines, Imperial College (1999). He then spent time working with the British Army before starting the forerunner of Rocklore in 2002, working both independently and as an associate exploration geologist with SRK Exploration Services Limited.

Andrew's commodity experience ranges from gemstones to precious metals, base metals and industrial minerals. Between 2002 and 2007 he worked on a variety of projects in over 20 countries and on five continents. In late 2007, Andrew joined the Altus Strategies team and as geology principal and was responsible for the development of business opportunities and in particular the establishment of Arabian Gold Corporation in Saudi Arabia. In 2009 Andrew spent 6 months managing the resource definition phase of Tethyan Copper Company's world-class Reko Diq porphyry project in Pakistan. During this period, he managed a team of over 50 geologists and 8 drill rigs. Andrew went on to support Kazakhmys in Kazakhstan in late 2009 and this long-term contract led to Rocklore subcontracting its first geologist.

In 2010 Andrew co-founded Tigris Resources Limited which was dedicated to exploring and developing gold and copper resources in SE Turkey. This region has been largely unexplored and overlooked in recent years due to political instability but remains one of the final pieces in the metallogenic mosaic that makes up the Tethyan Belt.

Over the past five years Andrew has found himself providing strategic support to the Governments of Afghanistan and the Punjab in Pakistan. Further clients have been supported on operational and commercial matters, including: independent technical reporting, support to a large international arbitration, and advice on mining finance.

Andrew is an executive director of MINEXIA Limited, a specialist mining finance and project incubator, and has recently been accepted as an associate consultant at Enthalpy, a project audit, management and delivery specialist.

Andrew is a Fellow of the Geological Society of London and a Member of the Institute of Materials, Minerals and Mining with registration as a Chartered Engineer. He also provides specialised advice on geology, geospatial intelligence and stabilisation to Her Majesty's Armed Forces and is the Secretary to the International Association for Military Geosciences.

DISCLAIMER

The opinions expressed in this Report have been based on the information supplied to Rocklore Exploration Services Limited (Rocklore) by HKP Exploration Limited (HKP) and Chesterfield Resources plc (Chesterfield) (Chesterfield and HKP together comprising the New Group). The opinions in this Report are provided in response to a specific request from Chesterfield to do so. Rocklore has exercised all due care in reviewing the supplied information. Whilst Rocklore has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. Rocklore does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of Rocklore's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which Rocklore had no prior knowledge nor had the opportunity to evaluate.

For the purposes of Prospectus Rule 5.5.3R (2)(f), Rocklore is responsible for this Report as part of the Prospectus and declares that it has taken all reasonable care to ensure that the information contained in this Report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law Rocklore does not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, or arising out of or in connection with this Report or Rocklore's statement of responsibility, required by and given solely for the purposes of complying with item 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

EXECUTIVE SUMMARY

Introduction, Property Description, and Ownership

Cyprus is an island located in the eastern part of the Mediterranean Sea with closest neighbours Turkey, Lebanon, Syria, Israel, Egypt and Greece. Since the 1974 Turkish invasion, the Republic of Cyprus controls the southern 60% of the island with the remaining part of the island under occupation by Turkey. Additionally, there are several large military base areas held under British sovereignty and the United Nations demilitarised buffer zone.

The exploration and mining friendly climate is one of the warmest climates in the Mediterranean area and is classified as sub-tropical with very mild winters on the coast and warm to hot summers.

Cyprus is a modern, first-world country with excellent infrastructure such as roads, ports and mobile phone coverage. There are international airports at Larnaca and Paphos with daily flights to many destinations throughout the year. There is a comprehensive, modern road network but no rail network. Power originates from heavy fuel oil power stations and local renewables.

Rainfall is unevenly distributed with the highest mountains and the south-western coastal region having the highest rainfall. Climate change and increased consumption of both surface and groundwater storage in Cyprus has necessitated water saving measures and future natural resource development and any future production will have to diligently address supply, consumption and recycling.

In-country resources are limited for mining but have the potential for sustainable growth, both in the primary and secondary services sectors.

The island of Cyprus is dominated by two mountain ranges; the Troodos Mountains in the central part of the island, rising to 1,952 m (Mount Olympus) and the Pentadaktylos Mountains (Kyrenia Range) in the north of the island, rising to 1,085 m. Unglaciaded through the last ice age, the Cyprus landscape and topography has been shaped by tectonic upheaval, erosion and mass transport, as well as deep incision by rivers.

Whilst tectonically active, the seismic risk whilst high, is well known, and modern engineering and construction methods can successfully mitigate the risk from routine seismic activity.

Chesterfield, through a takeover of a private local company, HKP, will hold seven granted Prospecting Permits and a further six applications for Prospecting Permits. HKP's Granted Prospecting Permits are in their first year of tenure and cover an area of approximately 3,211 ha, whilst HKP's Prospecting Permit Applications cover an area of approximately 2,779 ha and are expected to be granted later in 2018.

The current government royalty, calculated on the Free-On-Board (FOB) price, is 1% for metals and alloys; 2.5% for enriched minerals, cemented metals, salts or compounds of metals; and 5.0% for raw minerals. Cyprus has a corporate tax rate of 12.5%.

Prospecting Permit considerations include matters of antiquity, the environment and those areas under military control.

The HKP Portfolio divides into three project areas: the Troodos West Project, the Troodos North Project and the Troodos East Project. All Projects have evidence of historical exploration and mining.

HKP's Granted Prospecting Permits form the Troodos West Project, comprising seven almost contiguous 100%-owned Prospecting Permits in the western foothills of the Troodos Mountains. HKP's Granted Prospecting Permits cover ca. 3,211 ha along a 14 km southwest trend extending from the abandoned Limni Mine to near the village of Anadihou. HKP's Granted Prospecting Permits cover the abandoned Limni, Kinousa, Uncle Charles and Evloimeni Mines and a number of known prospects where there has been previous exploration.

Prospective volcanic units are exposed north of the village of Lysos where the four mines were developed, and numerous prospects identified. Near Lysos, the prospective volcanic units are covered by a thin cover of recent sediments but are then exposed further south where further prospects are known.

The Troodos West Project is considered highly prospective for new discoveries because:

- There are potential extensions around known mines and prospects.
- Extensive evidence for copper mineralisation, such as malachite staining and ancient slag piles, are widespread in the area.
- Prospective host lithologies are only exposed over approximately 50% of the Project but have already yielded four mines and numerous prospects. Modern exploration techniques should be able to locate any blind deposits that to date have been overlooked beneath the shallowly covered areas.
- Umber and ochre vectors have been mapped in the area.
- Work by Northern Lion discovered new prospects with sulphide mineralisation that to date have not been fully evaluated.

The Troodos North Project comprises five of HKP's Prospecting Permit Applications on the northern flanks of the Troodos Mountains, approximately 25 km southwest of Nicosia. The Troodos North Project includes the abandoned Memi and Agrokippa mines. The abandoned Mitsero copper floatation treatment plant is about 1.5 km from the Troodos North Project.

The Troodos East Project comprises the remaining one of HKP's Prospecting Permit Applications on the eastern point of the Troodos Mountains. Historical production at Anglesidhes was in the 1930s when 98.6 t of cuprous pyrite with 5.98% Cu and 1,336 t with 24.5 g/t Au and 86.4 g/t Ag were removed. The nearest recorded ancient slag is more than 3.5 km north of the known Anglesidhes prospect.

History

Many of the exposed massive sulphide deposits around the Troodos Mountains in Cyprus have been mined for copper since the earliest Bronze Age and copper production continues at the Hellenic Mining Company owned Skouriotissa Mine. Modern mining commenced in Cyprus in the 1920s with more than 74 million tonnes of massive ore extracted from about 30 deposits in the following 50 years. Production focussed on pyrite, copper, gold and silver, although some of the Cyprus deposits also contain appreciable amounts of zinc. The largest known deposit in Cyprus is Mavrovouni where 16.5 Mt at approximately 4.5% Cu was officially reported as extracted between 1929 and 1974.

Copper mining in Cyprus was significantly disrupted and essentially curtailed in the 1970s after Cyprus was partitioned following the Turkish invasion. This was further compounded by adverse changes to global supply and demand in the copper market. However, for an area that has been so productive and that offers such prospectivity the paucity of modern exploration and investment is startling.

In addition to copper, many of the deposits host appreciable primary gold. Indeed, the weathered zones above many deposits are strongly enriched in gold and silver. In 2017, Hellenic Mining Company started extracting gold from oxide material in a small gold circuit at Skouriotissa.

The primary pyrite ores now offer economic viability with the addition of widespread gold. Additionally, zinc, whilst not considered historically, may today make a reasonable addition to the economics of the deposits.

Geology and Mineralisation

The island of Cyprus is in the eastern part of the Mediterranean Sea along the southern margin of the Anatolian Tectonic Plate. The area of interest for mineral exploration is a geological feature known as the Troodos Ophiolite, a fragment of seafloor which erupted in a marginal intra-arc basin above a north-dipping subduction zone in the Tethys Ocean about 92 Ma. Volcanism stopped as the Troodos seafloor collided with the Anatolian Plate and the entire Troodos domain was rotated about 90° counter-clockwise before these rocks were subsequently overlain by various calcareous marine sediments. During the Middle Miocene (ca. 14 Ma) the Troodos Mountains started to rise with uplift accelerating over the last million years.

Definitive lithostratigraphic zones within the extrusive part of the ophiolite sequence are identified for each volcanic cycle, in order from youngest to oldest, as:

- **Cover Sequence Sedimentary Rocks:** Two discrete sedimentary sequences:
 - Recent (<3 Ma) coarse-grained alluvial sediments; and
 - Cretaceous to Miocene (<100 Ma) sedimentary sequence (<2 km thick) composed mainly of limestone, chalk and marl. This sequence conformably overlies the volcanic-intrusive ophiolite sequence.
- **Extrusive Sequence Rocks (Volcanic):** Two discrete sequences of basaltic pillow lavas are identified, which comprise an Upper Pillow Lava (UPL) and Lower Pillow Lava (LPL) as follows:
 - UPL (200-400 m thick) contains abundant olivine crystals and rare dykes. The top of the sequence is marked by a thin (<20 m thick), Mn-rich chemical sediment known locally as “umber”; and
 - LPL (ca. 500 m thick) lacks olivine and contains abundant dykes.

The UPL and LPL are also differentiated by their very distinct geochemical compositions, and both units contain thin, discontinuous sedimentary units within and between the volcanic units.

Volcanic-Hosted Massive Sulphide (VHMS) mineralisation is commonly found in the transition zone between the LPL and the UPL.

- **The Sheeted Dyke Complex (Intrusive):** ca. 2 km thick, and chiefly composed (50 - 100%) of steeply dipping mafic dykes (each dyke ca. 0.5 to 1.0 m thick) which intrude either gabbro (lower part of unit) or basalt lava flows (upper part); and
- **The Plutonic Complex:** Comprising a lower, ultramafic (Harzburgite) unit and an upper mafic (Gabbro) unit separated by an interlayered mafic/ultramafic unit. The lower unit represents the uppermost mantle, and the middle and upper units represent lower oceanic crust components. The thickness of the overall unit is estimated to be at least 5 km. Minor, more evolved (e.g. plagiogranite) intrusive rocks are also recognised as part of this package.

Cyprus VHMS deposits are composed of pyrite with varying contents of chalcopyrite and sphalerite, with rare galena. Marcasite, pyrrhotite, rutile, gold and silver are also present, with silver strongly associated with chalcopyrite. Clay and silica form primary alteration haloes around these deposits. Many of the deposits have been weathered with copper oxides, chalcocite, covellite, bornite, digenite, vallerite, tenorite, as well as jarosite, magnetite and hematite as the main secondary minerals.

Defined according to the style of pyrite mineralisation and amount of contained sulphur there are three different types of sulphide ore defined within Cypriot VHMS orebodies. Most ore bodies comprise Zone A mineralisation with either Zone B or Zone C making up the remainder of the ore-body. Rarely are all three zones present.

- **Zone A** forms in the upper part of the VHMS deposits and is massive with >40% S. It is commonly composed of a further two ore types: conglomeratic ore and underlying compact ore. The conglomeratic ore is a fragmented zone with pillow shaped or spheroidal blocks of sulphides in a sugary, friable Fe-disulphide matrix dominated by pyrite. The size and proportion of the sulphide blocks increases downward, and the underlying compact ore is much less porous than the overlying conglomeratic ore. Large blocks of pyrite are commonly coated with chalcopyrite, with covellite forming along fractures.
- **Zone B** underlies Zone A and is a pyrite-quartz zone grading from 40% S at the top to 30% at the base. Cu values are typically 1-2%.
- **Zone C** is the stockwork zone, and underlies Zones A, and B if present. The stockwork zone contains <30% S, and contains vein hosted as well as disseminated pyrite.

The mineralogy and chemistry of the massive sulphide bodies varies between localities. Some contain up to 4.5% Cu and were previously mined for copper. Others were mined historically for sulphur and iron, or occasionally their gossans for precious metals.

VHMS deposits and occurrences in Cyprus are likely to be associated with gossans and other useful exploration vectors such as umbers, exhalites, limonite and ochres. The presence and concentration of secondary copper sulphides are also indicative of the proximity of primary VHMS mineralisation.

Exploration

HKP is targeting both the massive pyrite bodies that formed on the ancient sea-floor and the underlying stockwork systems that fed them. HKP selected areas in Cyprus based on two main criteria:

- Available ground, thus allowing HKP to have 100% control of the relevant Prospecting Permits; and
- Obvious evidence of mineralisation, such as orphaned mines or known prospects within or nearby.

HKP has only conducted orientation rock-chip sampling to date but will focus on identifying the most favourable positions within the volcanic units to host VHMS deposits. In particular, the proximity to primary fault systems is considered important to form large VHMS systems. Another important consideration for targeting the mineralisation is unravelling the post-volcanic deformation (rotation and tilting).

Basic exploration constraints for VHMS exploration in Cyprus can be highlighted as follows:

- The largest and highest-grade deposits will be in volcanic rocks.
- The massive pyrite bodies are likely to be buried by later volcanic eruptions, so understanding the local eruption-hydrothermal cycle will constrain favourable stratigraphic intervals.
- Chemical sediments (umber, ochre) are direct proxies for hydrothermal eruption but are deposited distal to associated massive pyrite bodies. They also provide useful stratigraphic constraints.
- Ancient seafloor topography (e.g. rift valleys) would have greatly influenced the site of deposition and subsequent preservation of the massive pyrite bodies. It is critical to understand the rotation of fault blocks during sea-floor rifting.
- Alteration zones are expected in the footwall to massive pyrite bodies and may be prospective themselves.
- Larger alteration zones indicate larger, more persistent hydrothermal systems and should develop larger massive pyrite bodies.
- Identification of the primary rift faults is important given that Troodos was rotated ca. 90° counter-clockwise, such that the primary rift faults are now orientated north-south.
- Dolerite dyke intrusion should be broadly sub-parallel to the main rift faults.
- Later faulting has clearly shuffled the Troodos rocks such that deposits may have been translocated.

In short, the two critical factors to consider for successful VHMS exploration in Cyprus are:

- local stratigraphy, so that the most favourable stratigraphic time can be targeted; and
- fault relationships, so that primary rift faults can be identified, and later translocations can be reconstructed.

Noting that there are numerous historical production sites and extensive literature and production records, the exploration work planned is all early stage and built around a strategy to better understand the vectors available towards improved targeting.

The exploration programme and overarching strategy presented is both incremental and logical and offers the New Group the opportunity to diligently apply funding to exploration on a prioritised basis. Optionality is built in to allow higher priority prospects to evolve more rapidly in the event of better than expected results.

Project development oversight and regular reporting to the Cypriot authorities will help support CSR activities and the New Group's stated intent to develop and nurture local talent will help with the longer-term sustainability of the New Group and what is expected to be a resurgent state mining sector.

Comments on Proposed Exploration

The prospectivity of the HKP Portfolio, as indicated through the author's observations on the ground and through a review of archival documents is sufficient to warrant the exploration proposed herein. The proposed phased approach is sensible and will result in effective use of funds. All phases of exploration can be implemented immediately at the Troodos West Project, where most exploration is planned for the first 12 months. Phase 1 and 2 exploration can be implemented at the Troodos North and Troodos East Projects prior to approval of HKP's Prospecting Permit Applications. The proposed budget is sufficient to advance the projects as proposed,

The New Group's proposed exploration programme is:

- **Phase 1** – Aim: identify the most prospective areas within the HKP Portfolio and prioritise field work. This will be achieved by acquiring and collating all available published and archival data into digital format. All spatial data to be compiled in a GIS. All datasets will then be interrogated to identify areas and prospects where exploration will be prioritised.

It is noted that this work is already advanced at the Troodos West Project and for many individual prospects therein.

- **Phase 2** – Aim: rank prospects and define drill targets. Field studies should entail detailed mapping to unravel structural and stratigraphic controls on mineralisation. Mapping should rigorously document all direct and indirect evidence of mineralisation. Multi- or hyper-spectral imagery may contribute to understanding alteration systems, whereas high resolution DEMs may constrain regional and local tectonic structures. The budget allows for the acquisition of some of these datasets.

Large-scale airborne geophysical surveys, such as VTEM, may add significant value by directly detecting buried mineralisation or providing unbiased robust datasets to aid with geological interpretations. However, such airborne surveys are costly and have not been included in the budget. Ground-based surveys, such as Induced Polarisation (IP), are more sustainable and cost-effective solutions and have been included in the budget.

Extensive surface sampling should be undertaken. This is important to identify new areas of mineralisation and to constrain the distribution and variability of Cu-Au-Ag-Zn within the mineralised areas. The use of a hand-held XRF may be a cost-effective way to screen large volumes of samples. Purchase of a hand-held XRF is not covered in the budget but they may be leased.

Studies should also be undertaken at historic mine sites to ascertain whether there is value processing the waste dumps.

- **Phase 3** – Aim: drill targets to define mineral resources. It is expected that diamond drilling will be used extensively. High-quality oriented core will be required and so experienced diamond drilling contractors will probably be required from outside Cyprus. However, other types of drilling may be suitable at some prospects and such drilling contractors may be sourced locally. All drill information needs to be evaluated in detail and fed back into global and local exploration models. The type and amount of drilling required will be defined by Phase 2 and is beyond the scope of this Report. Drilling is the largest item in the budget.

The timing and synchronisation of all work elements will ultimately be dictated by overall corporate strategy and the availability and quantum of funding. Furthermore, the size of the team available will dictate as to what work might be carried out sequentially versus concurrently. It is worth noting that there will be both similarities and differences between the work for green- and brown-field sites and so well-formed 'specialist' teams might be moved from site to site to focus on their strengths. The Mediterranean climate affords year-round work and so the New Group has the opportunity to manage its exploration programme accordingly.

The New Group must maintain a rigorous and comprehensive QAQC regime for all other data sets collected during exploration, especially for samples submitted for geochemical analysis.

All work should follow a strong adaptable HSE policy.

The HKP Portfolio exploration budget for the first 12 months is ca. €1.2 million and would, subject to exploration results, take the New Group from exploration to drilling and preliminary resource modelling. The quantum and composition of this budget is deemed to be appropriate for the HKP Portfolio.

Conclusions

- The HKP Portfolio is undoubtedly prospective.
- The New Group comprises a competent and well-respected team.
- The New Group must seek to exploit a 'first-mover' advantage in what is perceived to be a recovering market.
- VHMS mineralisation is well documented and understood in Cyprus; a great deal of data and knowledge exists already and its collation, synthesis and analysis are critical to successful exploration and the development of drilling targets.
- Near-term cash flow generating opportunities might be present in the form of waste dumps.

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GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY

°	Degree(s)
°C	Degree(s) Celsius
µm	Micrometre(s)
AAS	Atomic absorption spectroscopy
AD	Anno Domini
Adjacent Property	Property in which: (a) the issuer does not have an interest; (b) that has a boundary reasonably proximate to the property being reported on; and (c) that has geological characteristics similar to those of the property being reported on
Ag	Silver; element
ASTER	Advanced Spaceborne Thermal Emission and Reflection Radiometer; satellite remote sensing platform
Au	Gold; element
Ba	Barium; element
BC	Before Christ
ca.	Circa; approximately
CGS	Cyprus Geological Survey
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
CIM Standards	CIM Definition Standards for Mineral Resources and Mineral Reserves; prepared by the CIM Standing Committee on Reserve Definitions, adopted by CIM Council on 10 May 2014
cm	Centimetre(s)
CRM	Certified Reference Material
CSCC	Cyprus Sulphur and Copper Corporation
CSR	Corporate social responsibility
Cu	Copper; element
Cyprus Mines Service	The government department in the Republic of Cyprus responsible for issuing and administering Prospecting Permits and Mining Leases
DEM	Digital elevation model
EM	Electro-magnetic; category of geophysical techniques
Exploration Information	Means geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical, and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define, or delineate a mineral prospect or mineral deposit
Fe	Iron; element
Feasibility Study	A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study
g	Gram(s)
Ga	Billion years before present
g/t	Gram(s) per tonne
GDP (PPP)	Gross domestic product based on purchasing power parity
GIS	Geographic Information System
ha	Hectare(s)
Historical Estimate	Means an estimate of the quantity, grade, or metal or mineral content of a deposit that an issuer has not verified as a current mineral resource or mineral reserve, and which was prepared before the issuer acquiring, or entering into an agreement to acquire, an interest in the property that contains the deposit
HKP	HKP Exploration Limited; a Cyprus domiciled exploration company
HKP Portfolio	HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications or the areas covered by them
HKP's Granted Prospecting Permits	Prospecting Permits numbered AE4659, AE4660, AE4661, AE4664, AE4665, AE4672 and AE4673 granted to and held by HKP
HKP's Prospecting Permit Applications	Applications for Prospecting Permits made by HKP numbered AE4702, AE4703, AE4706, AE4707, AE4708 and AE4709
HSE	Health, safety and environment
ICP-AES	Inductively coupled plasma atomic emission spectroscopy

ICP-MS	Inductively coupled plasma mass spectrometry
Indicted Mineral Resource	An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve
Inferred Mineral Resource	An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration
IP	Induced polarization; geophysical technique
ITR	An independent technical report; produced independently of the company owning a particular prospect, project, or deposit
km	Kilometre(s)
km ²	Square kilometre(s)
kV	Kilo-volt(s)
LIDAR	Light Detection and Ranging
m	Metre(s)
m ²	Square metre(s)
m ³	Cubic metre(s)
Ma	Million years before present
Measured Mineral Resource	A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve
Mineral Reserve	A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study
Mineral Resource	A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling
mm	Millimetre(s)
Modifying Factors	Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors
ms ⁻²	Metres per second, per second; unit of acceleration
MSTF	Mining Standards Task Force
Mt	Million tonne(s)
New Group	Chesterfield Resources plc and HKP Exploration Limited
NI 43-101	Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects
Outcrop	The part of the rock formations exposed to the surface
oz	Troy ounce(s); 31.1034768 g

Pb	Lead; element
PEA	Preliminary Economic Assessment
PGA	Peak ground acceleration
ppb	Part(s) per billion
ppm	Part(s) per million
Pre-Feasibility Study	A comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study
Preliminary Economic Assessment	A study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resource
PFS	Pre-Feasibility Study (may also be known as a Preliminary Feasibility Study)
Probable Mineral Reserve	A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve
Prospecting Permit	A prospecting permit in Cyprus under which the holder has the right to explore for minerals over a specified area and subject to the terms and conditions specified therein
Proven Mineral Reserve	A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors
QAQC	Quality assurance and quality control
QP	Qualified Person
Qualified Person	An individual who (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining; (b) has at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (c) has experience relevant to the subject matter of the mineral project and the technical report; (d) is in good standing with a professional association; and (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and (ii) requires A. a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness; or B. a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining
Rocklore S	Rocklore Exploration Services Limited; a UK domiciled independent consultancy
S	Sulphur; element
SAC	Special Areas of Conservation
SPA	Special Protection Area
SOW	Scope of Work
STRM	Shuttle Radar Topography Mission
t	Tonne(s)
Tonne	Metric ton equal to 1,000 kilogrammes
Troodos East Project	The project area covered by one of HKP's Prospecting Permit Applications (AE4703) on the eastern side of the Troodos Mountains
Troodos North Project	The project area covered by five of HKP's Prospecting Permit Applications (AE4702, AE4706, AE4707, AE4708 and AE4709) on the northern side of the Troodos Mountains
Troodos West Project	The project area covered by HKP's Granted Prospecting Permits on the western side of the Troodos Mountains
TSX	Toronto Stock Exchange
UAS	Unmanned aerial system; drone
UNRFNRE	United Nations Revolving Fund for Natural Resources Exploration
VHMS	Volcanic-hosted massive sulphide; also known as VMS
VMS	Volcanic massive sulphide; also known as VHMS
VTEM	Versatile time-domain electromagnetic system; patented and trademarked geophysical technique from Geotech, Canada
WHO	World Health Organisation

Written Disclosure	Includes any writing, picture, map, or other printed representation whether produced, stored or disseminated on paper or electronically, including websites
XRF	X-ray fluorescence
Zn	Zinc; element


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**INDEPENDENT TECHNICAL REPORT
 CHESTERFIELD RESOURCES PLC
 CYPRUS EXPLORATION PORTFOLIO**

1. INTRODUCTION

Chesterfield Resources plc (Chesterfield) commissioned Rocklore Exploration Services Limited (Rocklore) to prepare an Independent Technical Report (ITR) on the mineral exploration assets located in the Republic of Cyprus controlled by HKP Exploration Limited (HKP). HKP is a Cyprus-registered limited liability company with granted Prospecting Permits and applications for Prospecting Permits in Cyprus.

The target mineralisation is base and precious metals associated with the Troodos Ophiolite. Specifically, HKP is targeting copper-gold \pm zinc \pm silver (Cu-Au (\pm Zn \pm Ag)) in volcanic-hosted massive sulphides (VHMS1) deposits. This mineralisation style is the basis of HKP's ground acquisition strategy and current portfolio of Projects.

HKP has seven granted Prospecting Permits and has applied for six further Prospecting Permits in the Republic of Cyprus. HKP's Granted Prospecting Permits are in their first year of tenure and cover an area of ca. 3,211 ha, whereas HKP's Prospecting Permit Applications cover an area of ca. 2,779 ha and are expected to be granted later in 2018. The HKP Portfolio covers three discrete project areas.

1.1 Purpose and Reporting Standard

This ITR focuses on the portfolio of Prospecting Permits currently held, or under application, by HKP in the Republic of Cyprus for inclusion in a prospectus to be published by Chesterfield.

Rocklore's Scope of Work (SOW) for the ITR was to:

- Undertake a desktop review of available geological data;
- Review documentation of exploration history and comment on the prospectivity of the HKP Portfolio;
- Complete site inspections of all project areas, both granted and under application;
- Evaluate the proposed exploration programme and budget of HKP; and
- Report the findings of the review.

This Report has been prepared to the standard of, and is considered by Rocklore to be, an ITR as per the standards of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM). This Report presents the findings and recommendations of Rocklore's review, which focussed on the aforementioned SOW.

Whilst Chesterfield is not seeking a listing on the TSX at this time, it has opted to adopt the CIM Standards and Canadian National Instrument 43-101 (NI 43-101) as the most appropriate format for this Report.

NI 43-101 came into force in early 2001, and established standards for all public disclosure an Issuer makes of scientific and technical information concerning mineral properties/projects (CIM, 2018). The CIM Definition Standards on Mineral Resources and Mineral Reserves were adopted by CIM Council in 2000. The Definition Standards were amended in 2005, 2010 and 2014.

This Report is not a Valuation Report and does not express an opinion as to the value of mineral assets. This Report is dated 28 June 2018.

¹ Also known as volcanogenic massive sulphides (VMS); this report will use the VHMS nomenclature.

1.2 Proposed Work Programme and Project Team

Andrew Craig (Rocklore's Principal Consultant) visited Cyprus from 15 to 18 October 2017 to review the Troodos West Project where HKP had applied for seven Prospecting Permits which have since been approved and granted in full.

Mr Craig conducted a second visit to Cyprus from 7 to 8 March 2018 to review the Troodos North and Troodos East Projects where a further six Prospecting Permits are under application by HKP.

Mr Craig was accompanied on both site visits by Dr Michael Green, director of HKP.

1.3 Statement of Rocklore's Independence

Rocklore does not have any present or contingent material interest in the outcome of this Report, nor does it have any pecuniary or other interest that could be reasonably regarded as being capable of affecting its independence.

Rocklore has no previous association with HKP. Rocklore has no prior association with Chesterfield in regard to the mineral assets that are the subject of this Report. Rocklore has no beneficial interest in the outcome of the technical assessment.

Rocklore's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

1.4 Representation

Chesterfield and HKP have represented in writing to Rocklore that full disclosure has been made of all material information and that, to the best of their knowledge and understanding, such information is complete, accurate and true.

1.5 Consents

Rocklore consents to this Report being included, in full, in a prospectus to be published by Chesterfield in the form and context in which the technical assessment is provided, and not for any other purpose.

Rocklore provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

2. RELIANCE ON OTHER EXPERTS

The author of this Report has assumed, and relied on the fact, that all the information and existing technical documentation provided and referenced in Section 26 of this Report are accurate and complete in all material aspects. While the author has carefully reviewed, within the scope of his technical expertise, all the available information presented to him, he cannot guarantee its accuracy and completeness. The author reserves the right, but will not be obligated, to revise the ITR and its conclusions if additional information becomes known to him subsequent to the effective date of this Report.

The author is not expert with respect to environmental, legal, socio-economic, land title, or political issues, and therefore is not qualified to comment on issues related to permitting, legal agreements, royalties, and environmental matters. Information relating to these matters has been provided by HKP and contained in this Report, including without limitation, validity of mineral tenure, status of environmental and other liabilities, and permitting to allow completion of annual assessment work. These matters were not independently verified by Rocklore but appear to be reasonable representations that are suitable for inclusion in Section 3 of this Report.

The author has seen correspondence from the Director of the Cyprus Mines Service that verifies the status of HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications. The correspondence is dated 18 June 2018 and confirms that these are active and in good standing at that date.

Technical data used for this Report and relating to specific HKP projects were supplied and compiled by Dr Green but validated for inclusion in the ITR by Rocklore. Dr Green is a Qualified Person, as per the definition of under NI 43-101 (CIM, 2018).

The site visit findings and geology review are the exclusive work of Mr Craig.

3. PROPERTY DESCRIPTION AND LOCATION

3.1 HKP Portfolio

HKP has seven granted Prospecting Permits and has applied for a further six Prospecting Permits in the Republic of Cyprus (Figure 1). HKP's Granted Prospecting Permits are in their first year of tenure and cover an area of approximately 3,211 ha, see Table 1. HKP's Prospecting Permit Applications cover an area of approximately 2,779 ha and are expected to be granted later in 2018, see Table 2.



Figure 1 – Location of Cyprus in eastern Mediterranean Sea

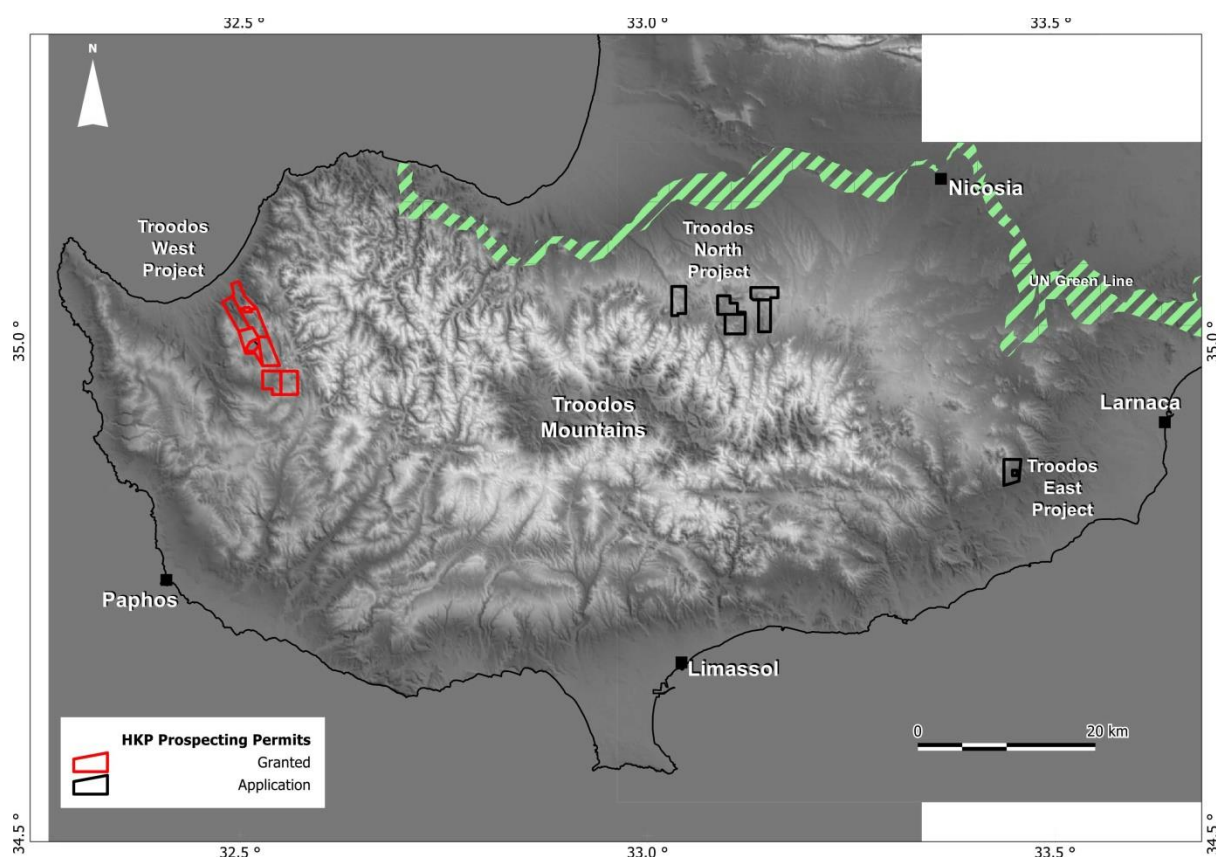


Figure 2 – HKP Portfolio map; base map is STRM topography (peak of Troodos Mountains is Mount Olympus at 1,952 m)

Table 1 – HKP's Granted Prospecting Permits

Permit	Name	Project	Area (ha)	Status
AE4659	Makounta	Troodos West	373	Granted 10 Jan 2018
AE4660	Limni	Troodos West	500	Granted 10 Jan 2018
AE4661	Kinoussa	Troodos West	499	Granted 10 Jan 2018
AE4664	Lysos	Troodos West	390	Granted 10 Jan 2018
AE4665	Melandra	Troodos West	500	Granted 10 Jan 2018
AE4672	Sarama	Troodos West	467	Granted 7 Mar 2018
AE4673	Anadhiou	Troodos West	482	Granted 7 Mar 2018
TOTAL			3,211	

Table 2 – HKP's Prospecting Permit Applications

Permit	Name	Project	Area (ha)	Status
AE4702	Xyliato	Troodos North	498	Under application
AE4706	Kokkinopezoula_S	Troodos North	498	Under application
AE4707	Kokkinopezoula	Troodos North	420	Under application
AE4709	Agrokippia_N	Troodos North	400	Under application
AE4708	Agrokippia	Troodos North	483	Under application
AE4703	Anglesidhes	Troodos East	480	Under application
TOTAL			2,779	

3.2 Tenure Types in the Republic of Cyprus

The Cyprus Geological Survey (CGS) is highly active in promoting the country for mining and exploration, and provides island-wide publicly available datasets, such as the digital geology, at various scales. HKP used these publicly available datasets to select the project areas and support reconnaissance exploration on the HKP Portfolio. CGS also has an extensive archive of open-file data covering historic exploration and mining in Cyprus that was used by HKP to identify specific prospects and target areas within the HKP Portfolio and build local exploration datasets. Reconnaissance field mapping validation and surface sampling were then completed to validate the archival data.

There are two types of mineral exploration tenure in Cyprus:

- **Reconnaissance Permits:** Allow reconnaissance work only, including basic surface sampling and geophysics. Reconnaissance Permits have less strict conditions upon grant and are reviewed more quickly. HKP has no Reconnaissance Permits; and
- **Prospecting Permits:** Allow all typical exploration work, including surface sampling, geophysics and drilling, subject to approval of specific programmes. Prospecting Permits can be up to 5 km² (500 ha) and are valid for 5 years with a further 5-year extension readily available.

Prospecting Permits are approved after the application has been reviewed by numerous government departments, including Defence, Antiquities, Forestry, Water Development, Fauna and Wildlife, Environment, and the relevant local community councils. This may lead to exclusion of specific areas from a Prospecting Permit or special conditions when working in specific areas.

Cyprus Mining Law is derived from the English Law used when Cyprus was a British colony (Cyprus Mines Service, 2018a). Prospecting Permits must be renewed annually with statutory reporting of expenditure and technical work. Annual expenditure commitments start at €10,000 per square kilometre and rises by €5,000 per year from the third year of tenure. There are no statutory requirements to reduce the size of Prospecting Permits, though voluntary reductions can be made.

3.3 Ownership Royalties, Agreements and Encumbrances

The current government royalty, calculated on the Free-On-Board (FOB) price, is 1% for metals and alloys; 2.5% for enriched minerals, cemented metals, salts or compounds of metals; and 5.0% for raw minerals (Eighth schedule, Regulation 36; Cyprus Mines Service, 2018a). Cyprus has a corporate tax rate of 12.5%.

HKP is a privately owned, limited liability company registered in Cyprus. HKP owns 100% of HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications described in this Report. There are no ownership royalty agreements, external encumbrances or other agreements between HKP and other parties relating to HKP's Granted Prospecting Permits or HKP's Prospecting Permit Applications. Chesterfield is purchasing all of HKP's shares and will thus control all of HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications.

3.4 Antiquities

Cyprus has a continuous history of human occupation stretching back to the Neolithic Period with two significant sites (Khirokitia and Kalavassos) dating from circa 7000 BC. The Department of Antiquities reviews Prospecting Permit applications to ensure that sites of historical significance are not disturbed and provides details of any known sites in the Prospecting Permit grant documents. For important known sites part of the Prospecting Permit may be excised. If an undocumented site is discovered during the course of mineral exploration, then the Department of Antiquities must be informed and the site evaluated before further exploration can continue.

Currently, HKP has no knowledge of any historically significant sites within the HKP Portfolio.

3.5 Environment

3.5.1 Forestry

Forestry areas cover large parts of Cyprus, especially in the Troodos Mountains (Figure 3). These areas are managed by the Department of Forestry who review any Prospecting Permit applications that overlap with the Forestry area. The Troodos West Project, the Troodos North Project and the Troodos East Project all have small areas of Forestry land.

The presence of forestry land is not likely to be detrimental to exploration. For example, Prospecting Permits currently held by BMG Resources (BMG Resources, 2017a) contain Forestry Land and this has not been an impediment to drilling (BMG Resources, 2013a; 2014a).

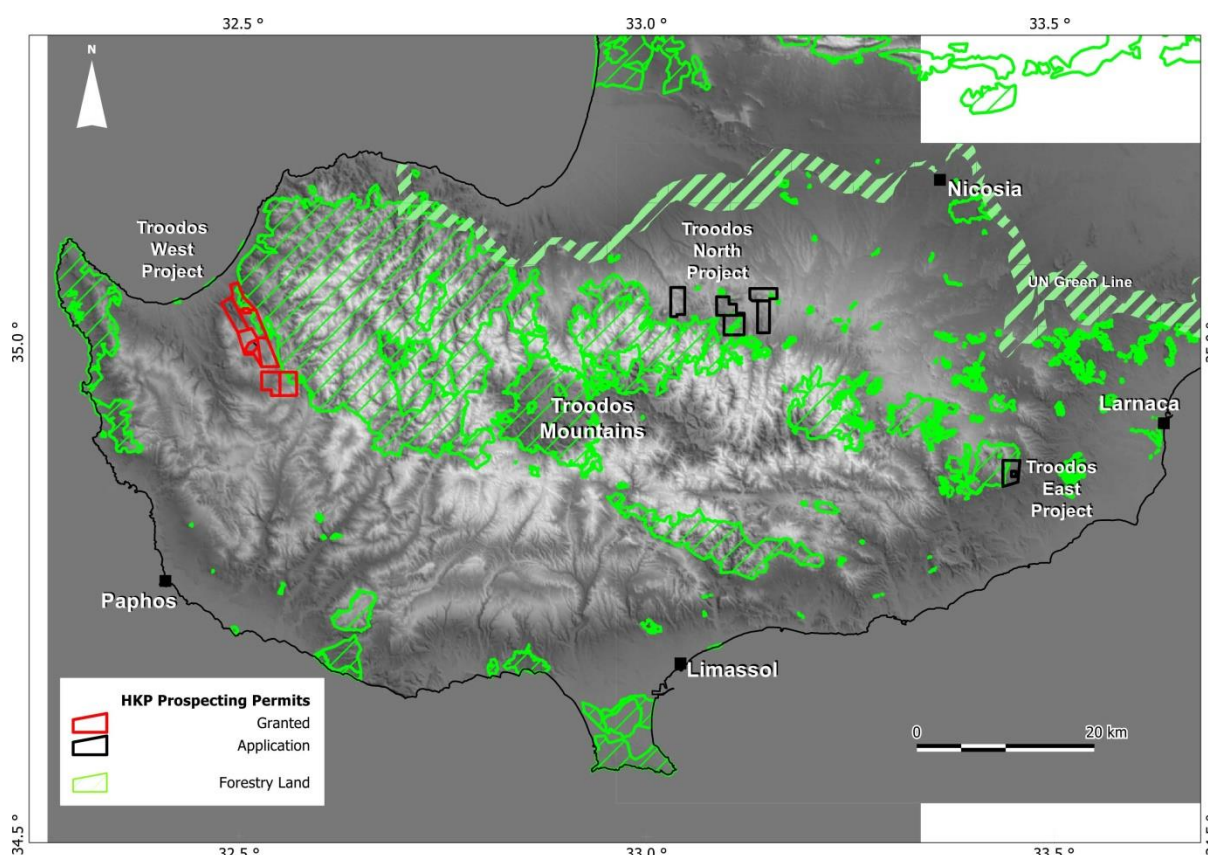


Figure 3 – Distribution of Cyprus Forestry Land in blue (data provided by Cyprus Mines Service, 2017)

3.5.2 Natura 2000

Natura 2000 is the centrepiece of the European Union's nature and biodiversity policy (EC, 2017) and was established under the 1992 Habitats Directive. It is a network of core breeding and resting sites for rare and threatened species and includes additional rare natural habitat types. It stretches across all 28 EU countries, both on land and at sea. The aim of the network is to ensure the long-term survival of Europe's most valuable and threatened species and habitats.

The network comprises Special Areas of Conservation (SACs) designated by Member States under the Habitats Directive and also incorporates Special Protection Areas (SPAs) which were designated under the 1979 Birds Directive.

Natura 2000 does not exclude human activities and much of the land is privately owned. The emphasis of Natura 2000 is to ensure that future land management is both ecologically and economically sustainable. Exploration is not prohibited; exemplified by TSX-listed Northern Lion Gold Corporation drilling their Mavroyi Prospect in 2013 (Northern Lion, 2014).

Rocklore notes that a number of HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications are partly covered by Natura 2000 Habitat and Birds Directives but has been informed that no SAC or SPA areas overlap the HKP Portfolio.

Prospecting Permit conditions for HKP's Granted Prospecting Permits request that all mechanical work, including drilling, be avoided within Natura 2000 areas during the raptor breeding period (March-July). As Natura 2000 only covers about 20% of HKP's Granted Prospecting Permits, and does not include the main prospects, all other work is still permissible. This condition is not expected to limit HKP's exploration.

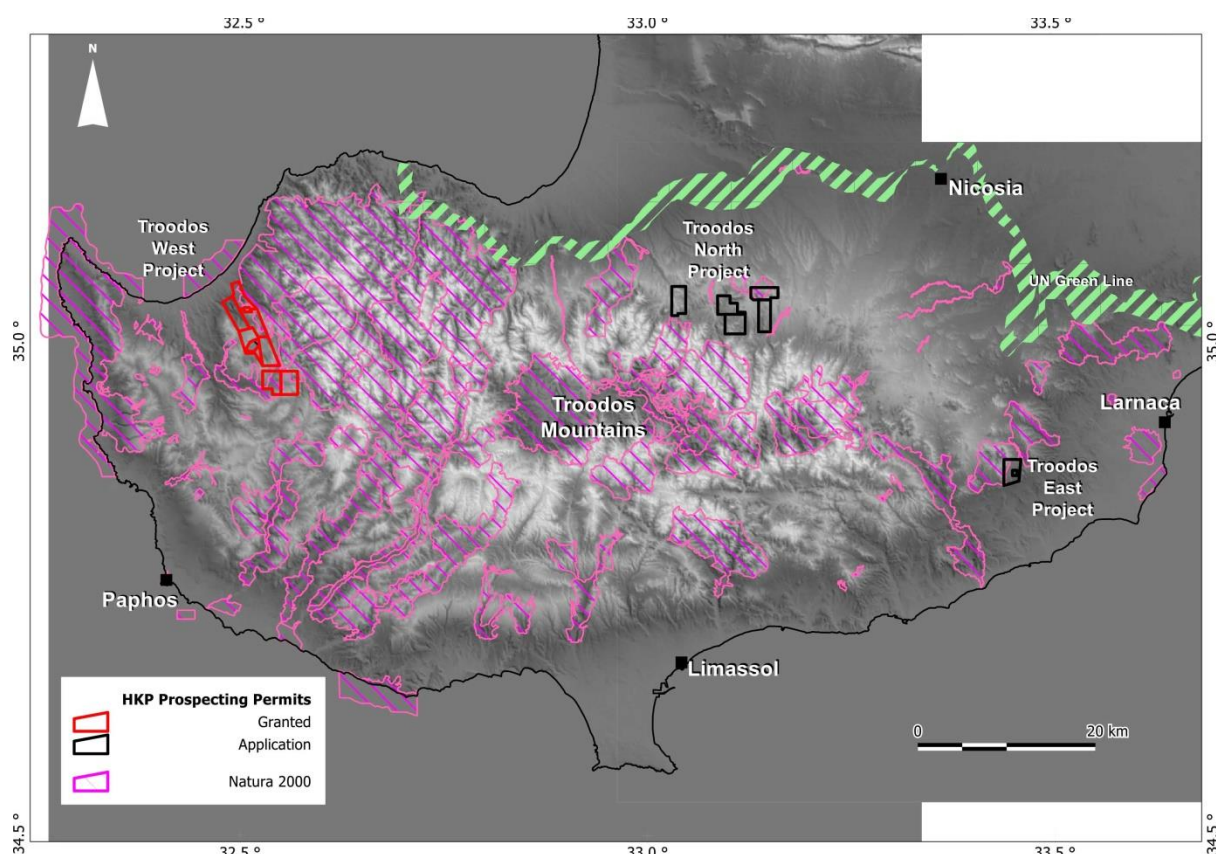


Figure 4 – Distribution of Natura 2000 areas over Cyprus shown in pink (EC, 2017)

3.6 Military Areas

Whilst there are small military bases and installations throughout Cyprus, HKP is not aware of any military sites within HKP's Granted Prospecting Permits or HKP's Prospecting Permit Applications. None of HKP's Granted Prospecting Permits or HKP's Prospecting Permit Applications intersect with the United Nations administered Green Line, demilitarised buffer zone.

4. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

4.1 General

Cyprus is an island located in the eastern Mediterranean Sea with closest neighbours Turkey, Lebanon, Syria, Israel, Egypt and Greece. Since the 1974 Turkish invasion, the Republic of Cyprus controls the southern 60% of the island with the northern part of the island occupied by Turkey. There are also several large military base areas held under British sovereignty and the United Nations demilitarised buffer zone within Cyprus. The Republic of Cyprus joined the European Union in 2004 and the Euro currency zone in 2008. Cyprus has a population of ca. 840,000 (2011 census) but has a sizable tourist influx during the warmer months.

4.1.1 Accessibility

A dual carriageway highway connects the major cities of Nicosia, Larnaca, Ayia Napa, Limassol and Paphos allowing fast, easy travel around most of the country (Figure 5). A network of sealed roads joins all of the villages across the country. Numerous unsealed roads facilitate access into all but the remotest of areas. Access to each of HKP's project areas is excellent and is described in more detail below.

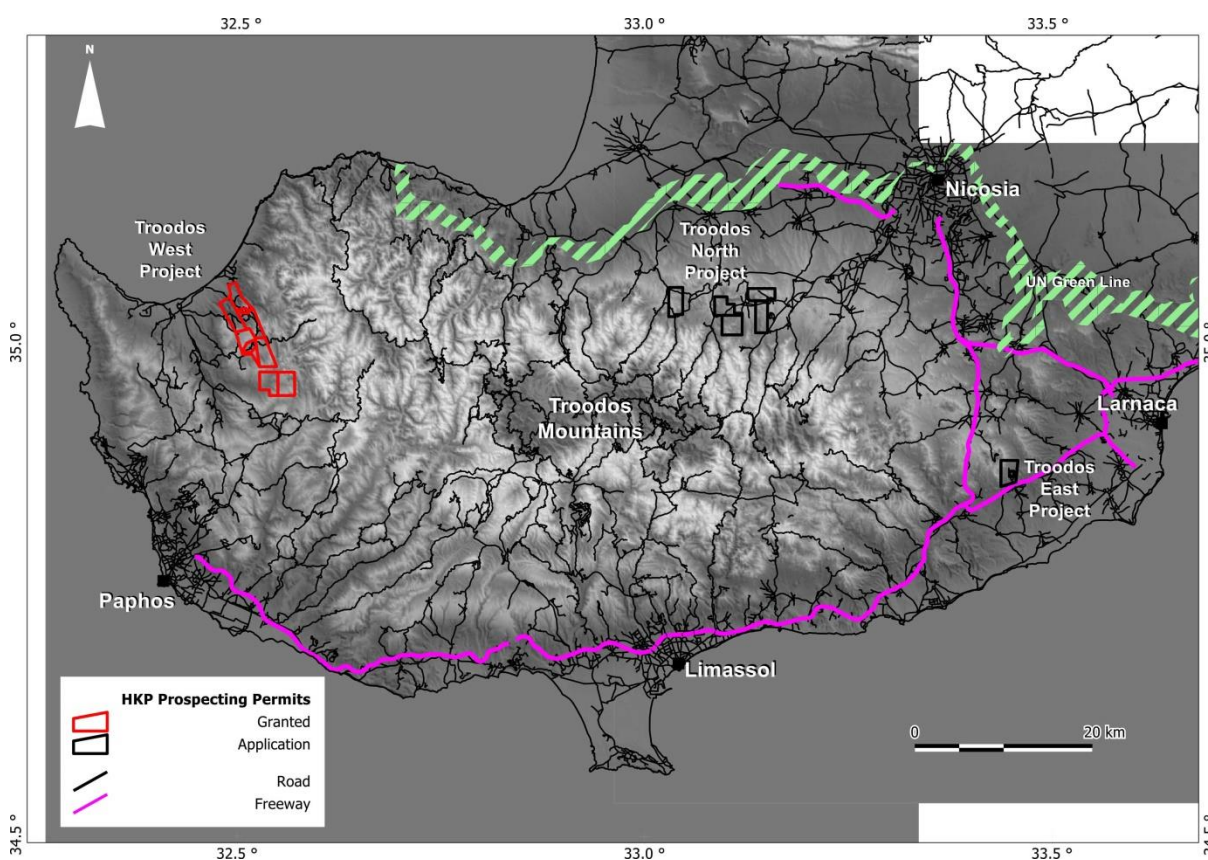


Figure 5 – Main road network in Cyprus. Pink line is major dual carriageway freeway (data from Cyprus Mines Service, 2017)

4.1.2 Climate

Cyprus has one of the warmest climates in the Mediterranean area and is classified as sub-tropical with very mild winters on the coast and warm to hot summers.

In general, the island experiences mild, wet winters and dry, hot summers. Variations in temperature and rainfall are governed by altitude and, to a lesser extent, distance from the coast. Average annual temperatures range from a minimum of 13.9°C to a maximum of 23.6°C, averaging 18.7°C. Mean annual rainfall is 386.7 mm (Cyprus Meteorological Service, 2018). There is typically enough snow in winter at the top of Mount Olympus that a number of short ski runs are maintained.

The climate does not limit the operating season and HKP will be able to conduct exploration all year round. Project specific climate is covered in more detail in the sections below.

4.1.3 Infrastructure

Cyprus is a modern, first-world country with excellent infrastructure such as roads, ports and mobile phone coverage. There are international airports at Larnaca and Paphos with daily flights to many destinations throughout the year. There is a comprehensive, modern road network (see Section 4.1.1). There is no rail network in Cyprus.

Since Cyprus has no primary energy sources, the Electricity Authority of Cyprus (EAC) depends entirely on imported fuel (mainly heavy fuel oil) for electricity generation. At present the EAC owns and operates three Power Stations with a total installed capacity of 1478 MW: Vasilikos, Dhekelia and Moni (EAC, 2018). Local renewable generation is provided by wind turbines and solar panels. There are also a number of biofuel installations. Power is distributed via medium voltage lines.

According to the Transmission and Distribution Rules (EAC, 2018), transmission starts from the busbars of the transmission substations that are housed in the power stations and via 132 kV or 66 kV overhead power lines or underground cables reaches the 11 kV or 22 kV Medium Voltage switchgear in all the other transmission substations that are usually located within the load centres.

Water use in Cyprus is administered by the Water Development Department. Rainfall is unevenly distributed with the highest mountains and the south-western coastal region having the highest rainfall. Approximately 90% of rainfall returns to the atmosphere as direct evaporation or transpiration. The remainder is distributed between surface and groundwater storage with a ratio of 1:3, respectively. It is estimated that about a third of the groundwater flows to the sea.

Climate change and increased consumption of both surface and groundwater storage in Cyprus has necessitated water saving measures and future natural resource development and production will have to diligently address supply, consumption and recycling.

4.1.4 Local Resources

Although Cyprus has a long history of copper mining, there is currently only limited mining or mineral exploration. Therefore, there are few local service providers with mineral exploration experience. However, Cyprus does have a large quarrying industry for non-metallic material with ca. 16.4 Mt (mainly aggregate) mined annually (Cyprus Mines Service, 2018b). There are some resources that could be adapted from the quarrying industry for HKP's exploration.

There are no geophysical contracting companies based in Cyprus, so any such work would require contractors coming from abroad. There are local drilling companies, but most of these are not experienced with mineral exploration. Discussions will be held with local drilling contractors to gauge their abilities, but it is expected that a drilling contractor would be brought from abroad to complete HKP's anticipated drilling programmes. There are no assay laboratory facilities in Cyprus experienced in processing mineral exploration samples to the required standard to publicly report the results. Currently entire assay samples are sent to the ALS Global laboratory in Rosia Montana, Romania. However, Greek-based laboratory company Agrolab has recently joined with a local laboratory near Nicosia. Agrolab has informed HKP that it has a relationship with ALS Global, so it may be possible to complete sample preparation in Cyprus under ALS Global standards.

HKP has not yet acquired any local resources. Chesterfield intends to retain the services of Dr Green to manage HKP's project. Dr Green has been exploring for minerals in Cyprus since 2007 and was responsible for building the Treasure Project that BMG Exploration acquired in 2013. Dr Green managed the Treasure Project for BMG from 2013 to 2016 and has since built the HKP Portfolio. He resides in Cyprus and is a Cypriot tax resident. Preliminary enquiries indicate that there are numerous local geologists who will be available to work for HKP. It is expected that a field office and workshop will be set-up near the Troodos West Project. HKP has a proactive strategy to attract, recruit and retain skilled labour associated with, and committed to, the Cyprus exploration industry.

4.1.5 Physiography

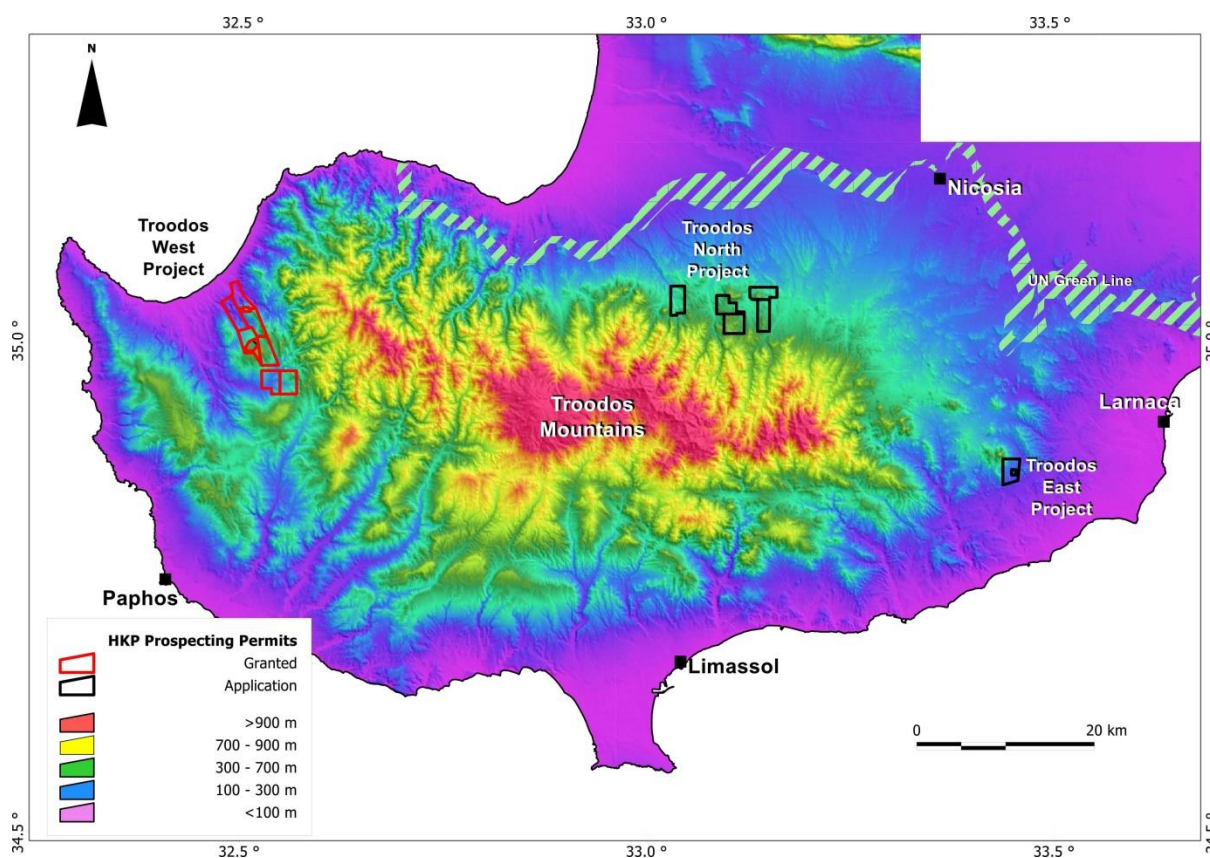


Figure 6 – Topography from SRTM (2018) data and location of the HKP Portfolio (peak of Troodos Mountains is Mount Olympus at 1,952 m)

The island of Cyprus has a total area of 9,251 km² and is dominated by two mountain ranges; the Troodos Mountains (Figure 6) in the central part of the island, rising to 1,952 m (Mount Olympus) and the Pentadaktylos Mountains (Kyrenia Range) in the north of the island, rising to 1,085 m.

Between the two ranges lies the Mesaoria plain, which together with the narrow alluvial plains along the coast, make up the majority of the productive agricultural land on the island. Most of the rivers only flow in winter and have their sources in the Troodos Mountains. There is only one substantial river with its source in the Pentadaktylos Mountains.

Cyprus remained unglaciated through the last ice age. Its landscape and topography has therefore been shaped purely by tectonic upheaval, erosion and mass transport, as well as deep incision by rivers.

Cyprus lies in a seismically active zone and both historical and contemporary data clearly show the area's most prone to risk. The National Oceanic and Atmospheric Administration seismic risk across the HKP Portfolio is defined as MEDIUM (0.8 – 2.4 PGA) to HIGH (2.4 – 4 PGA ground acceleration, ms⁻²), noting one significant, historical recorded earthquake of between 6 – 6.9 magnitude (WHO, 2010). There is also archaeological evidence of significant earthquakes destroying ancient cities, such as Kurion in ca. 365 AD (Wikipedia, 2018). Figure 7 shows the distribution and magnitude of recorded seismic events from 1896 to 2017 in proximity to Cyprus. In context, the activity in Cyprus is comparatively low when compared to that seen in Turkey and Greece. In summary, the seismic risk, whilst high, is well known, and modern engineering and construction methods can successfully mitigate the risk from seismic activity.

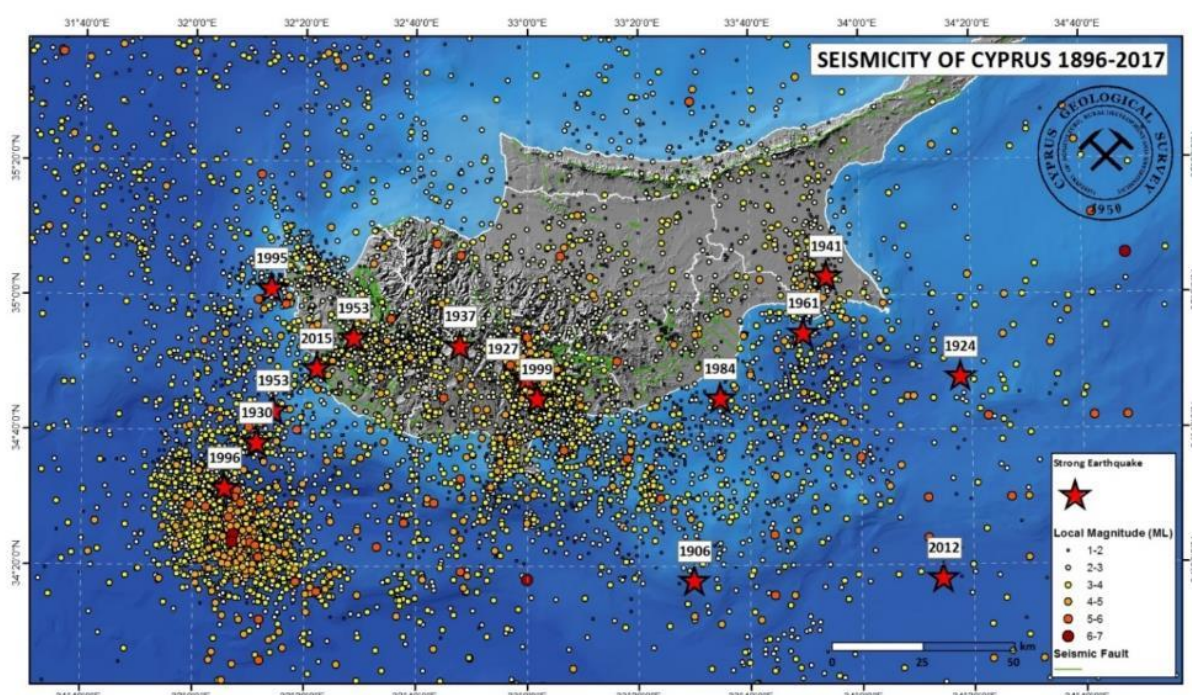


Figure 7 – Epicentral distribution (colour scale denotes the magnitude scale) of earthquakes recorded during 1896 – 2017 (Geological Survey Department, 2017)

4.2 Troodos West Project

HKP's Granted Prospecting Permits form the Troodos West Project comprising seven almost contiguous Prospecting Permits on the western side of the Troodos Mountains (Table 1). The Troodos West Project is ca. 25 km north of Paphos, a large city on the southwest coast of Cyprus.

4.2.1 Accessibility

Access to the Troodos West Project is good with numerous surfaced and unsurfaced roads servicing local communities and farmland. Primary access to the greater area is via the north-south B7 highway which links Paphos to the tourist town of Polis on Chrysochou Bay (Figure 8). Sealed roads connecting Magounda, Kinousa, Lysos and Filousa traverse the project area and extensive unsealed tracks used for agriculture and forestry allow vehicle access to all but the remotest parts of the Project.

As outlined in Section 5, the area has been a focus for mining for millennia and numerous ancient and recent mining-related sites are found within the Troodos West Project.

The Troodos West Project contains land classified as Forestry and Natura 2000 (Figure 9). See also Section 3.5.

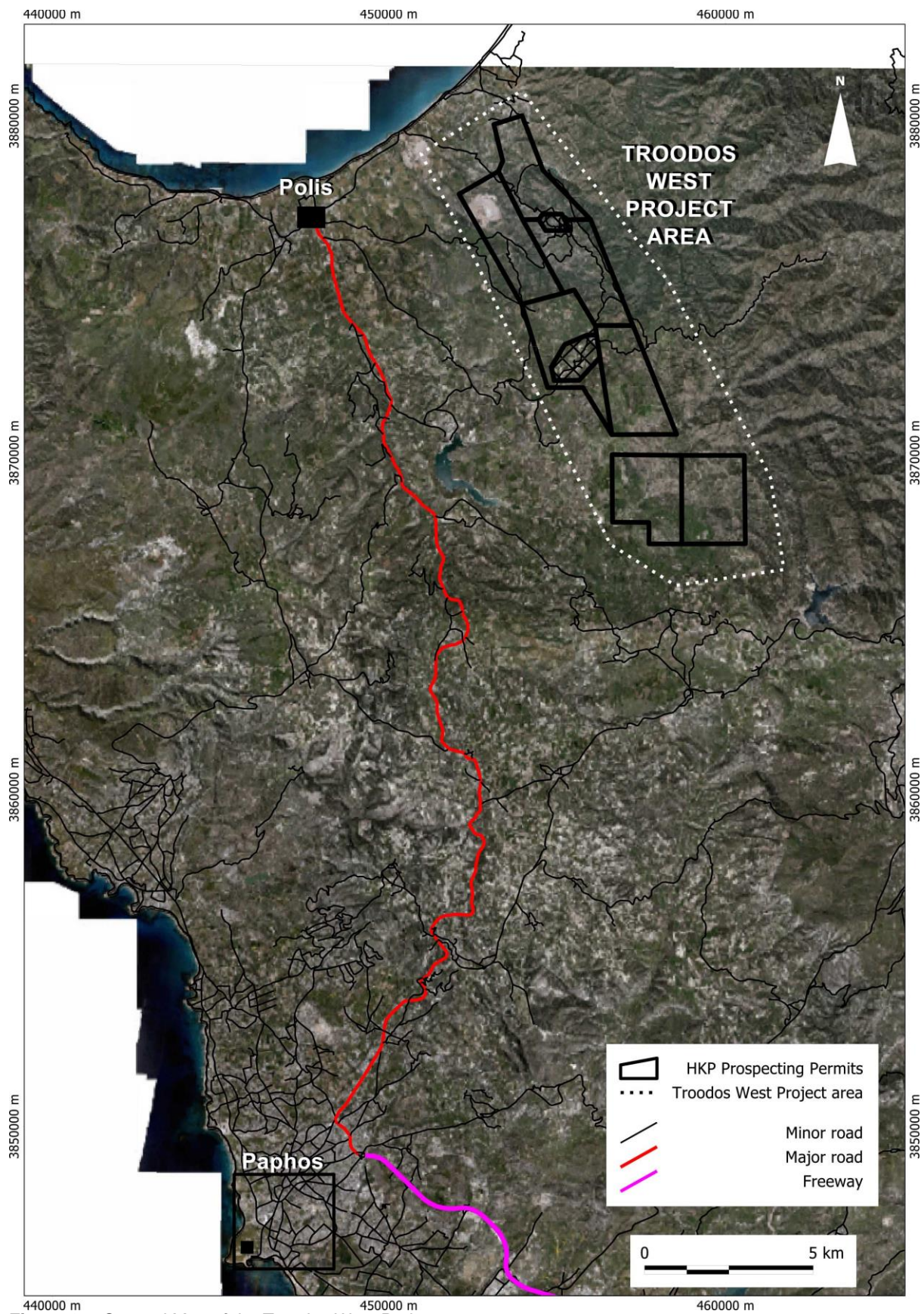


Figure 8 – General Map of the Troodos West Project

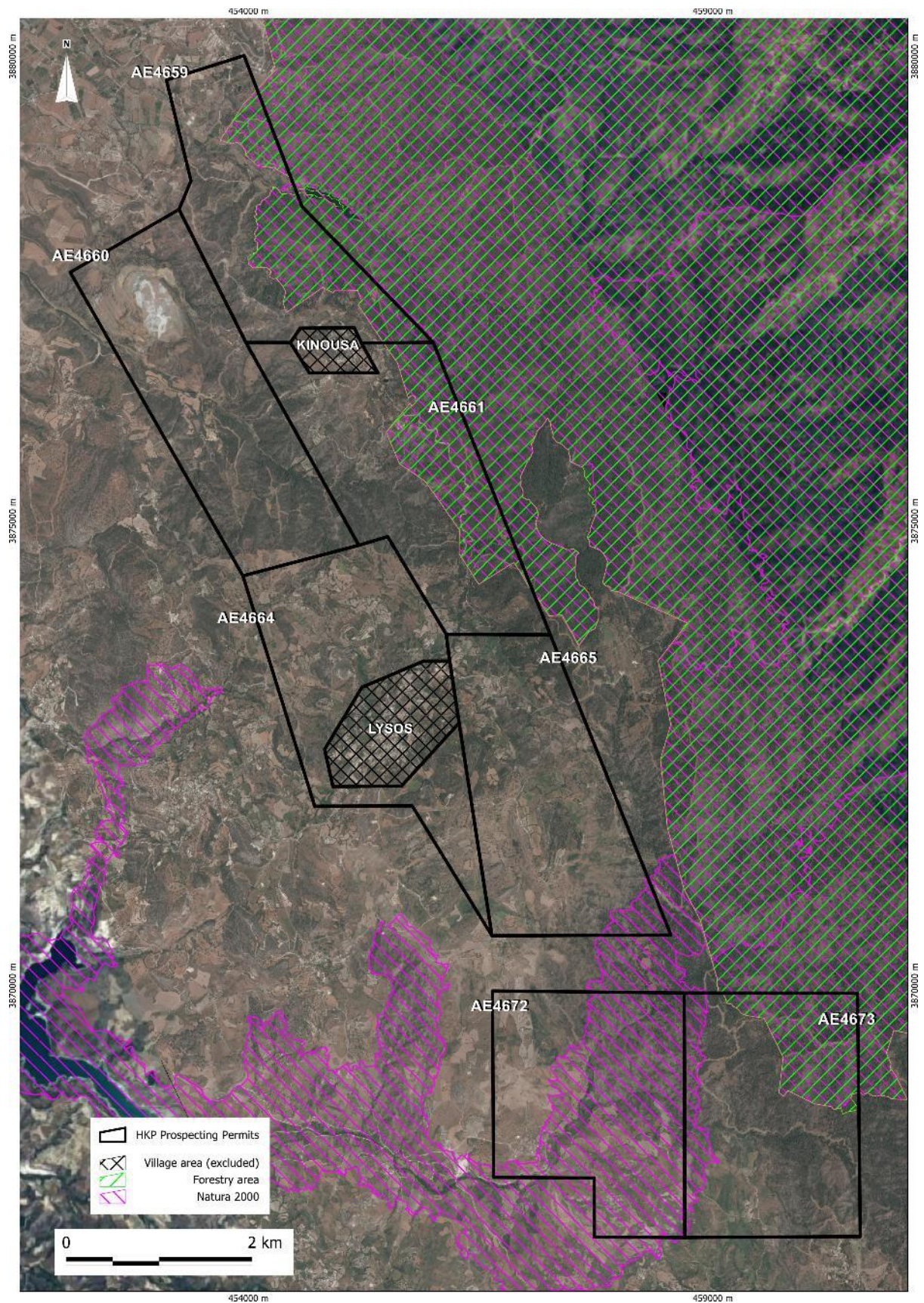


Figure 9 – Forestry land and Natura 2000 areas relative to HKP's Granted Prospecting Permits (Pleiades satellite 50 cm imagery collected 28 April 2016)

4.2.2 Climate

The Troodos West Project is situated in the western foothills of the Troodos Mountains and close to the coast. The nearest weather station is at the town of Polis (Figure 10). Apart from immediately after heavy rain the annual climate pattern does not pose any serious impediment to HKP's exploration.

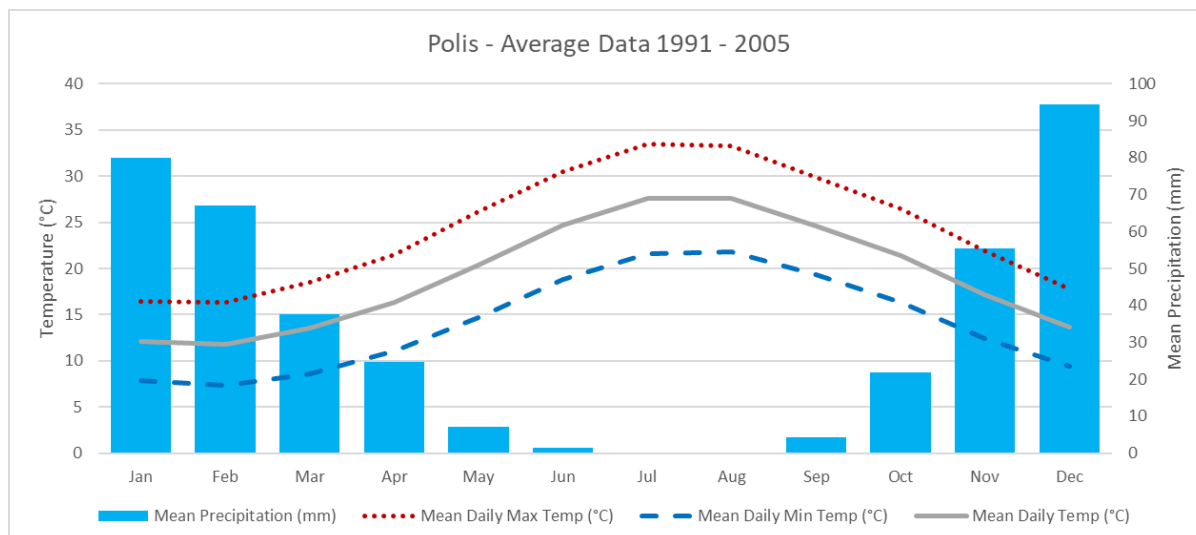


Figure 10 – Average climate data for Polis, 1991 to 2005 (Cyprus Meteorological Service, 2018)

4.2.3 Infrastructure

As noted in Section 4.2.1, access to the Troodos West Project is good, via numerous surfaced and unsurfaced roads and tracks. The nearest international airport is at Paphos and provides regular services to a number of major European, Russian and Middle Eastern airports.

Rivers tend to be winter ephemeral. The Evretou dam is the largest standing body of water in the area and is approximately 2 km west of the project area. Evretou dam (70 m height; rockfill construction; built 1986) is fed by the Stavros tis Psokas river and holds 24 million m³. Smaller dams and ponds are maintained locally for agriculture. Notable groundwater bodies in the vicinity of the Troodos West Project include: Letymvou Giolou (CY12) Androlikou (CY15) and Chrysochou – Gialia (CY15) (WDD, 2018).

Power supply is provided by the local power network and appears to be adequate for supporting exploration and preliminary development.

Rocklore cannot comment on the long-term water and power supply considerations that would need to be assessed as part of any advanced studies on any particular site of interest. However, the presence of a large rehabilitated mine at Limni implies that neither power nor water limited production in the past.

4.2.4 Local Resources

The nearest large town to the Troodos West Project is Polis (approximately 11 km drive from Lysos in centre of the Troodos West Project) where there are basic shopping facilities, a small medical centre and a police station. There are smaller shops in the villages. The nearest hospital is in Paphos (34 km from Lysos).

As discussed in Section 4.1.4 specialised exploration equipment and resources (e.g. drill rigs, geophysical contractors) will need to be sourced from abroad. It is not known whether there are any experienced geologists in the immediate area, so the HKP team may need to commute to the field area. HKP intends to set up a field base near the Troodos West Project with accommodation and a workshop. The presence of historical mining and present-day quarrying for building materials nearby implies that there are contractors and suppliers in the local community that can provide general services for exploration. Skilled exploration and mining personnel are also likely to be available from within Cyprus. HKP will use as many local resources as possible to sustain corporate social responsibility requirements during the planned exploration programme. The local area is generally utilised for agriculture and there are numerous villages and small towns where those resources required for such a programme can be drawn (man-power, fuel, water, subsistence and building materials).

4.2.5 Physiography

The Troodos West Project is situated in a north-south-trending valley flanked to the east by the foothills of the Troodos Mountains. The northern part of the area is dominated by the watershed from near the village of Lysos with the drainage running north to the sea. There is moderate to steep relief, especially along the eastern flank of the area. The terrain varies from low rolling hills in the north and west (sediments), to steep sided hillsides with incised valleys in the east and south (volcanics). The lower ground is almost entirely utilised for agriculture (livestock, fruit, grain, olives) whilst the steeper ground is predominantly pine forest.

The maximum elevation is near the town of Lysos where the hills reach just over 600 m, whereas the northern boundary of the Troodos West Project is <100 m above sea-level (Figure 11).

The Cyprus Geological Survey Department classify the Troodos West Project as being in Seismic Zone 2 (Geological Survey Department, 2004) which dictates the earthquake-resistant engineering compliance required for construction.

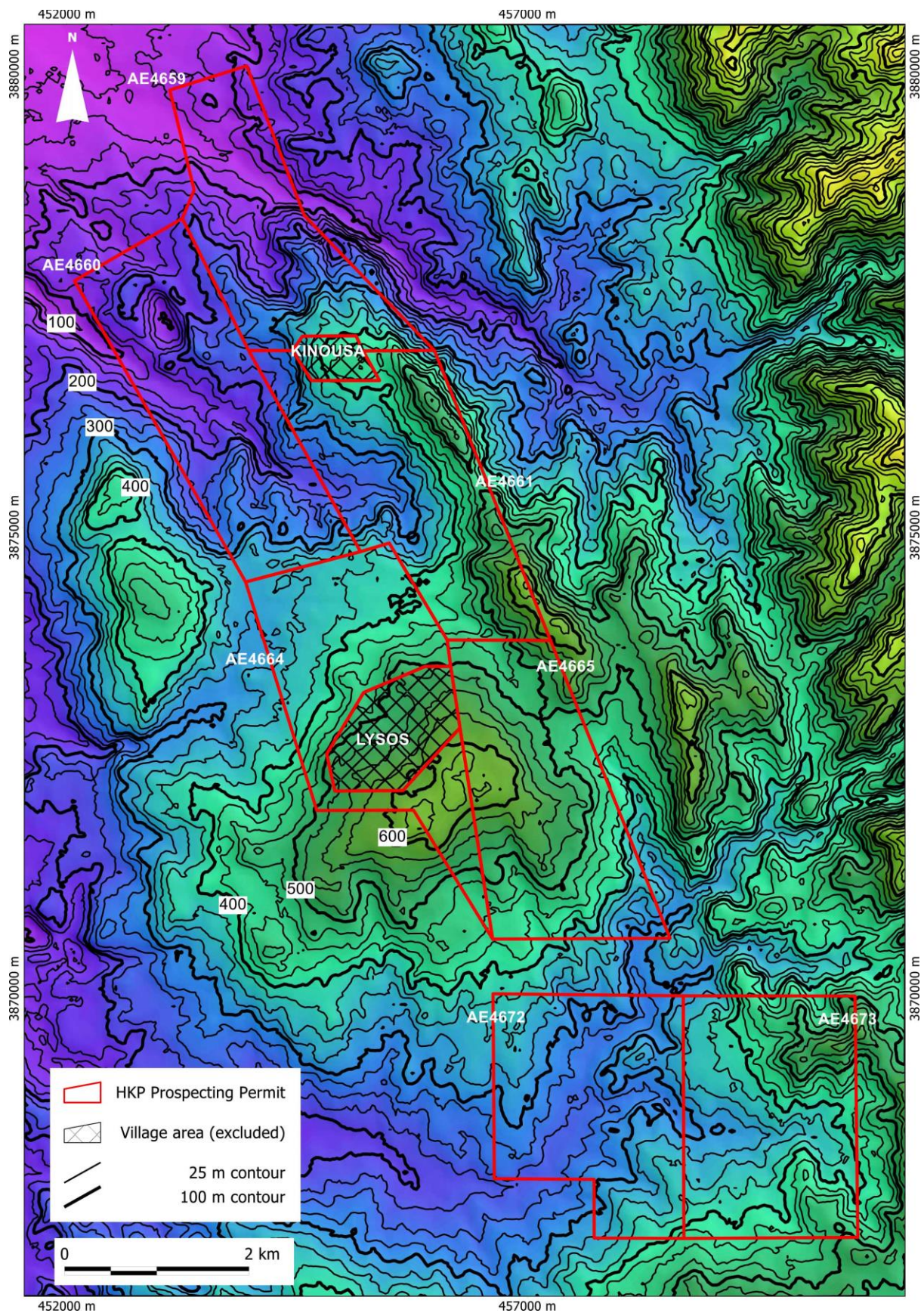


Figure 11 – Troodos West Project – STRM topography with contour heights in metres

4.3 Troodos North Project

The Troodos North Project comprises five of HKP's Prospecting Permit Applications on the northern flanks of the Troodos Mountains, approximately 25 km southwest of Nicosia. The villages of Xyliatos, Agia Marina, Mitsero and Agrokipia are adjacent to the Troodos North Project. The Troodos North Project includes the abandoned Memi and Agrokipia mines. The abandoned Mitsero copper floatation treatment plant is about 1.5 km from the Troodos North Project.

Forestry area covers about 75% of the Mitsero South Prospecting Permit application and very minor parts of the Mitsero North and Agrokipia North Prospecting Permit applications (Figure 12). Part of the Natura 2000 network covers approximately 75% of the Agrokipia North Prospecting Permit application, but not the Forestry areas in the vicinity.

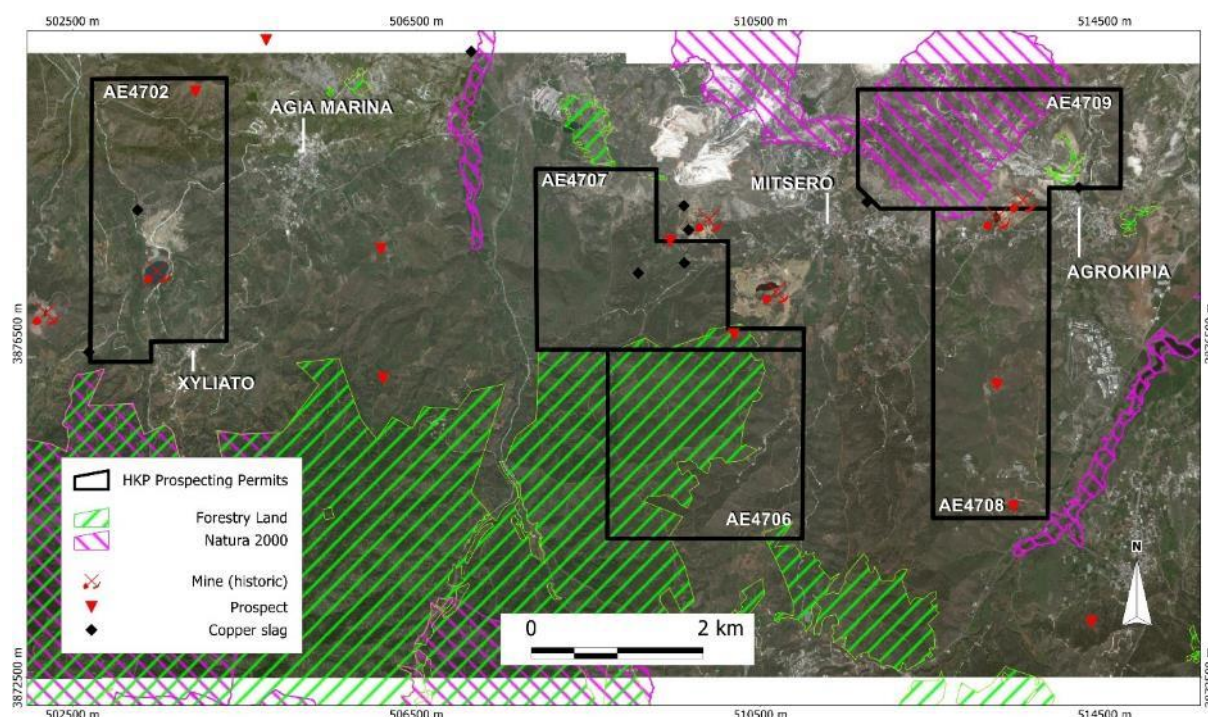


Figure 12 – Troodos North Project – Infrastructure and Natura 2000 areas (image from GoogleEarth)

4.3.1 Accessibility

Access to the Troodos North Project is good with sealed roads linking the villages of Agrokipia, Mitsero, Agia Marina and Xyliatos to Nicosia. There is a network of local roads traversing the Troodos North Project.

4.3.2 Climate

The Troodos North Project is in the northern foothills of the Troodos Mountains. The nearest weather station is in Nicosia (Figure 13). Apart from immediately after heavy rain the annual climate pattern does not pose any serious impediment to HKP's exploration.

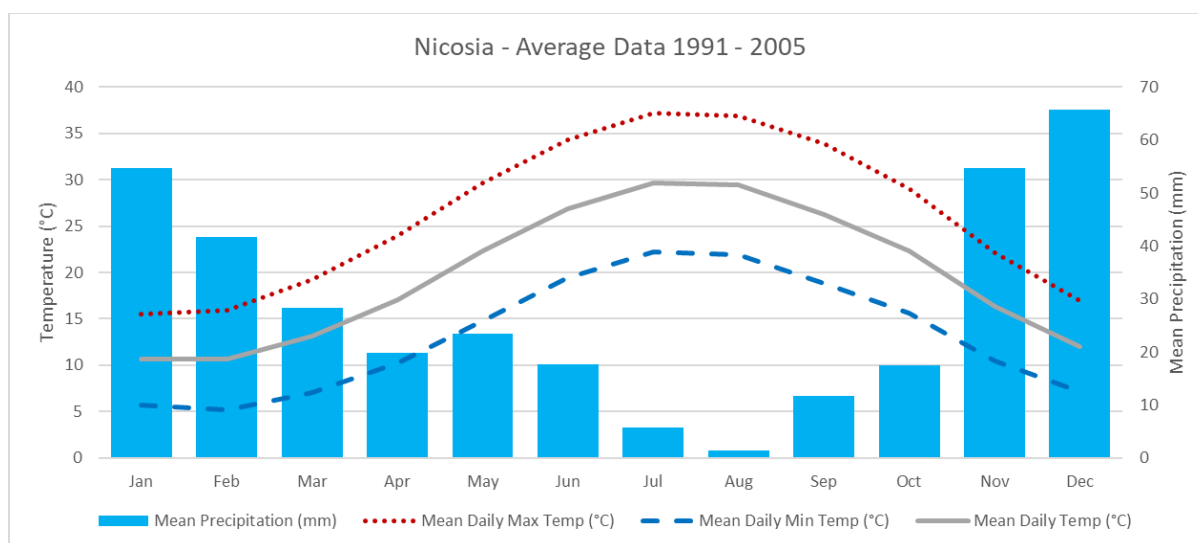


Figure 13 – Average climate data for Nicosia, 1991 to 2005 (Cyprus Meteorological Service, 2018)

4.3.3 Infrastructure

Nicosia is only 25 km from the project area along excellent sealed roads. Access throughout the Troodos North Project is good. The nearest airport is Larnaca, which is 65 km via road; approximately 1 hr driving. The area is well catered for water and electricity.

4.3.4 Local Resources

The villages of Agrokipia, Mitsero, Agia Marina and Xyliato are immediately adjacent to the project area, so basic amenities are readily available. The nearest hospital is in Nicosia (25 km from Agrokipia).

4.3.5 Physiography

There is some significant relief associated with individual hills, but in general it is only moderately sloping (Figure 14).

The Cyprus Geological Survey Department classify the Troodos North Project as being in Seismic Zone 2 (Geological Survey Department, 2004) which dictates the earthquake-resistant engineering compliance required for construction.

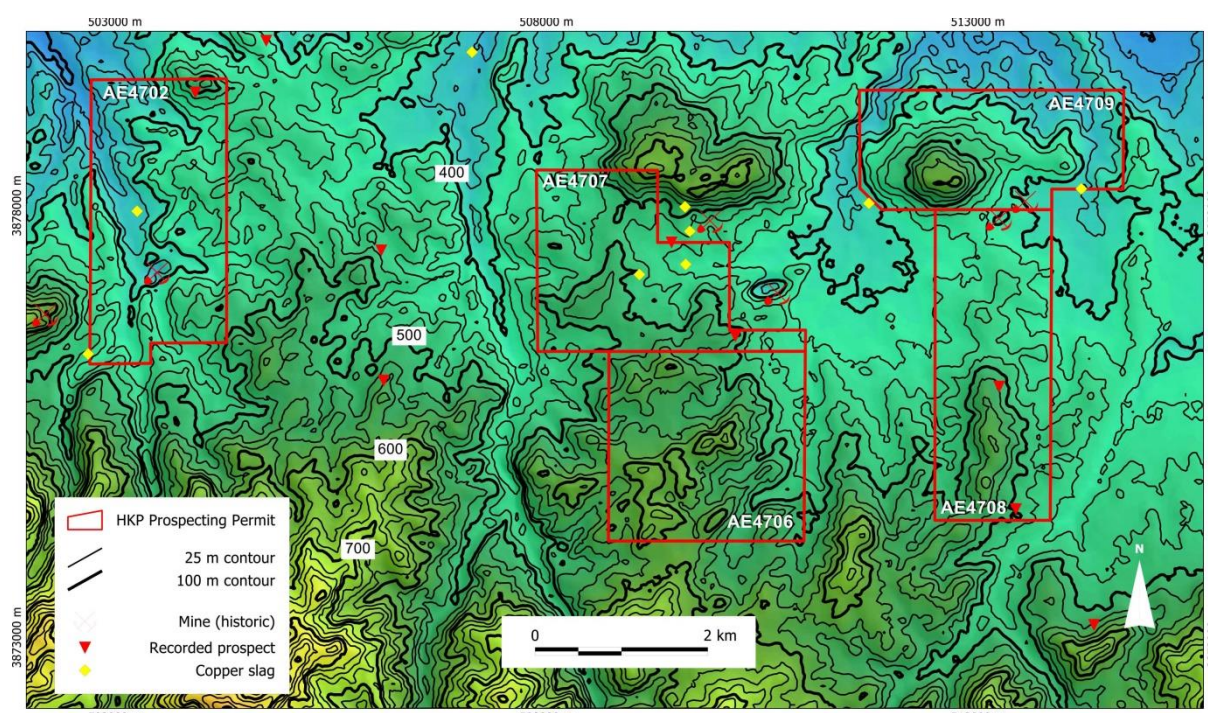


Figure 14 – Troodos North Project – Accessibility & Physiography. Contour heights in metres

4.4 Troodos East Project

The Troodos East Project comprises the remaining one of HKP's Prospecting Permit Applications (AE4703) in the south-eastern foothills of the Troodos Mountains. The project area is approximately 17 km west of Larnaca, immediately north of the Limassol-Larnaca Highway. The central part of the Prospecting Permit application will likely not be granted as there is an existing Prospecting Permit over the previous workings at the documented Anglesidhes Prospect. Anglesidhes village is 0.5 km south of the southern boundary of the application and immediately south of the Limassol-Larnaca Highway. The Stavrovouni Monastery is on top of the highest hill in the area about 0.6 km northwest of the northwest corner of the Prospecting Permit application.

Forestry Land covers the western 20% of the Troodos East Project (Figure 15) and the Forestry area is also part of the Natura 2000 network (Figure 15).

4.4.1 Accessibility

Access to the Troodos East Project is excellent with its close proximity to Limassol-Larnaca Freeway and Anglesidhes village. There is a network of tracks throughout the Troodos East Project.

4.4.2 Climate

The nearest weather station is ca. 15 km east at Larnaca airport (Figure 17). Apart from immediately after heavy rain the climate does not pose any serious impediment to HKP's exploration.

4.4.3 Infrastructure

The village of Anglesidhes is 500 m from the application area and accessible from the nearby the Limassol-Larnaca Highway. There are basic facilities in the village. The city of Larnaca is 20 km east along the highway. The largest commercial airport in Cyprus is in Larnaca with regular flights to many European, Russian and Middle Eastern destinations. There is bulk-handling port at Larnaca. Mains water and electricity supplies can be obtained nearby.

4.4.4 Local Resources

The Troodos East Project is near Anglesidhes where basic shopping can be sourced. The nearest hospital is in Larnaca (20 km from Anglesidhes).

4.4.5 Physiography

The Troodos East Project is on the southeasternmost part of the exposed Troodos Ophiolite. The local relief is generally gently sloping, except near the Stavrovouni Monastery where the relief becomes very steep (Figure 16).

The Cyprus Geological Survey Department classify the Troodos East Project as being in Seismic Zone 2 (Geological Survey Department, 2004) which dictates the earthquake-resistant engineering compliance required for construction.

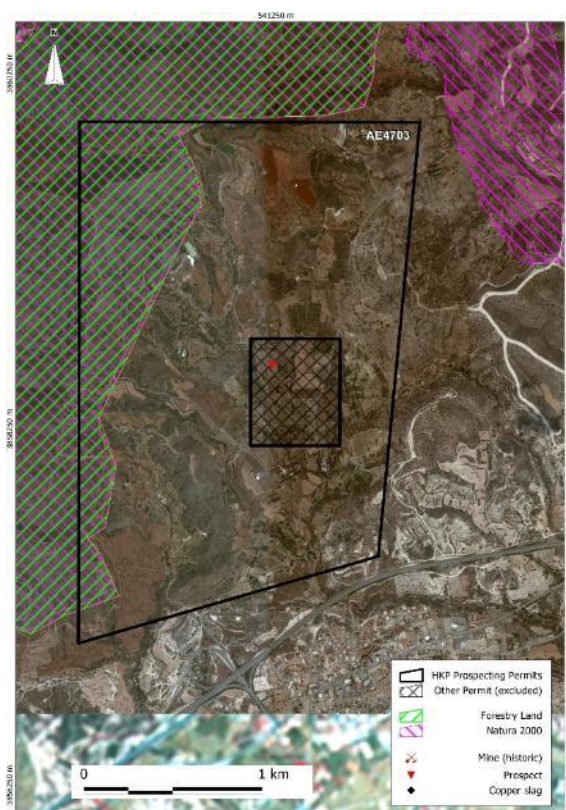


Figure 15 – Troodos East Project – Accessibility and Infrastructure. (Image from GoogleEarth).

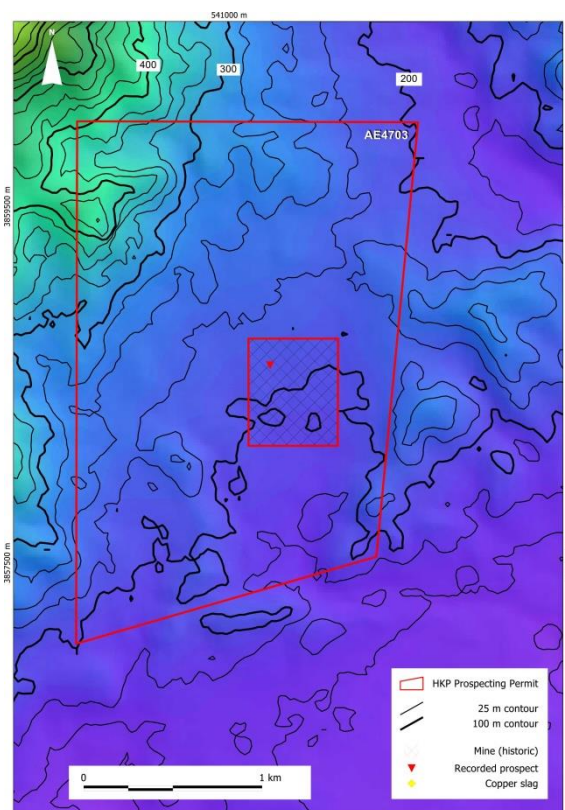


Figure 16 – Troodos East Project – Physiography (SRTM, 2018); contour heights shown in metres

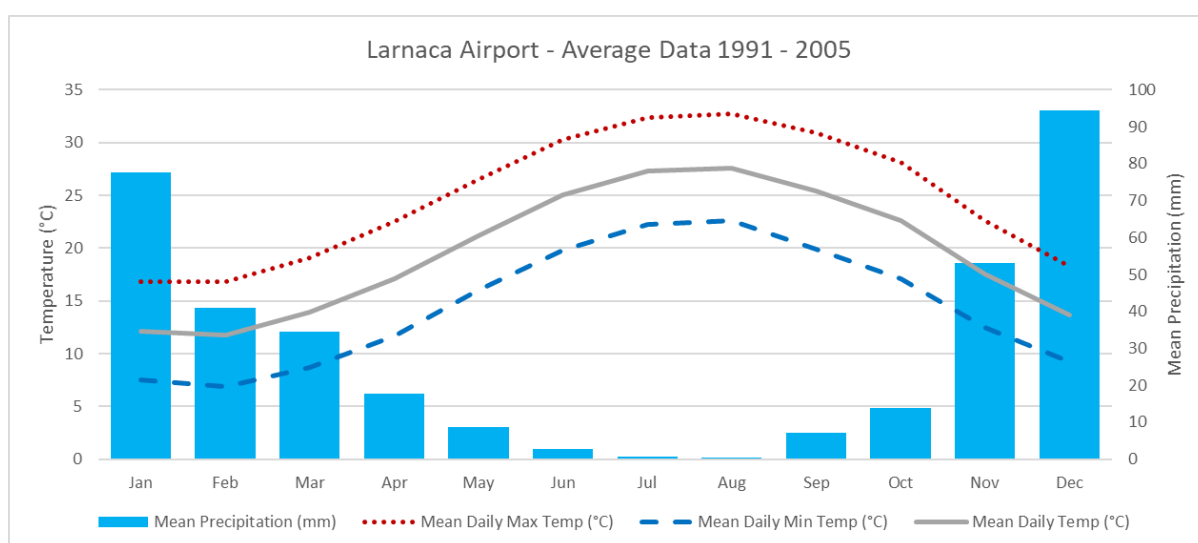


Figure 17 – Average climate data for Larnaca Airport, 1991 to 2005 (Cyprus Meteorological Service, 2018)

5. HISTORY

5.1 General Overview

Many of the exposed massive sulphide deposits around the Troodos Mountains in Cyprus have been mined for copper since the earliest Bronze Age and copper production continues at the privately owned Skouriotissa Mine (29,465 t of copper cathode produced by Hellenic Mining Company from 2007 to 2016 using a SX-EW plant; Cyprus Mines Service, 2018c). There is widespread evidence of ancient copper mining throughout the Troodos Mountains with more than 140 slag piles recorded. The largest slag pile was at Skouriotissa and was estimated to exceed 1 Mt. It was built between ca. 620 BC and 310 AD. Modern mining commenced in Cyprus in the 1920s with more than 74 Mt of massive ore extracted from about 30 deposits in the following 50 years (Table 3; Figure 18). Production focussed on pyrite, copper, gold and silver, although some of the Cyprus deposits also contain appreciable amounts of zinc. The largest known deposit in Cyprus is Mavrovouni where 16.5 Mt at approximately 4.5% Cu was extracted between 1929 and 1974.

Copper mining in Cyprus was significantly disrupted and essentially curtailed in the 1970s after Cyprus was partitioned following the Turkish invasion. Partition led to the largest mine at Mavrovouni, the Karavostasi port and numerous prospective areas ending up in occupied territory or United Nations-controlled areas. It also increased sovereign risk and led to declining international investment in Cyprus. This was further compounded by adverse changes to global supply and demand in the copper market. At this time, some very large copper mines in Africa and Chile started production, leading to supply increases, while the end of the Vietnam War in 1975 depressed global copper demand. In short, the decline of the Cyprus copper industry, and its subsequent failure to re-emerge, was not because the mines were exhausted or indeed that the Troodos Mountains are not prospective or poorly endowed. For an area that has been so productive and that offers such prospectivity the paucity of modern exploration and investment is startling.

Whilst the presence of copper in Cyprus is well-documented it is widely considered that there is little gold in Cyprus. This is a fallacy perpetuated from historical inaccuracies. The gold content of many of the deposits was poorly documented or not tested, and so was rarely included in the historical mining statistics. There is extensive evidence that the massive pyrite deposits contain appreciable primary gold. Furthermore, the weathered zones above many deposits are highly enriched in gold and silver. For example, miners targeted “Devil’s Mud” – a narrow layer above the massive sulphide bodies – because it was so highly enriched in gold and silver (presumably supergene). The first preliminary assays of Devil’s Mud were taken from Skouriotissa in 1920, but it was never seriously investigated until depressed copper and pyrite prices in 1932 forced the Cyprus Mining Corporation (CMC) to investigate a possible precious metal income stream. Devil’s Mud was immediately identified at Skouriotissa with “areas of high-grade ore running as much as 50 ounces of gold per ton, though with very little silver, and, conversely, other areas containing 800 ounces of silver a ton and only traces of gold.” (Lavender, 1962). These discoveries led to exploration elsewhere in the Troodos Mountains and ultimately the mining of Devil’s Mud by CMC at seventeen locations, albeit most of this mining was very small scale. During 2016, the Hellenic Mining Company commissioned a gold circuit at Skouriotissa to process the oxide material in the area. This went into production in 2017.

CMC’s experience of the Devil’s Mud clearly shows that gold and silver are widespread throughout Cyprus. The primary pyrite ores, however, were never exploited because the technology to extract gold and silver at that time was not advanced enough to be economically viable. This is not the case today.

More recent work confirms that gold is widespread in the primary pyrite ore and that it can be quite high grade. For example:

- Northern Lion reported 28.6m @ 4.5 g/t Au at their St Nik Project (Northern Lion, 2011a) and 3m @ 4.98 g/t Au at Pano Lefkara (Northern Lion, 2012); and
- BMG Resources reported numerous gold intercepts at their Mala Prospect, including 6 m @ 3.70 g/t Au (MALRC007) and 5 m @ 2.15 g/t Au (BMG, 2014).

Zinc was also not considered when mining the Cyprus deposits, even though it is widely encountered and could be a reasonable addition to their exploitation.

- EMED defined inferred zinc resources at Klirou (4.5 Mt @ 0.74% Zn and 0.41% Cu) and South Mathiatas (2.1 Mt @ 0.95% Zn; EMED, 2007); and
- BMG Resources reported numerous zinc intercepts with copper-gold-silver at the Mala Prospect, including 6m @ 4.10% Zn (BMG, 2014).

A final consideration with regards the economics of the Cyprus deposits is the value of pyrite itself. Carbine Resources (2014) have used a value of US\$86 /tonne for pyrite in their low-grade copper-gold Mount Morgan Scoping Study and First Quantum (2014) appear to generate a value of approximately US\$40 /tonne for pyrite from their Pyhasalmi copper-zinc operations in Finland.

Approximately 16.4 Mt of non-metal material (mainly aggregate) is mined in Cyprus annually with only 0.4 Mt (mainly bentonite and gypsum) exported (Cyprus Mines Service, 2018b).

Table 3 – Cyprus VHMS mine production data to end of 2016 (Cyprus Mines Service, 2018d)

Name	Company	Operation Type	Cu (%)	S (%)	Tonnes Produced	Operational Period
Mavrovouni	CMC	Underground (UG)	4.5	47	16,508,755	1929-1974
Phoukasa – Skouriotissa	CMC	UG / Surface	2.5	48	6,784,604	1921-1974
Phoukasa – Skouriotissa	HMC	Leaching	-	-	9,597	1979-1996
Fenix – Skouriotissa	CMC	Surface	0.8	-	1,019,597	1973-1974
Fenix – Skouriotissa	HMC	Leaching	0.8	-	598,323	1979-1996
Fenix – Skouriotissa	HCM	Surface – Leach	0.43	-	25,933,000	1996-2016
Apliki	CMC	Surface	1.8	36	1,064,493	1968-1971
Lefka A	CMC	Surface	2.0	30	1,151,048	1968-1974
Memi	HMC	Surface	-	26	2,028,898	1954-1971
Memi	HMC	Surface	-	26	95,901	1987-1990
Alestos	HMC	Surface	0.9	-	660,515	1971-1972
Kokkinopezoula	HMC	Surface	-	24	5,486,035	1953-1966
Kokkiniyia	HMC	Underground	2.0	30-40	481,008	1973-1979
Agrokipia A	HMC	Surface	1.0	30-44	332,838	1952-1971
Agrokipia B	HMC	Underground	4.0	40	74,074	1958-1964
Kokkinonero	HMC	Surface	-	25-35	658,354	1953-1960
Peristerka-Pytharochoma	KM	Surface	1.5	25-47	557,540	1970-1977
Kapedes (Kokkinochoma)	HMC	Surface	-	30-35	54,666	1955-1958
Mathiati	HMC	Surface	0.2	30-35	2,100,000	1965-1984
Sia	HMC	UG / Surface	0.5-1.2	25-30	334,179	1950-1959
Troulli	Berdy	Surface	1.0	-	91,355	1955-1974
Kalavasos	HMC	Underground	1.0-2.5	33	1,910,000	1937-1966
Petra	HMC	Underground	1.0-2.5	25-46	226,000	1953-1957
Mousoulos	HMC	Underground	1.0-2.5	40	1,660,000	1964-1976
Mavridia	HMC	Surface	1.5	30-40	400,000	1971-1977
Mavri Sykia	HMC	UG / Surface	1.5-2.5	25-45	376,000	1954-1977
Landaria	HMC	Underground	0.5	35-45	65,500	1963-1964
Platies	HMC	Surface	2.5-3.0	46	43,900	1955-1958
Maghaleni	HMC	Surface	0.7	3	142,707	1976-1977
Limni	CSCC	Surface	1.11	15	8,143,460	1937-1979
Evloimeni	CSCC	Surface	0.68	19	63,724	1970-1971
Kinousa	CSCC	Underground	2.88	42	270,608	1952-1960
Kinousa (Uncle Charles)	CSCC	Surface	2.23	47	228,896	1952-1960
Vretsia	Maconda	Surface	-	43	3,600	1988

Highlighted mines are within the HKP Portfolio. CMC: Cyprus Mines Corporation; HMC: Hellenic Mining Company; KM: Kambia Mines; Berdy: Berdy Mining Company; CSCC: Cyprus Sulphur and Copper Corporation; HCM: Hellenic Copper Mines; Maconda: Maconda Mining Company; CMD: Cyprus Development Co.

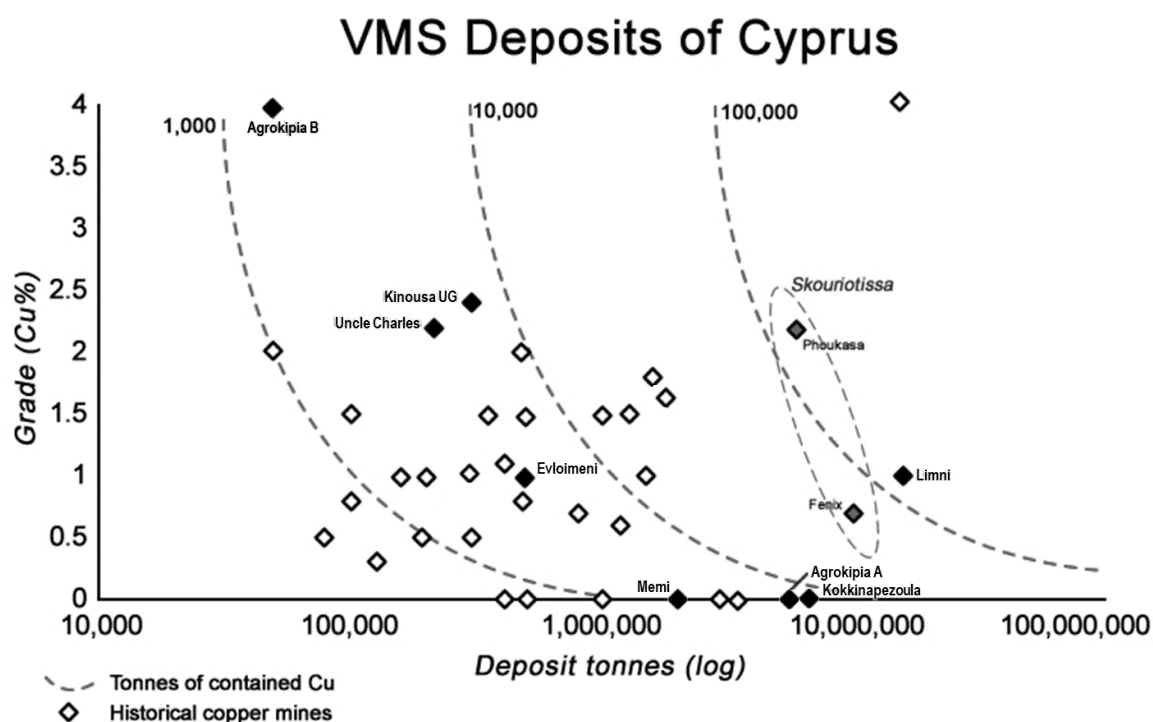


Figure 18 – VMS deposits of Cyprus; Cu grade, tonnage and contained Cu (Data from: Cyprus Ministry of Agriculture, Natural Resources and Environment, accessed 8 Nov 2017). Deposits relative to the HKP Portfolio highlighted in black; further sites of interest noted in grey

5.2 Production History – Troodos West Project

HKP's Granted Prospecting Permits form the Troodos West Project comprising seven almost contiguous 100%-owned granted Prospecting Permits in the western foothills of the Troodos Mountains. HKP's Granted Prospecting Permits cover ca. 3,211 ha along a 14 km southwest trend extending from the abandoned Limni Mine to near the village of Anadhiou. HKP's Granted Prospecting Permits cover the abandoned Limni, Kinousa, Uncle Charles and Evloimeni Mines (highlighted in Table 3) and a number of known prospects where there has been previous exploration. The 1:250,000-scale Mineral Resources Map of Cyprus (Cyprus Geological Survey, 2007) shows ancient slag piles and copper prospects in and around the Troodos West Project (Figure 19). From 2008 to 2014, Northern Lion had Prospecting Permits covering most of this area.

Prospective volcanic units are exposed north of the village of Lysos where the four mines were developed and numerous prospects identified. Near Lysos, the prospective volcanic units are covered by a thin cover of recent sediments but are then exposed further south where further prospects are known.

The Troodos West Project is considered highly prospective for new discoveries because:

- There are potential extensions around known mines and prospects.
- Extensive evidence for copper mineralisation, such as malachite staining and ancient slag piles, is widespread in the area.
- Prospective host lithologies are only exposed over approximately 50% of the Troodos West Project but have already yielded four mines and numerous prospects. Modern exploration techniques should be able to locate any blind deposits that to date have been overlooked beneath the shallowly covered areas.
- Umber and ochre vectors have been mapped in the area.
- Work by Northern Lion discovered new prospects with sulphide mineralisation that to date have not been fully evaluated.

5.2.1 Cyprus Sulphur and Copper Corporation (CSCC) – Archives

CSCC mined the Limni deposit and its satellites from 1937 to 1979. They also appear to have been the only company to explore the greater Limni area until Northern Lion started exploring in 2008. The CGS archive contains a large volume of material from CSCC covering both mining and exploration.

5.2.2 United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) – Archives

One project of great relevance to mineral exploration in the Troodos West Project was completed by the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) between 1979 and 1982. This project was “*designed to discover base metal mineralisation at relatively shallow depths beneath barren rocks using methodologies not previously tried in the Troodos Mountains*”. After reviewing the entire Troodos area, two large areas were selected for more detailed work, including around Limni. Any Prospecting Permits or Mining Leases within these selected areas were excluded from the UNRFNRE project. The project included detailed mapping, various forms of surface sampling, induced polarisation surveys and drilling.

In the Troodos West Project, the UNRFNRE explored the exposed prospective volcanic units and adjacent intrusive units but did not cover the Limni or Evloimeni mines (still under tenure at that time). UNRFNRE appear to have accessed CSCC’s data as many of the maps incorporate CSCC’s data (drilling, survey lines, geophysical anomalies). The associated reports and maps relevant to the Troodos West Project have been recovered from the CGS archive. A number of critical maps were rescanned at the author’s request and have been captured in the GIS (Figure 20). All of the prospects investigated by UNRFNRE were previously explored by CSCC.

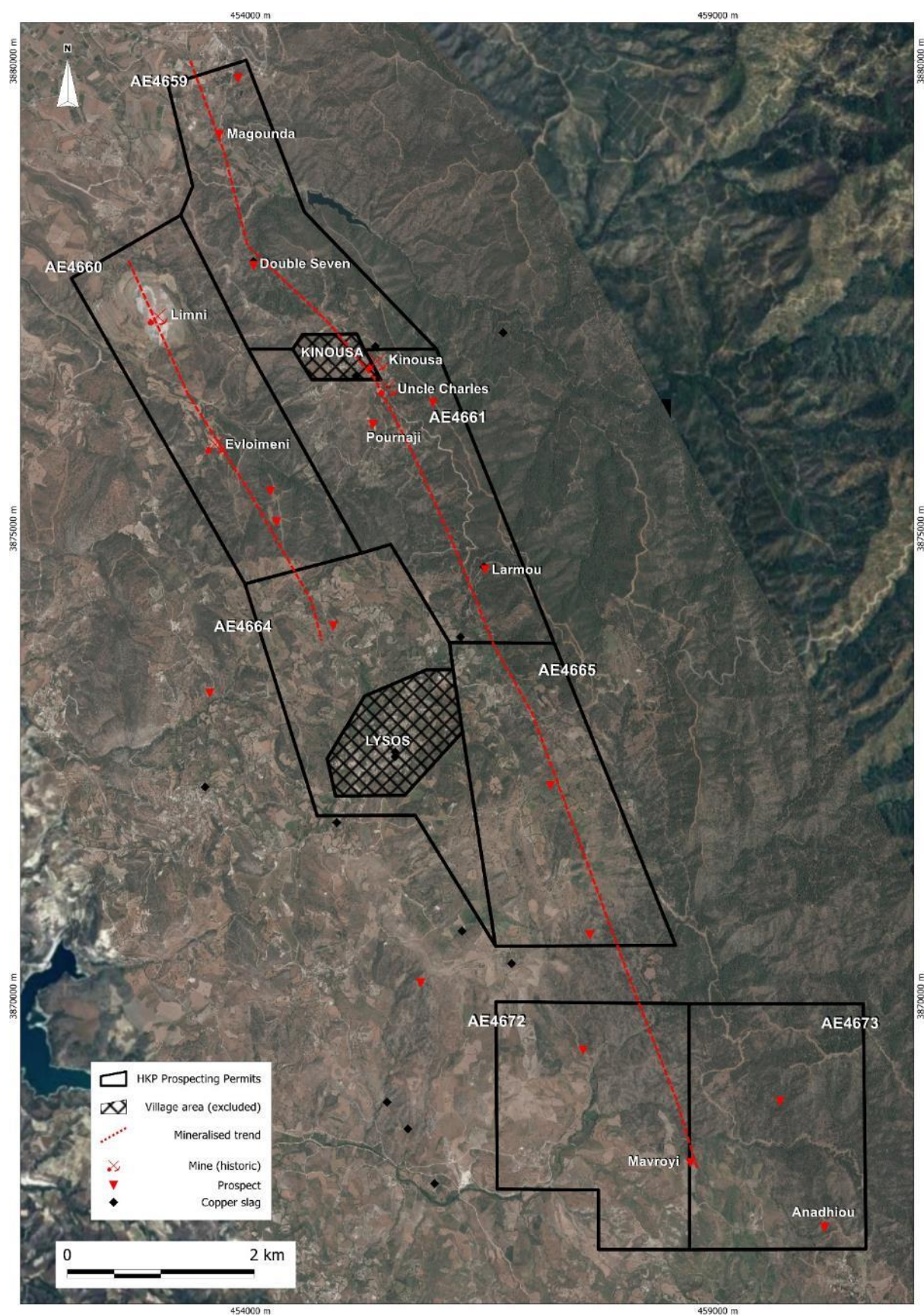


Figure 19 – Troodos West Project – Historical mining activity overview

Figure 20 – Troodos West Project – UN mapping (UNRFNRE, undated)

5.2.3 Northern Lion Gold Corporation – Public reports

Northern Lion explored in Cyprus from 2008 to 2014 and held Prospecting Permits in the Troodos West Project. They reported a range of work including ground sampling, ground geophysics, drilling and a helicopter-borne VTEM survey. Northern Lion suspended operations in Cyprus in October 2014 (Northern Lion, 2014).

HKP has obtained all of the public reports that Northern Lion filed with the Toronto Stock Exchange.

5.2.4 Limni Mine

The Limni Mine was the third biggest mine in Cyprus with 8.1 Mt at 1.11% Cu and 15% S (Table 3; Figure 21). The mine was approximately 900 m long, 400 m wide and 200 m deep but was mostly backfilled in 2010 with all of the waste and tailings from where the ore was processed near the port (about 2 km northwest of the mine; Figure 22 and Figure 23). The extent of ancient slag (still found around the mine) suggests that approximately 70,000 t of copper was also removed by the Romans prior to 400 AD through both open-cast and underground mining. From 1937 to 1939 a small cyanide mill was constructed to treat gold-bearing gossan and oxidised ore, but this project was abandoned in 1946 due to equipment shortages (Trennery et al., 1972).

There is an extensive archival library relating to the Limni mine, including maps (Figure 24), sections (Figure 25), drill hole assays and underground plans, but these have yet to be reviewed in detail. The site has also been well documented and studied through academia.



Figure 21 – View looking north across the Limni mine. Note infilled pit (June 2017, Dr Michael Green)



Figure 22 – Limni mine, date of photo unknown but pre-dates EU funded infill project (BMG, 2013). See Figure 23 for back-filled view; star for cross reference between the photos



Figure 23 – Limni mine; backfilled (October 2017, Andrew Craig). Light coloured surface defines the seasonal pool extent with run-off running to the lower-right of the photo. See Figure 22 for view of open pit before infill; star for cross reference between the photos

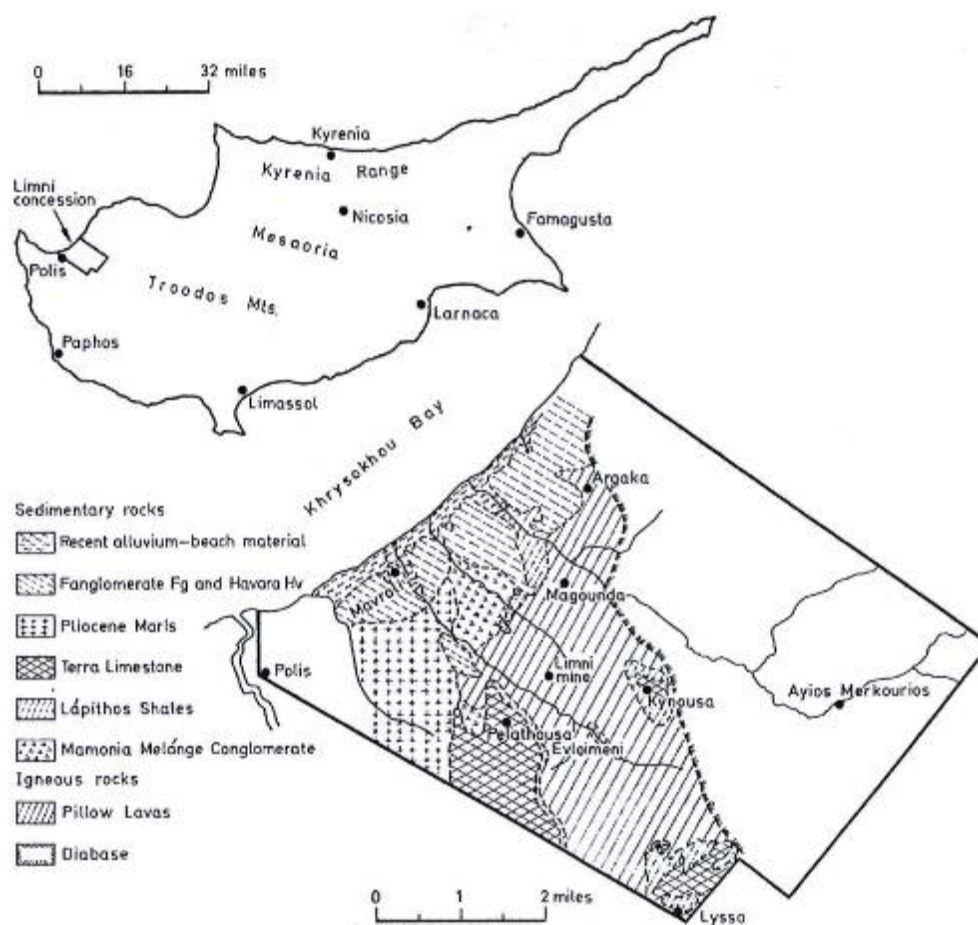


Figure 24 – Limni mine and local geology (Trennery et al., 1972)

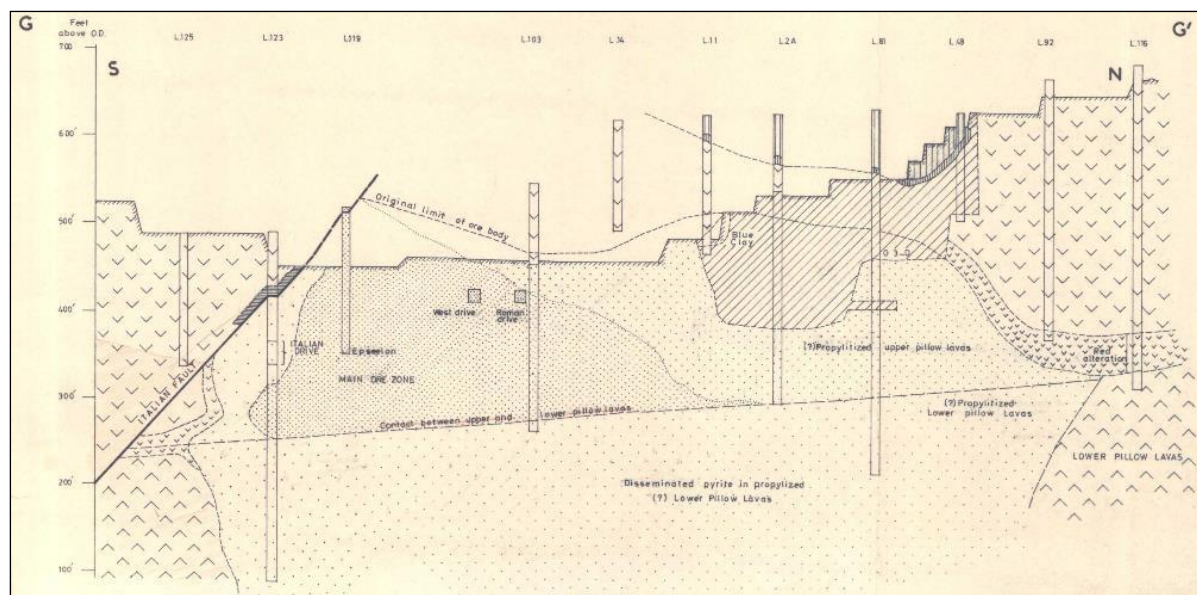


Figure 25 – Limni Mine; example of archival document (undated section)

5.2.5 Evloimeni Mine

The Evloimeni Mine is located 1.5 km southeast along geological strike from the Limni Mine. Only limited production took place with 64,000 t at 0.68% Cu and 19% S reported as mined from 1970 to 1971 (Table 3). Massive and semi-massive pyrite is still visible at the base of the pit (Figure 26; Figure 27). There is ancient slag along the road next to Evloimeni. Northern Lion (2011b) reported that the work at Evloimeni was just pre-stripping although no resource estimate was given.



Figure 26 – Evloimeni; view from track to south (October 2017, Andrew Craig)



Figure 27 – Evloimeni; exposed pyrite on pit floor (October 2017, Andrew Craig)

There is a modest archival library for Evloimeni, including maps, sections and drill hole assays, but these have not been compiled in detail. However, drill intercepts of 13 m (40 feet) at 0.6% Cu and 2.1% Zn (E3) and 50 feet at 0.85% Cu and 3.5% Zn (E15) show the potential of the area (Figure 28). Thus far, no suitable information has been found to locate the collars for the purposes of building a retrospective resource estimate.

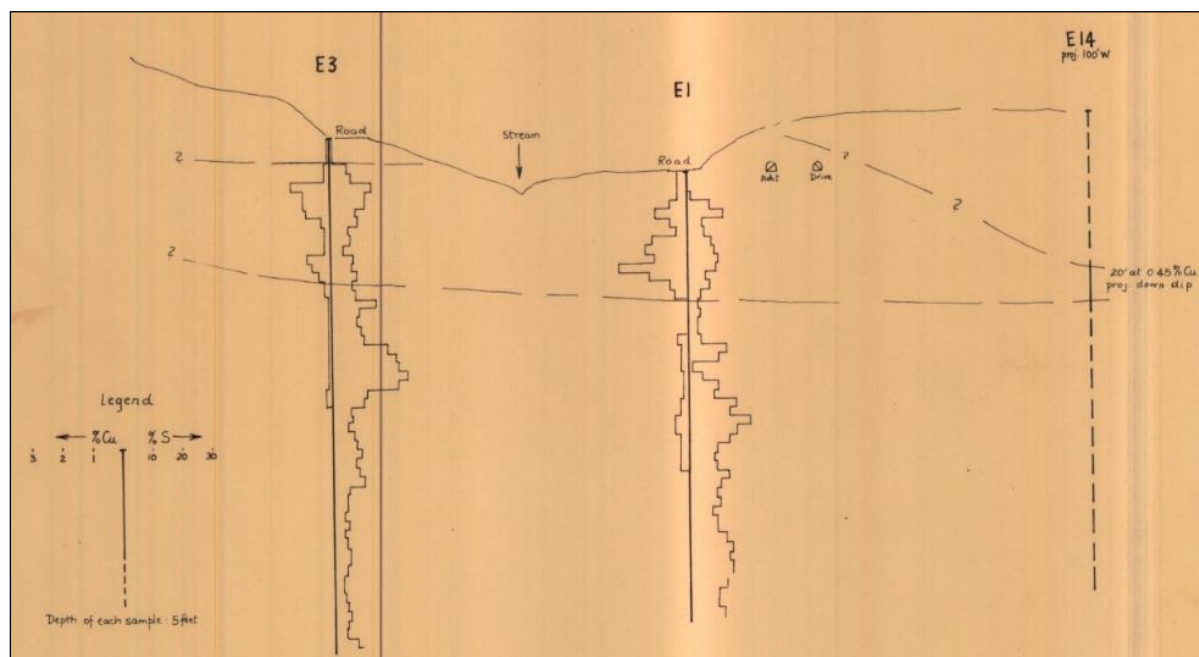


Figure 28 – Evloimeni; archival image showing drill assays (assumed to be CSCC, 1964)

Northern Lion (2010a) reported rock-chip and channel sampling within the pit and along strike to the southeast but only reported the gold results (Table 4). A value of 2.5 g/t Au was also recorded 800 m southeast of the pit. Northern Lion also completed a soil sampling survey to the southeast of the pit covering an area of 1,200 m by 800 m. Values up to 1.7 g/t Au were received but no further details are provided in the public reports.

Table 4 – Rock-chip samples, Evloimeni Mine (Northern Lion, 2010a)

Sample ID	Width (m)	Sample Type	Au (g/t)	Sample ID	Width (m)	Sample Type	Au (g/t)
12242	3.4	chip	1.205	12269	-	grab	30.8
12243	3	chip	1.11	12270	5.7	chip	1.285
12244	-	grab	8.87	12271	-	grab	2.72
12247	1.1	chip	3.85	12273	3.2	chip	1.26
12248	0.8	chip	1.465	12280	1.7	chip	1.24
12249	5	chip	1.925	12281	-	grab	10.3
12254	1.2	chip	2.67	12286	-	grab	2.3
12257	5	chip	1.04	12295	1	grab	3.93
12258	4.2	chip	1.035	12296	3.8	chip	4.6
12260	5	chip	1.255	12299	-	grab	1.68
12261	2.9	chip	2.61	12300	3.8	chip	1.255
12263	-	grab	2.71	12301	5	chip	1.05
12266	4	chip	2.78	12311	3	chip	1.26
12267	4.4	chip	1.255	12317	3.5	chip	1.04
12268	5	chip	2.94	12318	10	grab	2.04

In 2011, Northern Lion completed five diamond drill holes at Evloimeni (Table 5) targeting recent surface geochemical anomalies and Induced Polarisation (IP) anomalies they had delineated within the mine area and to the southeast, presumably along the mineralised trend.

Table 5 – Evloimeni; Drilling summary (Northern Lion, 2011)

Hole ID	Description
11EV01	Collared in north-western corner of main pit; anomalous mineralisation 42.0 m @ 0.7 Au g/t, 1.86 Ag, 0.11% Cu and 0.11% Zn from 8.4 m, including 24.3 m @ 1.3 Au g/t, 3.51 Ag, 0.1% Cu and 0.1% Zn from 8.4 m.
11EV02	Collared in south-eastern corner of main pit 130 m southeast of 11EV01; to test 30 g/t Au surface anomaly; anomalous mineralisation from 23.4 m @ 0.61 Au g/t, 2.8 Ag, 0.06% Cu and 0.1% Zn from 3.0 m, including 12 m @ 1.07 Au g/t, 5.18 Ag, 0.11% Cu and 0.16% Zn from 3.0 m.
11EV03	Collared 150 m south-west of main open cut where old water well cuttings returned >1 g/t Au. Top 45 m unaltered pillow basalt, then intensely altered argillic altered basalt with zones of massive and semi-massive pyrite; anomalous mineralisation 47.0 m @ 0.45 Au g/t, 1.69 Ag, 0.06% Cu and 0.36% Zn from 45.4 m, including 25.2 m @ 0.61 Au g/t, 2.34 Ag, 0.1% Cu and 0.65% Zn from 45.4 m. Additional sporadic zones with maximum copper of 0.9 m @ 0.85% and 1.8 m @ 5.8% Zn
11EV04	Collared at south-eastern edge of old workings 180 m from main pit; target surface samples with >1 g/t Au; anomalous mineralisation 31.85 m @ 0.41 Au g/t, 1.31 Ag, 0.01% Cu and 0.03% Zn from 4.5 m.
11EV05	Collared 380 m southeast of pit; target surface gold anomaly; hole terminated at 86 m for technical reasons and did not reach target.

5.2.6 Kinousa Mine

The Kinousa Mine is located immediately east of the village of Kinousa and only 100 m west of the Kinousa Fault. An underground mine operated from 1952 to 1960 producing 270,000 t at 2.88% Cu and 42% S. No evidence of the original mine access has been identified, but remnants of the old sorting and processing area is still visible (Figure 29). Roman slag is widespread in the area.

There is an extensive archival library for Kinousa, including underground floor plans with mining blocks (Figure 30). An August 1956 map shows a mined out underground area with a 'proposed' open-cut mine but there are no further details on the data and economics used for its preparation.

The area is covered by the UNRFNRE (1982) Kinousa-Laona 1:2,500-scale map which shows two samples from the gossan along the Kinousa Fault returning 2.57 and 6.48 g/t Au.



Figure 29 – Kinousa; derelict mine plant buildings; photo taken from on top of the spoil dump (October 2017, Andrew Craig)

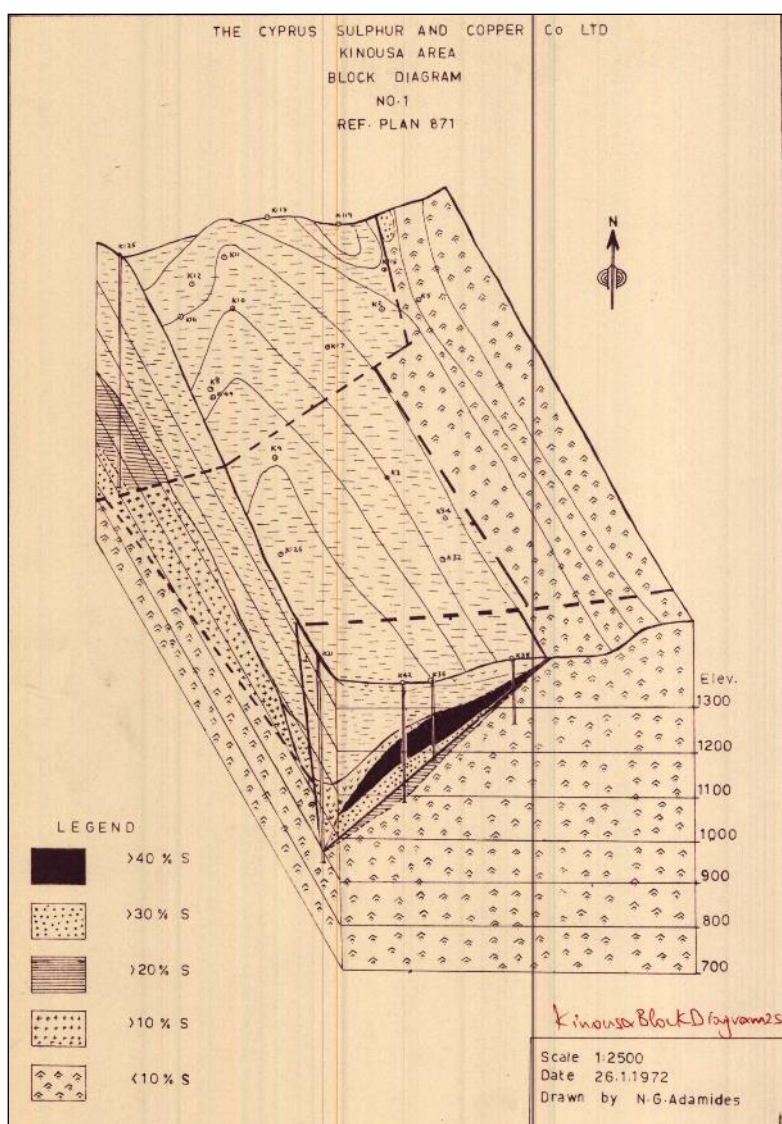


Figure 30 – Kinousa – Block diagram (assumed to be CSCP, 1972)

5.2.7 Uncle Charles

The Uncle Charles Mine is approximately 280 m southeast of the Kinousa Mine (Section 5.2.3) and approximately 60 m west of the Kinousa Fault. It is likely to be the production referred to in Table 3 as “Kinousa surface” as there is no evidence of surface mining at Kinousa. On this assumption, the Uncle Charles Mine was exploited by CSCP from 1952 to 1960 with 230,000 t at 2.23% Cu and 47% S reported as mined. The Uncle Charles Mine is currently a small, flooded open-cut mine (100 m by 100 m) with exposed massive sulphide on the eastern side (Figure 31). Silica-rich veins, typical of seafloor hydrothermal systems, can be found to the east of the exposed massive sulphide, may contain malachite (probably after primary chalcopyrite) and indicate the footwall to the massive pyrite body (Figure 32).



Figure 31 – *Uncle Charles pit; strong oxidation/alteration with a large zone of exposed semi-massive pyrite (October 2017, Andrew Craig)*



Figure 32 – *Uncle Charles; exposed sulphides and secondary sulpho-salts with silica veining and gossan blocks (October 2017, Andrew Craig)*

Only a few archival documents referring to Uncle Charles have been found thus far. One section shows that it was originally covered by scree coming from the hill east of the pit (Figure 33).

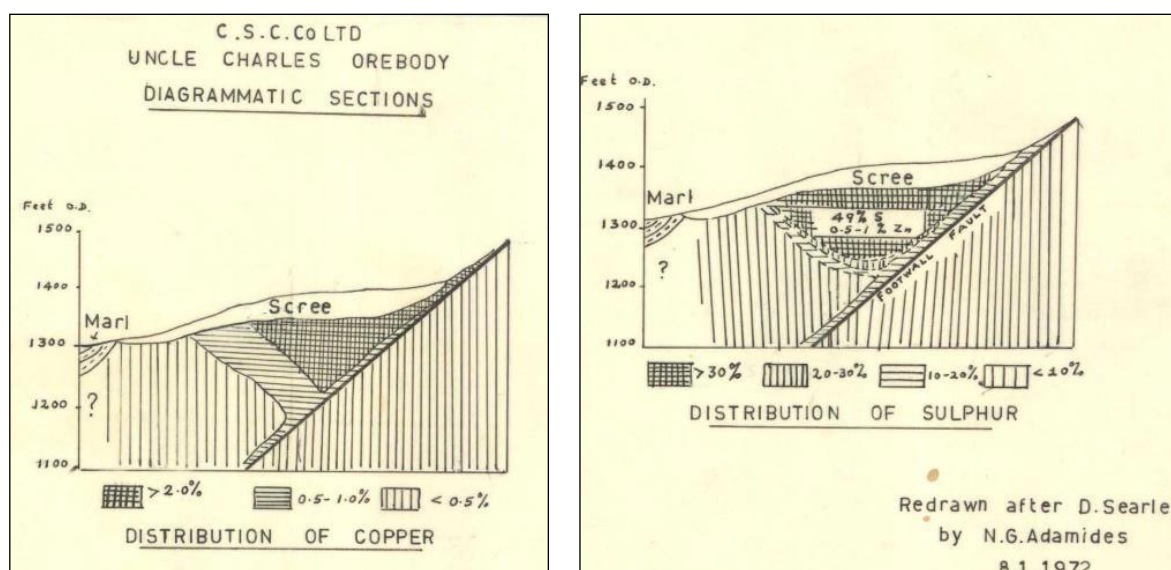


Figure 33 – Uncle Charles; cross sections (CSCC, 1972)

5.2.8 Pournaji Prospect

The Pournaji Prospect is located ca. 400 m south and downhill from the Uncle Charles Mine (Section 5.2.4) and 450 m southwest of the Kinoussa Fault. Shallow overburden clearance has revealed an approximately 40 m long massive pyrite body with widths of up to 5 m. The north-western side of the massive pyrite body is truncated by a north-trending fault (position of pine trees in Figure 34) which has juxtaposed sediments of the Kanniviou Formation (north-down normal fault). Bleached and gossanous basalt exposures indicate that the mineralisation extends at least another 150 m southeast.



Figure 34 – Pournaji; semi-massive pyrite at surface (April 2017, Dr Michael Green)

Very few archival documents for CSCC's exploration at Pournaji have been found thus far.

There are five gossan samples on the UNRFNRE Kinousa-Laona 1:2,500-scale map (1982) at Pournaji that show 1.15, 1.93, 2.46, 0.03 and 0.36 g/t Au and 11.8, 35.1, 53.6, 1.6 and 6.0 g/t Ag. UNRFNRE also collared a 200 m vertical drill hole SK1 about 230 m southeast of Pournaji but failed to intersect mineralisation. Given the possible southwest dip of the geology, then this hole was likely collared in the footwall to the massive sulphide body.

Northern Lion drilled KNDD13-01 at Pournaji but also failed to intersect any significant mineralisation. The hole targeted a resistivity anomaly derived from a 2013 audio magnetotellurics survey. The coordinates from Northern Lion's public report suggest that the hole was collared within a few meters of the massive sulphide body and most of the hole probably intersected the footwall.

The Pournaji prospect is covered by Northern Lion's 2011 VTEM survey.

5.2.9 North Magounda Prospect

The North Magounda prospect is located ca. 300 m west of the Kinousa Fault and is centred on a small gossan by the side of a road (Figure 35). The gossan coincides with a gradient array IP anomaly obtained by CSCC, who then drilled eight vertical holes (NM1-8) within 130 m of the gossan (all prior to 1964 based on the earliest map showing the drill collars; Figure 36). Archival documents show that at least five of the CSCC drill holes intersected a 50-75 m (150-200 ft) thick massive sulphide body with some grades exceeding 1% Cu. No documents showing the other holes have been found. The sections suggest that the massive sulphide body dips about 30° west and extends between holes for at least 140 m (full extent of drilling, so open down-dip). Only copper and sulphur grades are shown. The archive also has some detailed maps of the prospect.



Figure 35 – North Magounda; roadside cutting in orchards; altered, gossanous pillow lavas (Location KIN16032B; October 2017, Dr Michael Green)

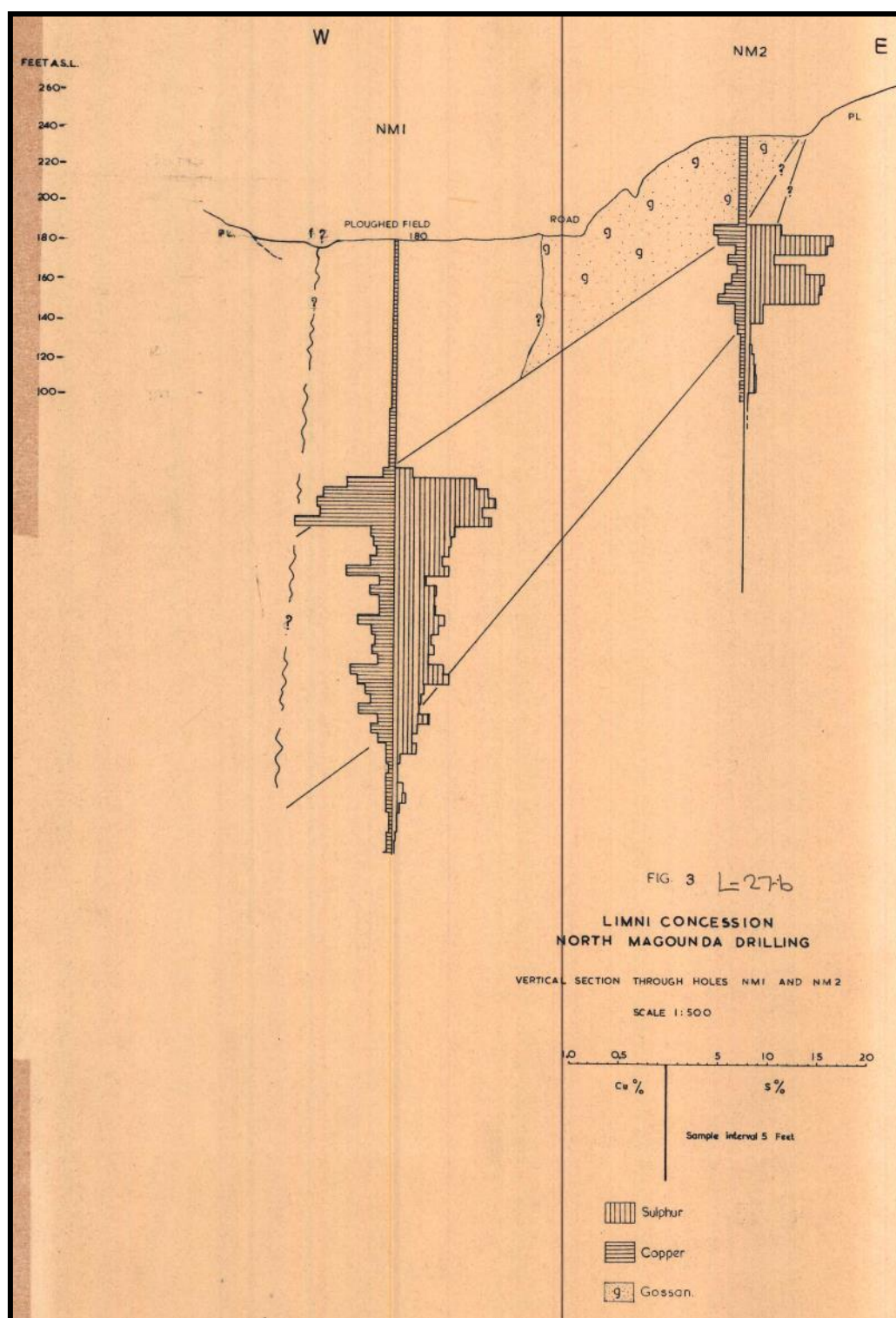


Figure 36 – North Magounda; section showing North Magounda drill holes (CSCC, 1964); gossanous exposure in roadside shown in Figure 35

UNRFNRE maps show surficial anomalous copper-zinc extending at least 200 m to the east of the gossan. UNRFNRE drilled one hole (also labelled NM1; Figure 36) approximately 150 m southeast of the gossan and reported only 3 m of anomalous copper-zinc from 34 m.

The North Magounda prospect was not covered by Northern Lion's VTEM survey.

5.2.10 Double Seven Prospect

The Double Seven prospect is located ca. 350 m west of the Kinousa Fault and was named due to its proximity to Forestry marker '377'. CSCC's detailed geological maps in the CGC archive show that the prospect was worked by the ancients and that CSCC drilled eight vertical drill holes (DS1-8) in 1964. The drill sections indicate a 23-26 m (70-80 ft) massive sulphide body dipping ca. 25° southwest with best intercepts of 18.5 m (55 ft) @ 2.32% Cu and 28.4% S (DS5) and 10 m (30 ft) @ 1.08% Cu, 28.9% S (DS2; Figure 37). Two holes failed to intersect significant mineralisation, so faults are indicated on the sections to account for this. The prospect is also coincident with a gradient array IP anomaly detected in 1969 by CSCC and dipole-dipole frequency domain anomalies detected by UNRFNRE.

On the UNRFNRE Double Seven map (1982) there is a single gossan sample that returned 3.75 g/t Au and 15.1 g/t Ag, highlighting the precious metal potential of the prospect.

The Double Seven prospect was not covered by Northern Lion's VTEM survey.

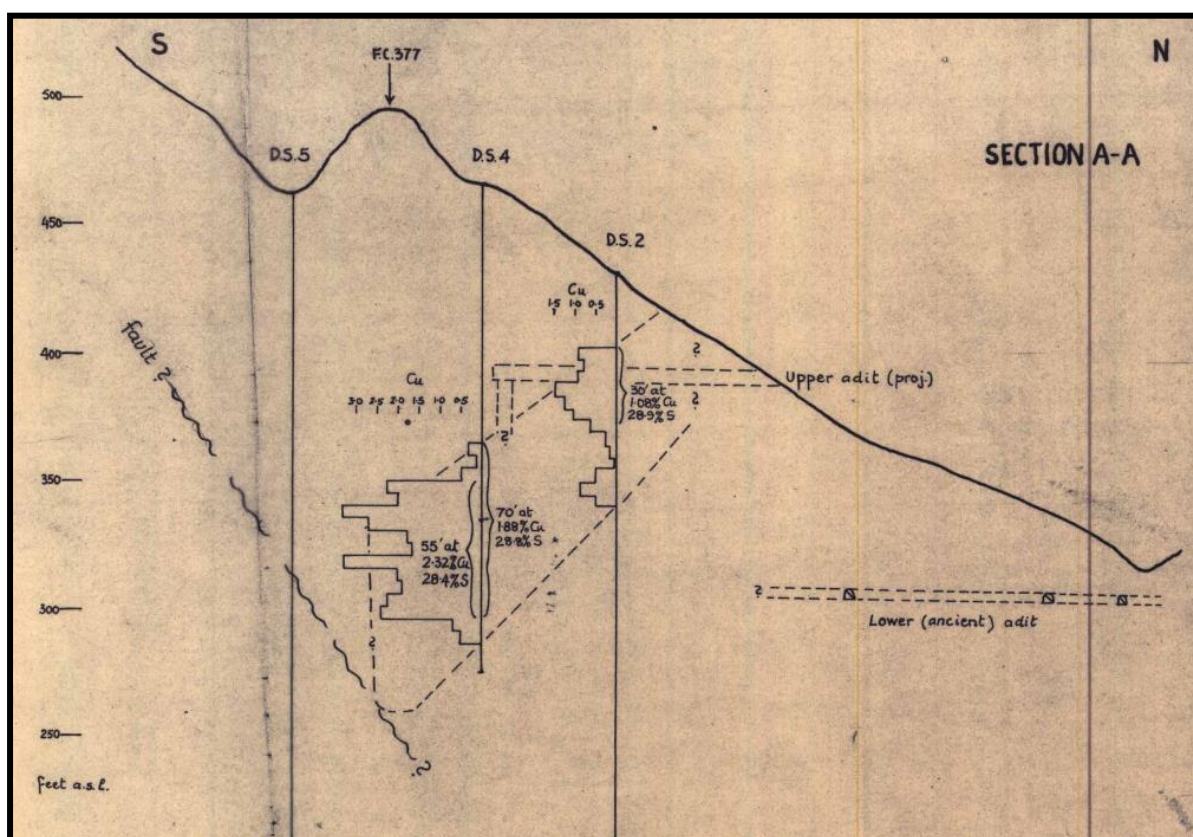


Figure 37 – Double Seven; section showing drill results and historic adits (CSCC, 1964)



Figure 38 – Double Seven – Outcrop of heavily weathered and altered, gossanous pillow lavas next to forest track; estimated to be close to collar DS4. Adit downslope into gully to the right of the 4x4 (October 2017, Andrew Craig)

5.2.11 Laona Prospect

The Laona prospect was one of many identified by the UNRFNRE (1982) programme after conducting a soil geochemistry survey to follow-up on the widespread malachite staining observed in the local Basal Group and numerous ancient dumps and workings. Their target was disseminated, or vein mineralised low-grade, high tonnage copper deposits. The Laona prospect is 200 m east of the Kinousa Fault and therefore is not consistent with the preferred model presented in Section 6 for the mines and deposits outlined in previous sections for the Troodos West Project.

It is hosted in the Basal Group (mafic volcanics with >50% diabase dykes) and malachite staining is common in the dolerite float (Figure 39).



Figure 39 – *Laona – Intense malachite staining in diabase dykes near the Laona Prospect (March 2016, Dr Michael Green; Field ID KIN16006)*

UNRFNRE completed twelve vertical drill holes at Laona, siting them along a ridge. All but three holes were abandoned within the first 15 m due to caving. Some of this was interpreted to be due to ancient adits but may be more likely to be due to poor ground caused by the topography. The drilling that was completed demonstrated low-grade copper-zinc mineralisation, but no gold was reported. Despite the recording of chalcopyrite in the drill logs, it is unlikely that this is a primary feature, but some form of surface enrichment.

5.2.12 Mavroyi Prospect

The Mavroyi prospect appears to have been discovered during the UNRFNRE (1979) project via surface sampling and mapping. No archival records are known to precede this work and there are no known slag piles in the area. Northern Lion (2014) explored the area and defined drill targets based primarily on resistivity anomalies derived from their 2013 audio magnetotellurics survey. Northern Lion completed 14 drill holes at Mavroyi covering an area about 2 km long with anomalous copper-gold results (Table 6).

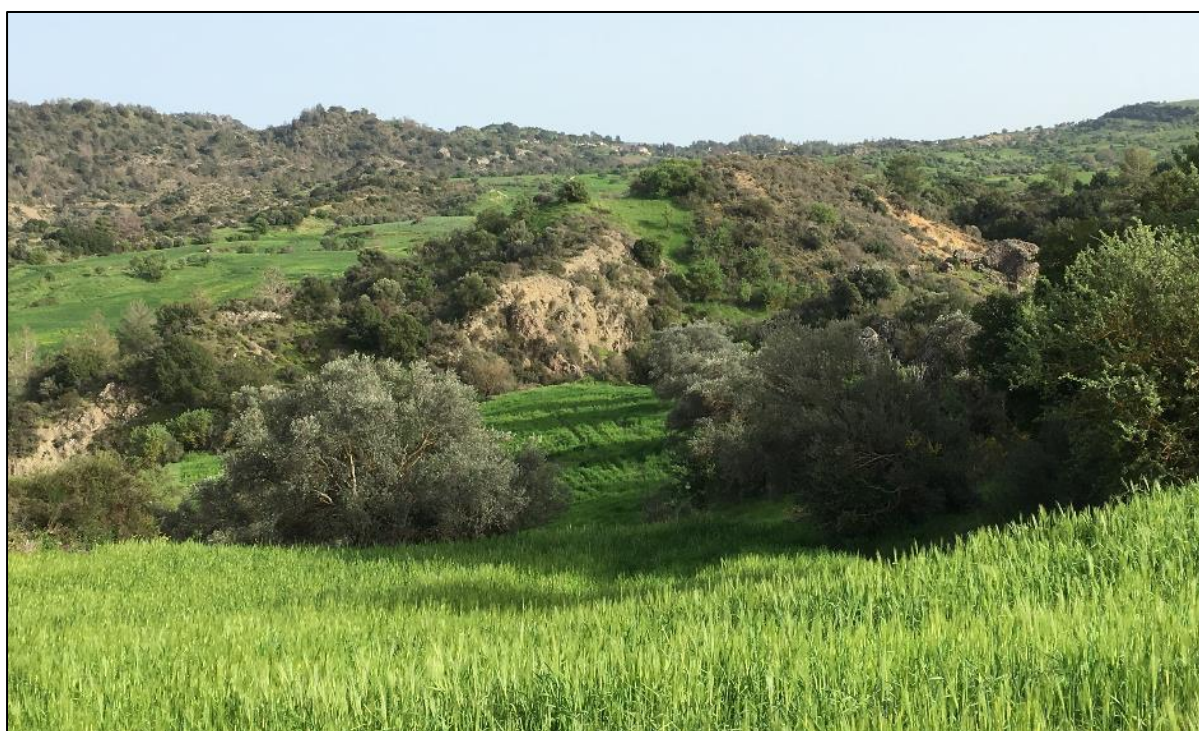


Figure 40 – Mavroyi; gossan outcrop (July 2017, Dr Michael Green; field ID KIN17154)



Figure 41 – Anadhiou and Sarama; view south towards and across the Anadhiou and Sarama Prospecting Permits (AE4672 and AE4673); Mavroyi prospect marked (October 2017, Andrew Craig)

Table 6 – Mavroyi; Northern Lion's drill results (2014)

Hole ID	Description
MVDD13-01	6.0 m from 111.1 m @ 0.44 g/t Au, 1.72 g/t Ag, 0.04% Cu, 0.35% Zn
MVDD13-02	14.05 m from 89.9 m @ 2.12 g/t Au, 16.91 g/t Ag, 0.54% Cu, 3.25% Zn
MVDD13-03	10 m from 159.4 m @ 0.08 g/t Au, 0.20 g/t Ag, 0.013% Cu, 0.068% Zn
MVDD13-05	85.7 m from 12.1 m @ 0.16 g/t Au, 0.02 g/t Ag, 0.067% Zn
MVDD13-13	4.9 m from 31.6 m @ 0.27 g/t Au, 1.48 g/t Ag, 902 ppm Zn
MVDD13-14	6.0 m from 150.0 m @ 0.21 g/t Au, 0.30 g/t Ag, 466 ppm Zn
The other 8 drill holes returned no significant results	

5.2.13 Anadhiou Prospect

The only archival records thus far obtained are from the UNRFNRE work in 1979. This identifies the prospect from surface samples.

5.3 Production History – Troodos North Project

HKP has not searched the CGS archive for material related to the Troodos North Project, but the archive material is likely to be extensive. Aside from the production figures shown in Table 3, HKP has found some relevant descriptions within published CGS Memoirs.

5.3.1 Agrokipia Mine

Two of HKP's Prospecting Permit Applications forming part of the Troodos North Project (AE4708 and AE4709) cover the historic Agrokipia Mine and a large surrounding area. The following descriptions are taken from CGS Memoir 3 (Bear, 1960), although open-pit (>330,000 t at 1.0% Cu) and underground (>74,000 t at 4.0% Cu) production is documented to 1971 (Table 3).

The Agrokipia Mine comprises three separate orebodies; two were shallow lenses in the Upper Pillow Lavas and were exploited from surface (probably Agrokipia A in Table 3). Their upper levels were oxidised and capped with a well-developed gossan. The smaller orebody contained 50,000 tons of cupreous pyrite (1% Cu) with small amounts of sphalerite (zinc) and formed a west-dipping lens. The second orebody was separated from the first by 30 m (100 feet) of fresh pillow lava, but it was low-grade and non-cupreous. The total ore reserve (non-compliant) was estimated to be 700,000 tonnes, but at the time of writing (1960) mining was suspended due to low prices.

The third orebody (described as 'new' mine in Bear, 1960) was discovered by drilling a gravity anomaly in an area devoid of any surface indications with the top of the body 150 m (500 ft) below surface.

The geometry of this 'new' orebody was an asymmetrical pyramid with opposing sides almost vertical. The orebody is in Lower Pillow Lavas, just below the contact with Upper Pillow Lavas. Ore reserves (non-compliant) were estimated to be 4.5 million tonnes, of which 500,000 tonnes was high-grade and cupreous and the remainder was low-grade and non-cupreous. The richer ore is concentrated along the northern margin of the deposit and carries small quantities of sphalerite. Zinc distribution is very erratic, but in some places is moderately rich.

The 'new' orebody was mined by underground methods and is probably Agrokipia B in Table 3. The resource estimates above differ markedly from the production figures suggesting that a significant volume of 'known resource' was not mined.



Figure 42 – Agrokippia A; open pit; partial infill to north of open pit (March 2018, Andrew Craig)

5.3.2 Kokkinopezoula Mine

HKP's Prospecting Permit Application AE4707 covers the immediate surroundings and potential southern strike extent of the Kokkinopezoula Mine. A very large open-cut mine was developed between 1953 and 1966 with almost 5.5 Mt of predominantly non-cupreous pyrite extracted (Table 3). The following descriptions are taken from Bear (1960):

The Kokkinopezoula Mine is hosted in Lower Pillow Lava near the contact with the Basal Group. There was a brilliantly coloured gossan (Figure 43) with abundant white silica, red haematite and yellow jarosite that contained appreciable gold and silver. Self-potential surveys in 1950 revealed an anomaly which led to the drilling of the pyrite deposit. The orebody formed an east-west lens pitching gently east with dimensions 330 m (1,000 feet) long, 115m (350 feet) wide and 100 m (300 feet) thick. The body extended to 150m (450 feet), but the upper 50 m (150 feet) was oxidised, whereas the footwall comprises propylitised lava.

A major north-trending fault divided the orebody with the eastern body containing 300,000 tonnes of cupreous pyrite and the western side much larger, but non-cupreous. Total ore reserves (non-compliant) are about 3 million tonnes. Initially the deposit was mined underground, but then the entire deposit was excavated in a large open-cut mine.



Figure 43 – Kokkinopezoula; view SW from tailings; gossan preserved along northern side of the mine (see inset). The mine and waste dumps are not within HKP's tenure (March 2018, Andrew Craig)

5.3.3 Memi Mine

AE4702 contains the flooded Memi Mine, the old waste dumps and approximately 3 km of strike along the host fault. HKP has not searched the CGS archive for material related to Memi, but the archive material is likely to be extensive. The following descriptions are taken from Bear (1960).

In 1952, detailed geophysical prospecting discovered the Memi orebody. Twenty-six (26) holes for 883 m (2,650 feet) were drilled to define 3 million tonnes of medium-grade non-cupreous ore. Beneficiation was expected to produce 2 million tonnes averaging 48% S.

The Memi orebody is hosted in an east-northeast shear zone near the Lower Pillow Lavas and Basal Group contact. The orebody was a steeply inclined pipe-like body pitching in the direction of shearing and extended to 210 metres depth.

Final production figures at Memi show >2 Mt at 26% S were produced (Table 3). No copper, gold or zinc values are mentioned in the report.



Figure 44 – Memi Mine; A – view SW; B – view NE, noting extensive waste dumps (March 2018, Andrew Craig)

5.3.4 Kokkinoyia Mine

The Kokkinoyia Mine is just outside HKP's Prospecting Permit Application AE4707, but the prospect of strike extensions into the Troodos North Project is a reasonable exploration hypothesis. Underground production of 481,008 t at 2.0% Cu is documented at the Kokkinoyia Mine from 1973 to 1979 (Table 3). The following descriptions are taken Bear (1960), before Kokkinoyia was mined.

The prospect is half a mile northwest of the Kokkinopezoula Mine in Upper Pillow Lavas. There is a large gossan with abundant jarosite, silica and haematite, and a nearby large slag dump indicate considerable ancient mining. The gossan was exploited for gold and silver before 1940. A small volume of pyrite-rich ore was mined between 1954-55.

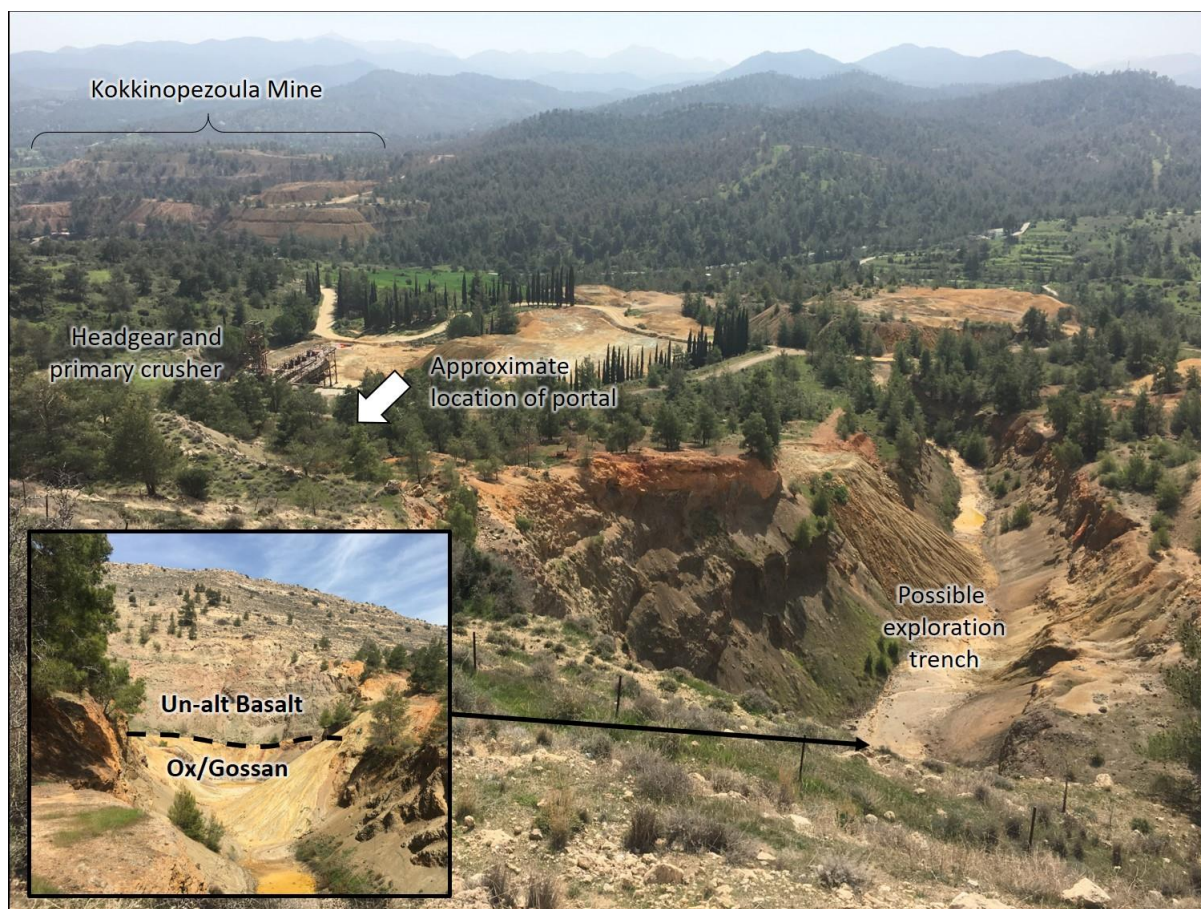


Figure 45 – Kokkinoyia; view south from rear of mine area; old mine infrastructure, portal location and major exploration or development trench, Northern end of trench (see inset) shows sharp contact between oxidised/alterated gossan and un-altered basalt pillows, potentially acting as a cap to the mineralising system. NB HKP's Prospecting Permit Application AE4707 covers ground immediately west and south of trench (March 2018, Andrew Craig)

5.3.5 Other Prospects

Two other prospects described by Bear (1960) also fall within HKP's Prospecting Permit Applications in the Troodos North Project:

- **South Agrokipia** – a gossan in Lower Pillow Lava about 1.8 km south of Agrokipia. There has been superficial exploration with shallow pits and trenches but no results of merit.
- **South Kokkinopezoula** – immediately south of the Kokkinopezoula Mine there are three northwest-trending areas with localised jarosite, haematite and silica. The two largest areas are approximately 16 m to 33 m wide and 200 m long. Shallow trenching was unsuccessful in defining mineralisation of note. This prospect is within HKP's Prospecting Permit Application AE4706.

5.4 Production History – Troodos East Project

Historical production at Anglesidhes was in the 1930s when 9,836 t of cuprous pyrite with 5.98% Cu and 1,336 t with 24.5 g/t Au and 86.4 g/t Ag were removed (Northern Lion, 2011c). The nearest recorded ancient slag is more than 3.5 km north of the known Anglesidhes prospect. HKP has reviewed only a few archival documents for Anglesidhes, though it is expected that there is more information available.

Northern Lion (2010b) reported several surface samples from the Anglesidhes Prospect that returned high-grade gold, including a single grab samples with 50.1 g/t Au. Their report also notes that the Geological Survey of Cyprus drilled a hole at Anglesidhes in 1970 that returned 15.3 m @ 2.3% Cu. The CGS did not assay for gold, but in 1977 Noranda Exploration (Cyprus) Ltd sampled part of this hole and returned 1.44% Cu and 4.4 g/t Au. HKP has not yet found archival evidence of these works (Figure 46).

In 2011, Northern Lion drilled six diamond holes at the main Anglesidhes prospect targeting their gold-bearing surface samples and a strong IP resistivity anomaly they had delineated. This drilling returned only modest results (Table 7). Unfortunately, Northern Lion provide no location details for these collars in their public reports.



Figure 46 – Anglesidhes prospect; A – view south across farmland, towards Anglesidhes; B – view north towards the Stavrovouni Monastery (March 2018, Andrew Craig)

Table 7 – Significant assay results from Northern Lion’s Anglesidhes diamond drilling (2011c)

Hole#	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Zn %
11AN01	0	8.1	8.1	0.4	3.0	0.36	0.26
incl	2.6	9.8	7.2	0.39	3.0	0.47	0.19
11AN02	0	33.8	33.8	0.37	2.3	0.33	0.16
incl	0	12.6	12.6	0.50	3.7	0.55	0.34
11AS03	2.5	33.4	30.9	0.34	37.0	0.35	0.02
incl	2.5	20.1	17.6	0.49	65.1	0.47	0.03
incl	4.4	6.8	2.4	0.54	448	0.61	0.03

To follow up these diamond drill results and some soil and surface rock anomalies, seven vertical rotary holes for 272.4 m (average depth of 38.9 m) were then drilled (Northern Lion, 2011c; Table 8). Holes ANRD11-02, ANRD11-03 and ANRD-05 were drilled along a 65 m east-west line with the westernmost hole (ANRD11-03) at the eastern edge of the Anglesidhes showing. All these holes finished in gold mineralisation with their last samples returning 0.14, 0.33 and 0.16 g/t Au, respectively. The mineralised zone was interpreted to be near-surface and flat-lying. It is unclear why the rotary drilling returned better results than the diamond drilling, but it may be due to loss of poorly consolidated sulphide mineralisation during diamond drilling. Northern Lion provide no location details for these collars in their public reports.

Table 8 – Significant assay results from Northern Lion's Anglesidhes rotary drilling (2011c)

Hole#	Max Depth (m)	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Zn %
ANRD11-01	-	12.19	18.29	6.10	1.03	4.5	0.43	0.54
ANRD11-02	38.10	12.19	27.43	15.24	1.05	4.32	1.1	0.59
ANRD11-03	30.48	3.05	15.24	12.19	2.45	9.08	1.77	0.29
incl	-	3.05	6.10	3.05	7.35	25.0	4.65	0.53
ANRD11-05	45.72	24.38	27.43	3.05	2.48	6.1	2.58	1.16

Four more rotary drill holes were completed later in 2011 with the near-surface, flat-lying body confirmed and noted to be 15 m thick and covering an area of 125 m by 35 m (Northern Lion, 2011d). The mineralisation remains open to the east, west and south. Significant results were 21.4 m at 0.29 g/t Au from 15.2 m and 6.1 m at 0.84 g/t Au from 27.4 m, but no further details are provided.

No further work is reported at Anglesidhes by Northern Lion (2014) and their Prospecting Permits were not renewed.

5.5 Observations

- There is a long and well documented history of mining in Cyprus dating back several thousand years.
- Large amounts of data exist on exploration, development and mining. The challenge will to locate such information and assimilate it into a coherent piece of work (database and GIS).
- Recent mining in the area of interest should aid Corporate Social Responsibility (CSR) matters with the local community understanding both the opportunity and the risk; albeit that addressing environmental concerns must be to the fore.
- The absence of systematic and well-funded exploration, utilising the best of current techniques and analysis, appears to be the reason for no development and mining progress in the area of interest.

6. GEOLOGICAL SETTING AND MINERALIZATION

6.1 Geology

The island of Cyprus is located in the eastern Mediterranean Sea along the southern margin of the Anatolian Tectonic Plate (Figure 47). The area of interest for mineral exploration is a geological feature known as the Troodos Ophiolite, which is a large fragment of ocean floor and associated underlying crust (collectively referred to as oceanic crust) that has been physically obducted to become emergent as the island of Cyprus.

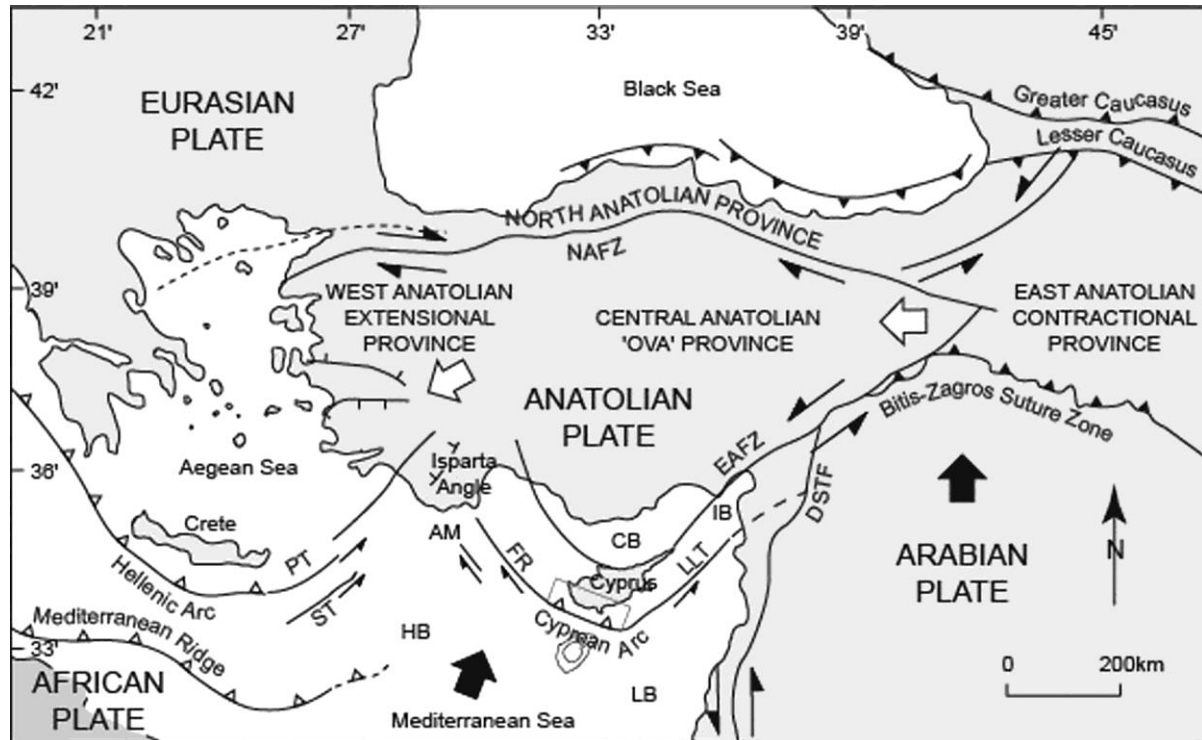


Figure 47 – Tectonic framework of the eastern Mediterranean. Closed arrowheads indicate areas of crustal contraction. Open arrowheads indicate subduction zones. Large arrows indicate the relative plate motions of Africa and Arabia relative to a fixed Eurasia (Kinnaird & Robertson, 2012)

Abbreviations: AdB, Adana Basin; AB, Antalya Basin; AM, Anaximander Mountains; CB, Cilicia Basin; DSFZ, Dead Sea Transform Fault Zone; FR, Florence Rise; HB, Herodotus Basin; EAFZ, East Anatolian Fault Zone; IB, Iskenderun Bay; LB, Levant Basin; LLT, Latakia–Larnaka–Tartus ridges; NAFZ, North Anatolian Fault Zone; PT, Pliny Trench; ST, Strabo Trench.

The Troodos Ophiolite is a fragment of seafloor which erupted in a marginal intra-arc basin above a north-dipping subduction zone in the Tethys Ocean about 92 Ma (Mukasa & Ludden, 1987; Figure 48). Volcanism stopped as the Troodos seafloor collided with the Anatolian Plate and the entire Troodos domain was rotated about 90° counter-clockwise (Moores & Vine, 1971). These rocks were subsequently overlain by various calcareous marine sediments. During the Middle Miocene (ca. 14 Ma) the Troodos Mountains started to rise due to serpentine diapirism, with uplift accelerating over the last million years (Robertson, 1977).

Today, the Troodos Ophiolite forms an anticlinal dome such that the deepest formed intrusive units (basal oceanic crust) are now the highest central hills, and the seafloor volcanic rocks and overlying sedimentary rocks are exposed around the flanks (Figure 48; Figure 49). There is evidence that the Troodos Ophiolite is still rising (Poole et al., 1990), with recent and historic earthquakes showing the area to be tectonically active (Section 4.1.5).

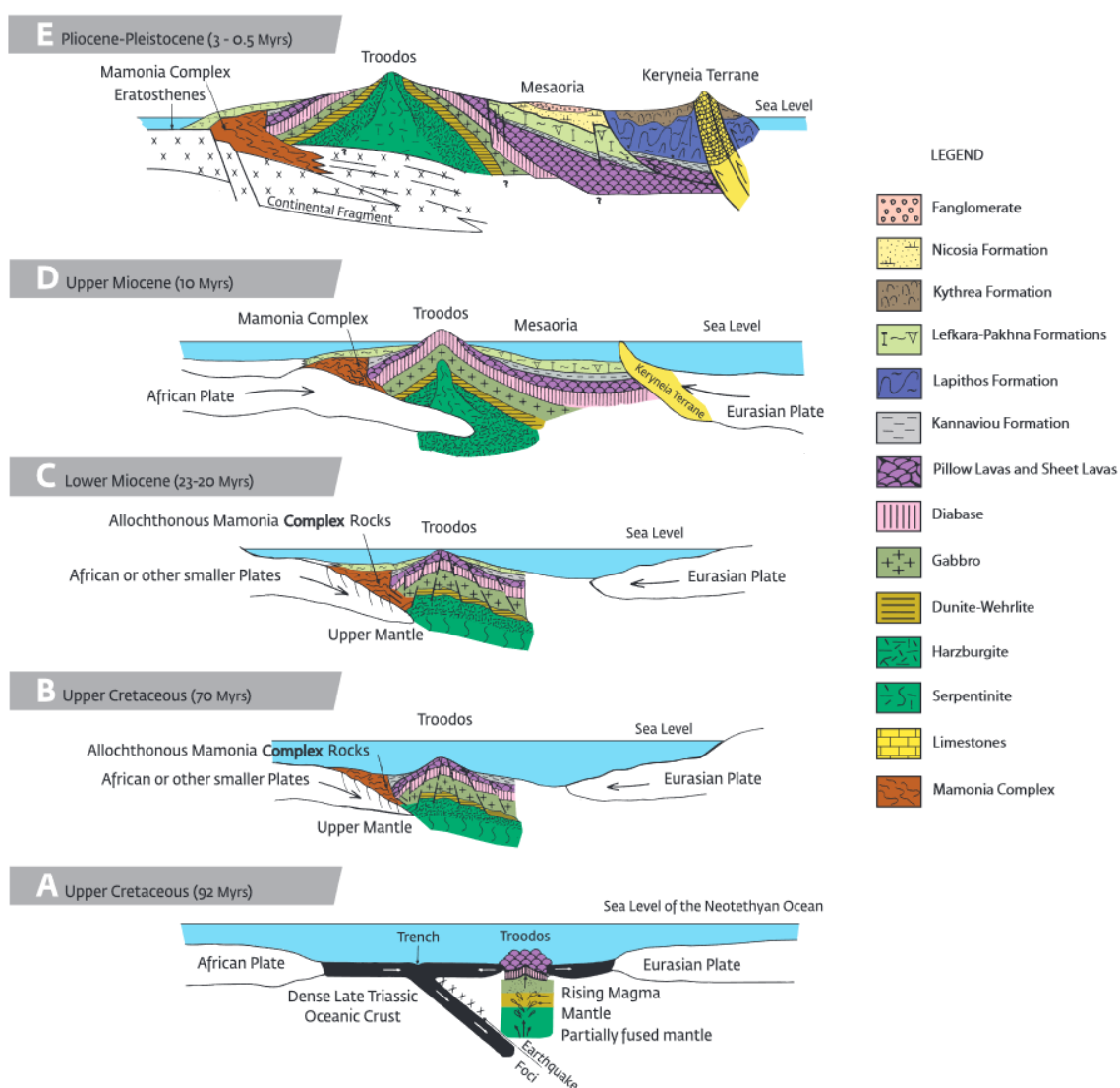


Figure 48 – Cross-sectional evolution of Cyprus geology (Geological Survey Department, 2017)

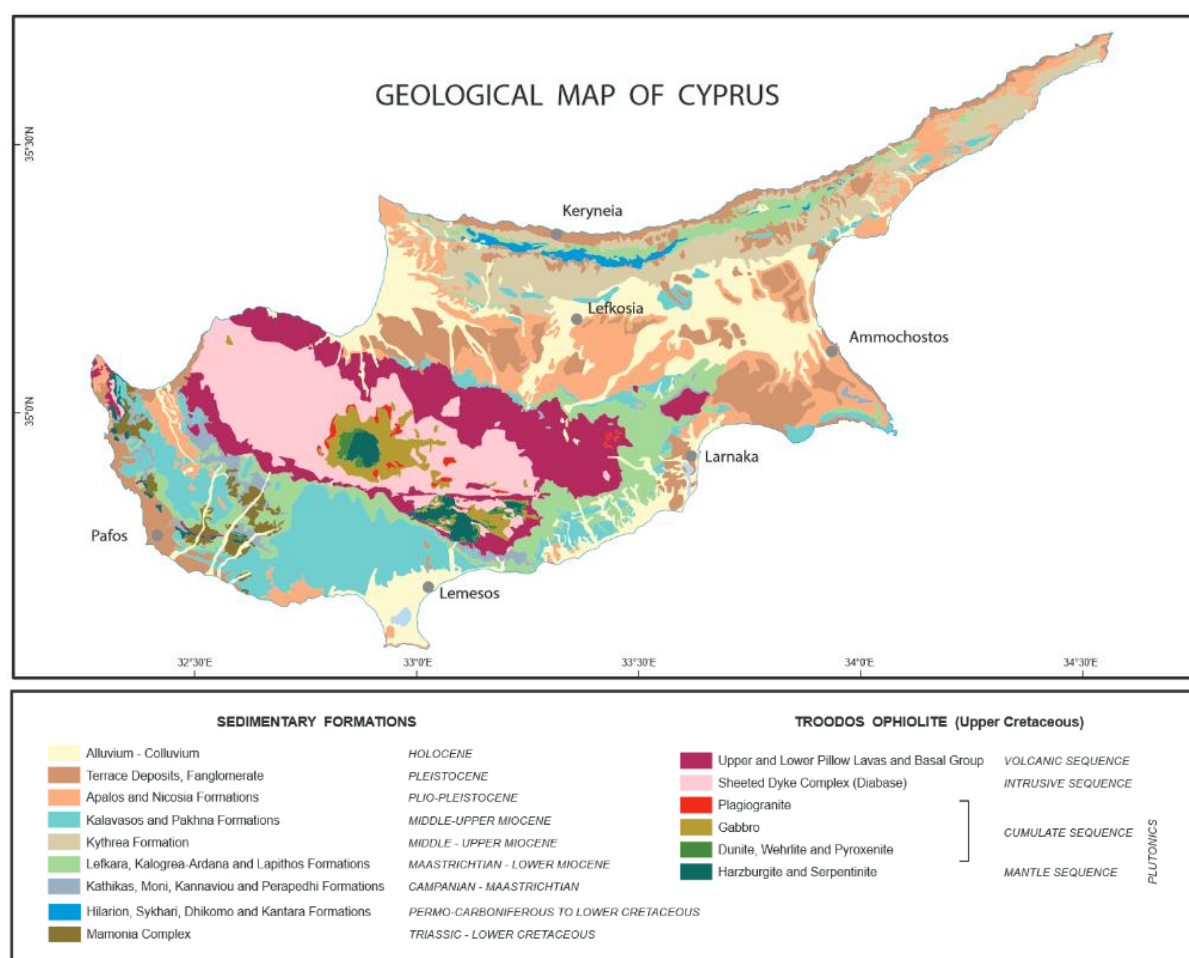


Figure 49 – Geological Map (Geological Survey Department, 2017)

Definitive lithostratigraphic zones within the extrusive part of the ophiolite sequence are identified for each volcanic cycle, in order from youngest to oldest, as:

- Cover Sequence Sedimentary Rocks:** Two discrete sedimentary sequences:
 - Recent (<3 Ma) coarse-grained alluvial sediments; and
 - Cretaceous to Miocene (<100 Ma) sedimentary sequence (<2 km thick) composed mainly of limestone, chalk and marl. This sequence conformably overlies the volcanic-intrusive ophiolite sequence.
- Extrusive Sequence Rocks (Volcanic):** Two discrete sequences of basaltic pillow lavas are identified:
 - Upper Pillow Lavas (UPL): 200-400 m thick, contains abundant olivine crystals and rare dykes. The top of the sequence is commonly marked by a thin (<20 m thick), Mn-rich chemical sediment known locally as “umber”; and
 - Lower Pillow Lavas (LPL): up to 500 m thick, lacks olivine and contains abundant dykes.

The UPL and LPL are also differentiated by their very distinct geochemical compositions, and both units contain thin, discontinuous sedimentary units within and between the volcanic units.
- The Sheeted Dyke Complex (Intrusive):** ca. 2 km thick, and chiefly composed (50 – 100%) of steeply dipping mafic dykes (each dyke ca. 0.5 to 1.0 m thick) which intrude either gabbro (lower part of unit) or basalt lava flows (upper part); and
- The Plutonic Complex:** Comprising a lower, ultramafic (Harzburgite) unit and an upper mafic (Gabbro) unit separated by an interlayered mafic/ultramafic unit. The lower unit represents the uppermost mantle, and the middle and upper units represent lower oceanic crust components. The thickness of the overall unit is estimated to be at least 5 km. Minor, more evolved (e.g. plagiogranite) intrusive rocks are also recognised as part of this package.

The stratigraphic column for the Troodos Ophiolite with overlying sediments is shown in Figure 50. This figure also highlights those areas where VHMS mineralisation is most commonly found.

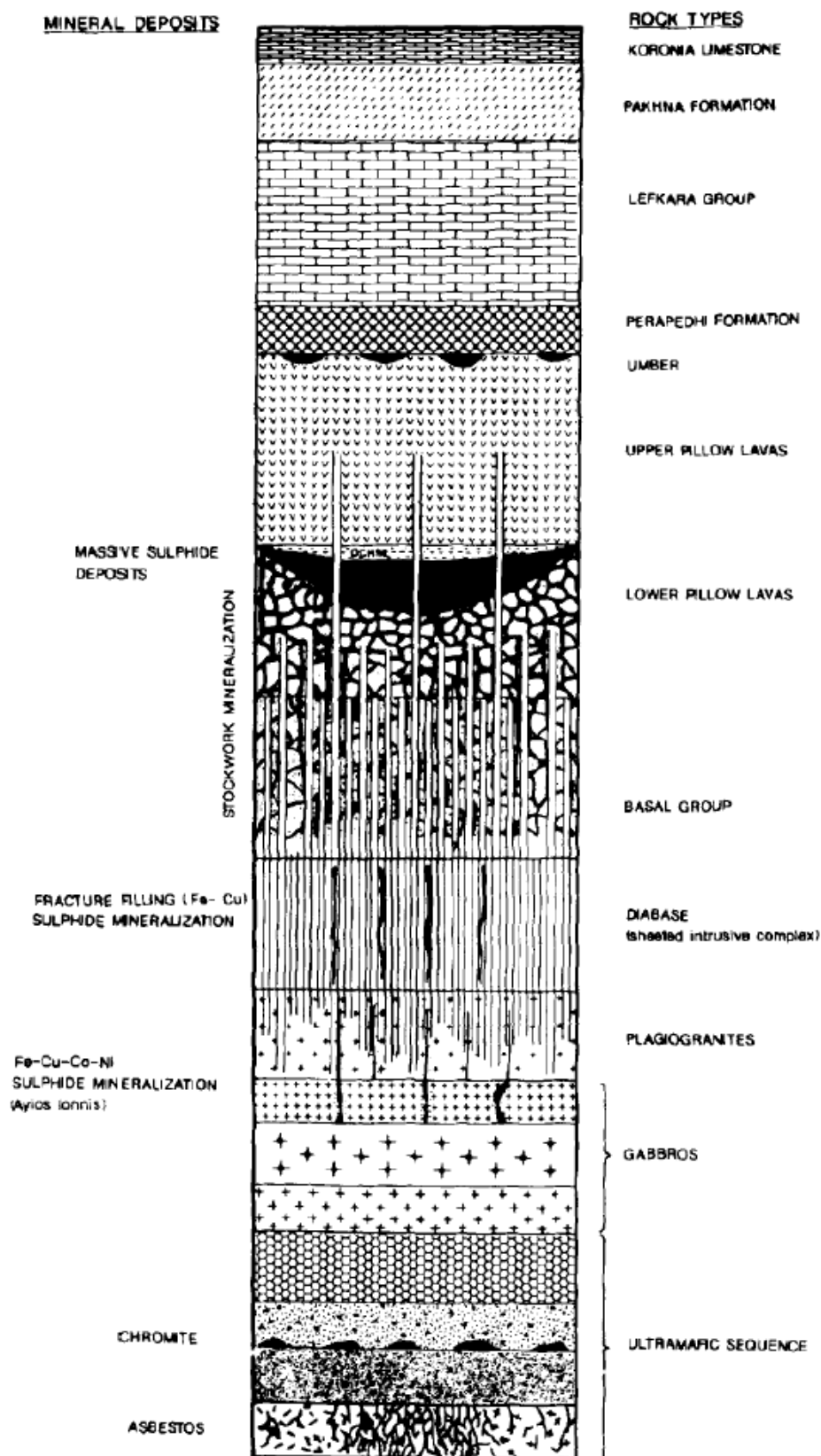


Figure 50 – Stratigraphic column displaying units within the Troodos ophiolite and overlying sediments (Constantinou, 1980)

6.2 Mineralisation

Cyprus VHMS deposits are composed of pyrite with varying contents of chalcopyrite and sphalerite, with rare galena (Bear, 1963). Marcasite, pyrrhotite, rutile, gold and silver are also present, with silver strongly associated with chalcopyrite. Clay and silica form primary alteration haloes around the deposits. Many of the deposits have been weathered with copper oxides, chalcocite, covellite, bornite, digenite, vallerite, tenorite, as well as jarosite, magnetite and hematite as the main secondary minerals (Pantazis, 1979).

Constantinou and Govett (1973) define three different types of sulphide ore within Cyprus VHMS orebodies. Zones A, B and C are defined according to the style of pyrite mineralisation and amount of contained sulphur. Most ore bodies comprise Zone A mineralisation with either Zone B or Zone C making up the remainder of the ore-body. Rarely are all three zones present.

- **Zone A** forms in the upper part of the VHMS deposits and is massive with >40% S. It commonly comprises two sub-types: conglomeratic ore and underlying compact ore. The conglomeratic ore occurs in fragmented zones with pillow shaped or spheroidal blocks of pyrite in a sugary, friable matrix dominated by pyrite. The size and proportion of sulphide blocks increases downward, and the underlying compact ore is much less porous than the overlying conglomeratic ore, containing large blocks of pyrite often coated with chalcopyrite, with covellite forming along fractures.
- **Zone B** underlies Zone A and is a pyrite-quartz zone grading from 40% S at the top, to 30% S at the base. Cu values are typically 1-2%.
- **Zone C** is the stockwork zone, and underlies Zones A, and B if present. The stockwork zone contains <30% S, and contains vein hosted as well as disseminated pyrite.

The mineralogy and chemistry of the massive sulphide bodies varies between localities. Some contain up to 4.5% Cu, and were previously mined for Cu. Others were mined historically for S and Fe, or occasionally their gossans for precious metals. All, however, possess some or all of the common features described above (Parvaz, 2014).

VHMS deposits and occurrences in Cyprus are likely to be associated with gossans and other useful exploration vectors such as gossans, exhalites, limonite and ochre.

- **Gossan** is a red-brown Fe-oxide-rich zone (essentially rust) containing residual materials from the weathering or supergene alteration of sulphide material, remnants of which may or may not be present at depth. Some features of the original sulphide may be preserved in the gossan but more commonly the process is highly destructive. The most common minerals in gossans are goethite and hematite, along with jarosite, limonite and silica. Some gossans may also contain magnetite as a supergene mineral (Blain and Andrew, 1977). During gossan formation, large amounts of iron are fixed above the water table as goethite or hematite. Other metals can be leached by groundwaters and may be precipitated nearby, variably as oxides, carbonates and sulphates (Parvaz, 2014). Gossans may be in-situ or transported.
- **Exhalite** formation commonly represents the distal facies equivalent of a massive sulphide orebody. The most intimately associated exhalites with VHMS deposits are umbers which are Fe-Mn-rich sediments which precipitate from hydrothermal plumes above black smoker vent fields (Boyle, 1990) or through precipitation from off-axis thermal springs (Robertson and Fleet, 1976). They are commonly brown to black, very fine grained, microscopically porous and composed of iron and manganese oxides (Boyle and Robertson, 1984). They vary from massive to finely laminated.
- **Limonite** is a general term for mixtures of amorphous iron oxides, finely crystalline goethite with minor silica, hematite, jarosite, lepidocrocite, or manganese oxides in various proportions (Blain et al., 1977).
- **Ochre** is defined by Parvaz (2014) as a bright red, Fe-rich, finely bedded sediment intimately associated with massive sulphide deposits. Ochre mineralogy is dominated by goethite, jarosite, quartz, along with amorphous Fe oxides and traces of hematite and gypsum (Herzig et al., 1991).

The presence and concentration of secondary copper sulphides are also indicative of the proximity of primary VHMS mineralisation, albeit their distribution will depend on local topography, the nature and juxtaposition of different lithologies and structures, and the hydrological regime (Parvaz, 2014).

Detailed production and grade information on specific deposits is outlined on a site-by-site basis in the sub-sections of Section 5.

Further detail on the VHMS deposit type is presented in Section 7.

7. DEPOSIT TYPES

Modern seafloor volcanic centres are also areas of intense hydrothermal activity, which can deposit massive sulphide accumulations, commonly referred to as Volcanic-Hosted Massive Sulphide (VHMS) deposits. Ancient forms of these deposits are the exploration targets in Cyprus. The basic ore-forming processes of VHMS deposits are well understood – broadly coincident with magmatism, seawater is drawn down into the oceanic crust where it becomes progressively hotter and richer in metals and sulphur. This now ‘pregnant’ hydrothermal fluid then rises back towards the seafloor with the metal-sulphur either depositing along the way or erupting onto the seafloor itself as “black smokers”. The richest deposits are those that erupt onto the seafloor. The size and grade of a VHMS deposit is primarily controlled by the size and persistence of the hydrothermal system. The location of VHMS deposits is controlled by the available pathways for the hydrothermal fluid, i.e. faults and fractures, with particular relevance given to the main faults which control volcanic rifting. Given the dynamic nature of seafloor volcanic domains the VHMS deposits are typically buried by subsequent volcanic eruptions.

Koski et al., (2012) provide the following brief description of VHMS:

VHMS deposits are stratabound concentrations of sulphide minerals precipitated from hydrothermal fluids in extensional seafloor environments. The term volcanogenic implies a genetic link between mineralization and volcanic activity, but siliciclastic rocks dominate the stratigraphic assemblage in some settings. The principal tectonic settings for VHMS deposits include mid-oceanic ridges, volcanic arcs (intra-oceanic and continental margin), back-arc basins, rifted continental margins, and pull-apart basins (Figure 51).

The composition of volcanic rocks hosting individual sulphide deposits range from felsic to mafic, but bimodal mixtures are not uncommon. The volcanic strata consist of massive and pillow lavas, sheet flows, hyaloclastites, lava breccias, pyroclastic deposits, and volcanoclastic sediment.

Deposits range in age from Early Archean (3.55 Ga) to Holocene; deposits are currently forming at numerous localities in modern oceanic settings (Figure 52). Deposits are characterized by abundant Fe sulphides (pyrite or pyrrhotite) and variable but subordinate amounts of chalcopyrite and sphalerite; bornite, tetrahedrite, galena, barite, and other mineral phases are concentrated in some deposits. Massive sulphide bodies typically have lensoidal or sheet-like forms. Many, but not all, deposits overlie discordant sulphide-bearing vein systems (stringer or stockwork zones) that represent fluid flow conduits below the seafloor. Pervasive alteration zones characterized by secondary quartz and phyllosilicate minerals also reflect hydrothermal circulation through footwall volcanic rocks. A zonation of metals within the massive sulphide body from Fe+Cu at the base to Zn+Fe±Pb±Ba at the top and margins characterizes many deposits. Other features spatially associated with VHMS deposits are exhalative (chemical) sedimentary rocks, subvolcanic intrusions, and semi-conformable alteration zones.

The basic ore-forming processes of these hydrothermal systems are well understood, and research indicates that sulphides can also be deposited in the intrusive units beneath the volcanic rocks, associated with sheeted dike and ultramafic complexes.

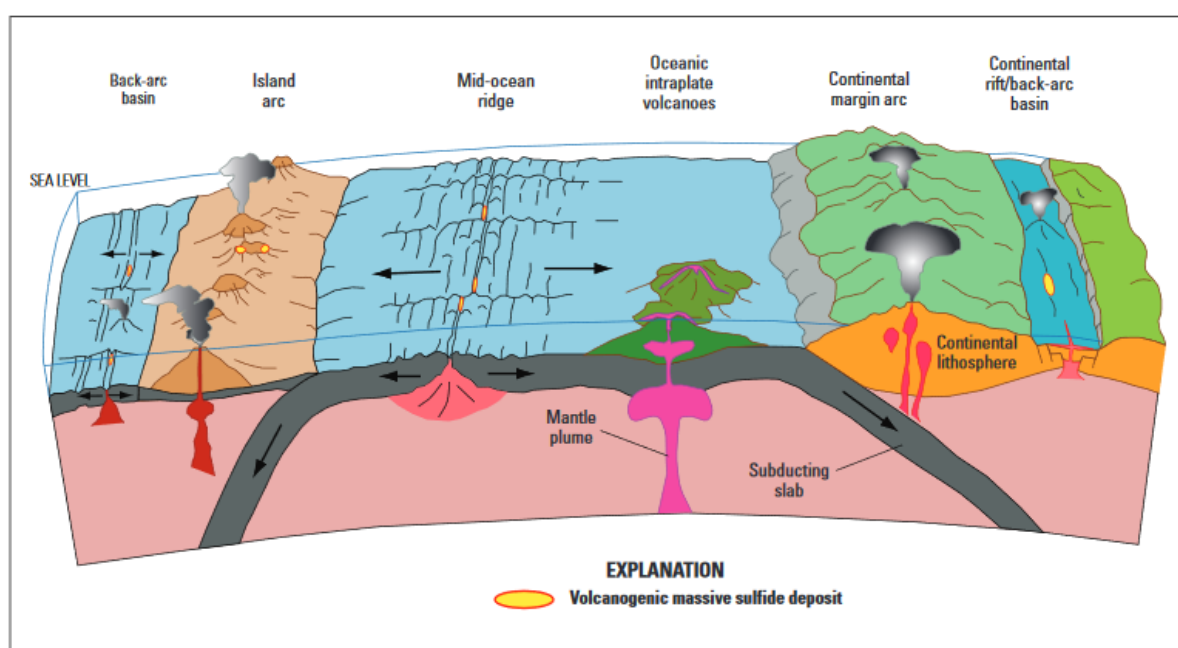


Figure 51 – VHMS tectonic settings (Schulz, 2012)

Koski et al. (2012) define 5 categories of VHMS deposits based on inferred tectonic setting and lithological association (Table 9). The mafic-ultramafic type is deemed to be analogous to Cox and Singer's (1986) defined 'Cyprus Type' with the currently producing Skouriotissa deposit being the archetypal example.

Table 9 – Examples of VHMS deposit types with lithological associations, inferred tectonic settings, and possible modern seafloor analogues (Koski et al., 2012)

Type*	Lithological associations	Inferred tectonic settings	Possible modern analogues	Deposit examples
Siliciclastic-felsic (Kuroko)	Felsic volcanoclastic rocks and high-level intrusions	Mature epicontinental margin arc and back arc	-	Rio Tinto (Spain); Brunswick 12 (Canada); Stekenjokk (Sweden); Delta (USA); Bonnifield (USA)
Bimodal-felsic	Felsic volcanics and terrigenous sedimentary rocks	Rifted continental margin arc and back arc	Okinawa Trough; Woodlark Basin; Manus Basin	Hanaoka (Japan); Eskay Creek (Canada); Rosebery (Australia); Tambo Grande (Peru); Arctic (USA); Jerome (USA)
Bimodal-mafic	Mafic volcanics with up to 25% felsic volcanics	Rifted immature intra-oceanic arc	Kermadec Arc; Izu-Bonin Arc; Mariana Arc	Horne (Canada); Komsomolskoye (Russia); Bald Mountain (USA); Crandon (USA)
Siliciclastic-mafic (Besshi Type)	Basalt lavas and sills associated with pelitic sediments	Rifted continental margin; sedimented oceanic ridge or back arc; intracontinental rift	Guaymas Basin; Escanaba Trough; Middle Valley; Red Sea	Windy Craggy (Canada); Besshi (Japan); Ducktown (USA); Gossan Lead (USA); Beatson (USA)
Mafic-ultramafic (Cyprus Type)	Ophiolitic sequences	Intra-oceanic back-arc or fore-arc basin; oceanic ridge	Lau Basin; North Fiji Basin; Trans-Atlantic Geothermal (TAG) field; Rainbow vent field	Skouriotissa (Cyprus); Lasail (Oman); Lokken (Norway); Betts Cove (Canada); Bou Azzer (Morocco); Turner-Albright (USA)

* Annotated names in brackets are from Cox and Singer, 1986.

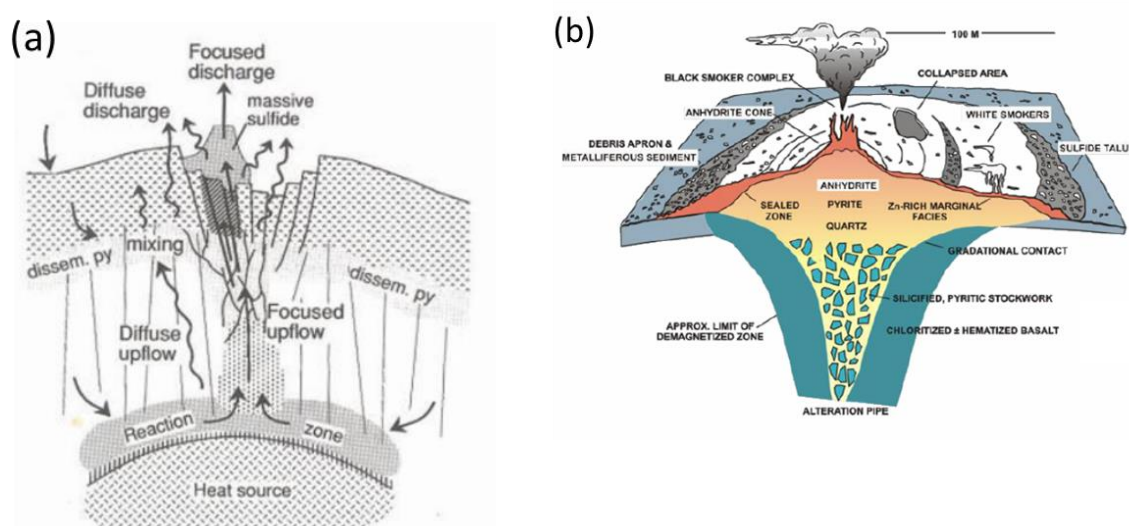


Figure 52 – (a) Schematic section through the ocean floor below a hydrothermal vent (Alt, 1995). Mineralisation occurs along and proximal to extensional faults and as lenses on the sea floor. Diffuse discharge results from shallow mixing of upwelling fluid and seawater at the margins of focussed up-flow zones. (b) Schematic of a typical sea floor massive sulphide lens (Hannington et al., 1995)

Figure 53(a) shows a schematic cross-section through a typical ophiolite sequence, and Figure 53(b) presents the distribution of various mineralisation styles expected within that lithostratigraphic sequence. Mineralisation may also develop during uplift and deformation of oceanic crust to form the ophiolite fragment.

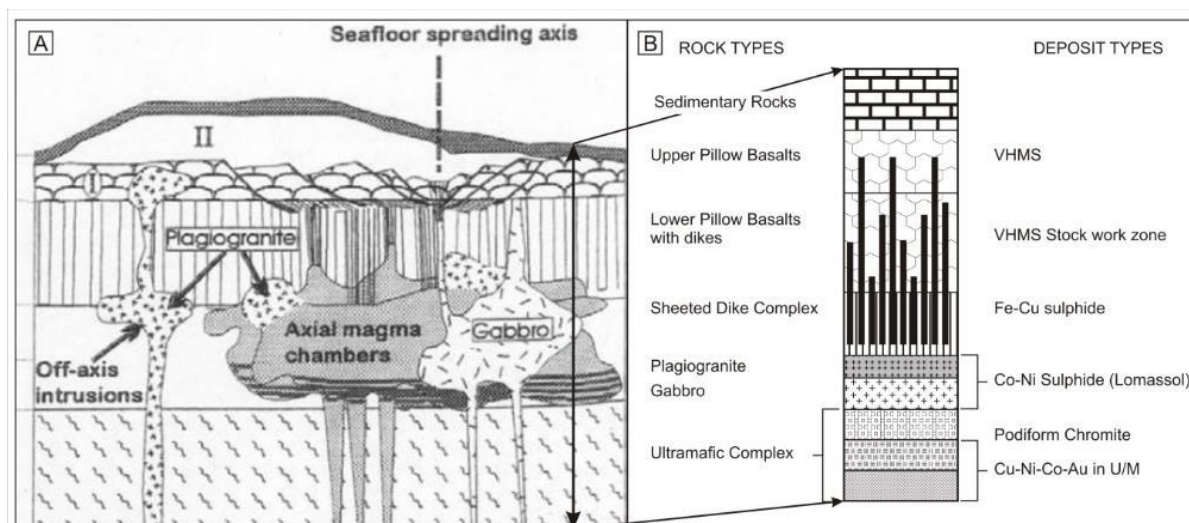


Figure 53 – (a) Schematic cross-section through a typical sea floor volcanic spreading centre, which is obducted to form an ophiolite (Constantinou and Govett, 1973); (b) Schematic cross-section through a typical ophiolite sequence, showing rock types and the location of different mineralisation styles within the stratigraphic sequence (Constantinou, 1980)

Globally, mineralisation with VHMS affinities host significant base metal deposits (Table 10). A sub-set of the VHMS classified deposits are the “Cyprus-Style” deposits (which are associated with seafloor spreading and ophiolite/ocean-floor stratigraphy and structure). Academic literature indicates that the Troodos Ophiolite hosts base metal deposits of a similar size to those identified in VHMS settings globally (Constantinou, 1980). Specific to “Cyprus-style” VHMS systems is a structural control along one or both margins (Figure 54), as well as a mantling of the deposit by a broader zone of characteristic alteration that decreases away from the deposit (Franklin et al., 1981). The alteration is dominated by chlorite, quartz, pyrite and epidote, and silicification is commonly sufficiently intense in the stockwork zone to be detected as a resistivity anomaly in geophysical data (Galley and Koski, 1999).

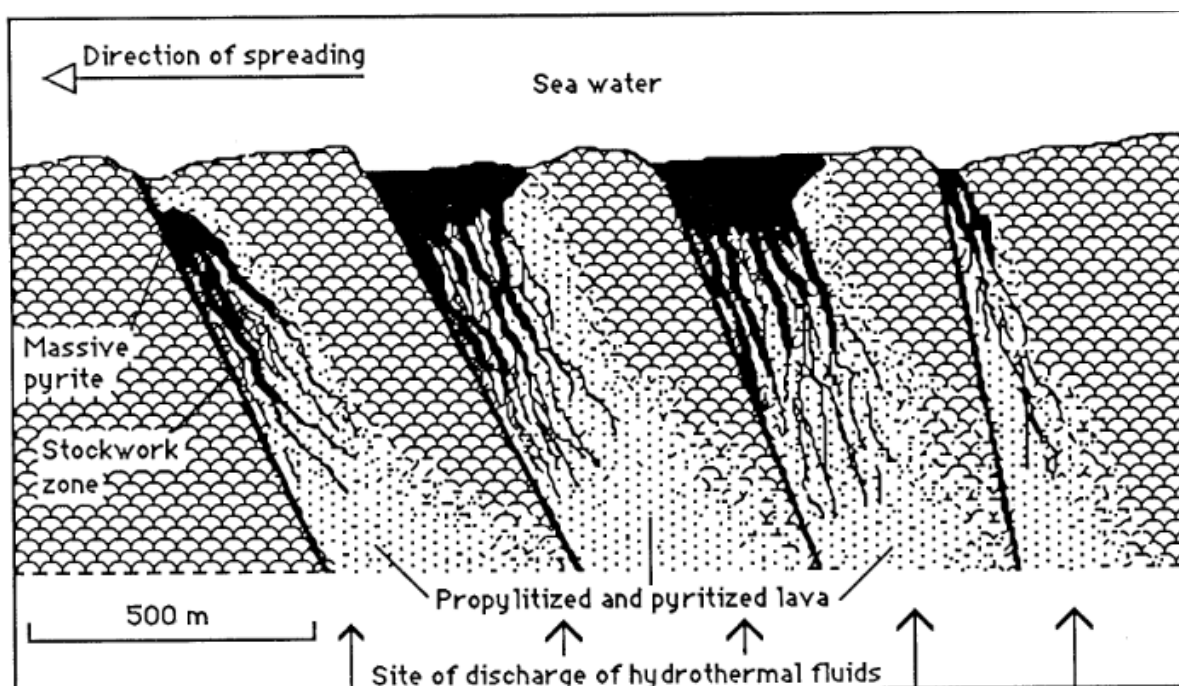


Figure 54 – Cross section through the Kalavassos District, Cyprus, showing relationship of VHMS deposits to faults and alteration zones. Section is drawn normal to the spreading axis and represents a time period prior to the deposition of a thick sequence of pillow lavas and sedimentary rocks (Singer, 1986)

Table 10 – Metal content and distribution of VHMS deposits globally (Large, 1992)

Area	Metal Association	Number of Deposits	Average Grade and Tonnage					
			Cu (%)	Zn (%)	Pb (%)	Ag (ppm)	Au (ppm)	Mt
Abitibi Belt, Canada	Cu-Zn	52	1.47	3.43	0.07	3.19	0.8	9.2
Norwegian Caledonides	Cu-Zn	38	1.41	1.53	0.05	-	-	3.5
Bathurst, N.B., Canada	Zn-Pb-Cu	29	0.56	5.43	2.17	62.0	0.50	8.7
Green Tuff Belt, Japan	Zn-Pb-Cu	25	1.63	3.86	0.92	95.1	0.90	5.8
Iberian Pyrite belt	Cu-Zn	85	0.80	2.00	0.70	26.0	0.50	20.8
Australian Palaeozoic	Cu-Zn	24	1.13	4.10	1.62	42.95	1.78	10.7



Figure 55 – Major worldwide VHMS deposits. 1) Iberian Pyrite Belt; 2) Troodos; 3) Urals; 4) Kuroko; 5) Big Stubby, Mons Cupri and Whim Creek; 6) Scuddles-Golden Grove; 7) Benambra-Woodlawn; 8) Mount Read; 9) Abitibi-Superior; 10) Windy-Craggy; 11) Northern Cordillera. Adapted from Barrie and Hannington (1999)

8. EXPLORATION

8.1 Introduction

HKP's 100%-owned portfolio of granted Prospecting Permits and Prospecting Permit applications in the Republic of Cyprus is focused on highly prospective geology with a well-documented history of base and precious metal production. There is a clear opportunity to leverage modern exploration and development strategies, knowledge and technology in this under-explored country with low risk jurisdiction. The prospectivity of Cyprus is demonstrated in its base metal production history (Table 3).

Thus far, HKP has only conducted orientation exploration in the Troodos West Project. Historic exploration and production data has been discussed in Section 5. The proposed exploration programmes in the following sections have been provided by the New Group to Rocklore for evaluation.

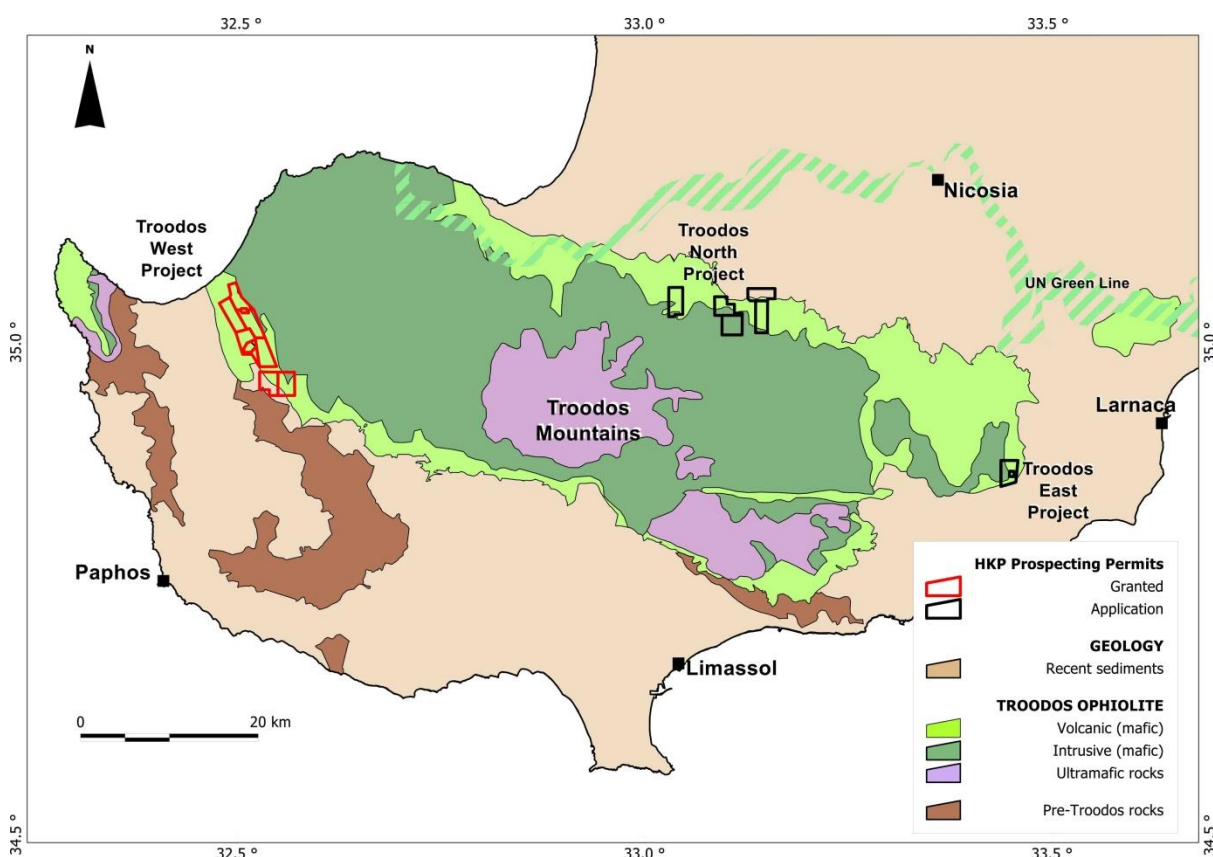


Figure 56 – Geological overview of Troodos mountains

8.2 Exploration Model

The massive pyrite deposits in Cyprus are hosted in the volcanic part of the Troodos Ophiolite and are classified as VHMS deposits (Section 7). The majority of these VHMS deposits are hosted either at the base of or within the Upper Pillowed Lavas, a specific volcanic unit erupting towards the end of each volcanic cycle (Section 6.1). The grade and size of the Cyprus deposits are variable, but in general, they have low to moderate abundances of copper (<2.5% Cu). Nevertheless, some deposits report much higher grades, such as at Mavrovouni, where >16 Mt was mined at ca. 4.5% Cu (Table 3).

HKP is targeting both the massive pyrite bodies that formed on the ancient sea-floor and the underlying stockwork systems that fed them. HKP selected areas in Cyprus based on two main criteria:

- Available ground, thus allowing HKP to have 100% control of the Prospecting Permits, and
- Obvious evidence of mineralisation, such as orphaned mines or known prospects within or nearby.

As such, there are numerous orphaned mines and known prospects within HKP's Granted Prospecting Permits and these will be the initial focus of exploration; extending from the known to the unknown as knowledge accumulates.

HKP will focus on identifying the most favourable positions within the volcanic units to host VHMS deposits. In particular, the proximity to primary fault systems is considered important to form large VHMS systems. Another important consideration for targeting the mineralisation is unravelling the post-volcanic deformation (rotation and tilting).

Combining the information from preceding Sections 5 to 7 some basic exploration constraints for VHMS exploration in Cyprus can be highlighted:

- The largest and highest-grade deposits will be in volcanic rocks.
- The massive pyrite bodies are likely to be buried by later volcanic eruptions, so understanding the local eruption-hydrothermal cycle will constrain favourable stratigraphic intervals.
- Chemical sediments (umber, ochre) are direct proxies for hydrothermal eruption but are deposited distal to associated massive pyrite bodies. They provide useful stratigraphic constraints.
- Ancient seafloor topography (e.g. rift valleys) would have greatly influenced the site of deposition and subsequent preservation of the massive pyrite bodies. It is critical to understand the rotation of fault blocks during sea-floor rifting.
- Alteration zones are expected in the footwall to massive pyrite bodies and may be prospective themselves.
- Larger alteration zones indicate larger, more persistent hydrothermal systems and should develop larger massive pyrite bodies.
- Identification of the primary rift faults is important given that Troodos was rotated ca. 90° counter-clockwise, such that the primary rift faults are now orientated north-south.
- Dolerite dyke intrusion should be broadly sub-parallel to the main rift faults.
- Later faulting has clearly shuffled the Troodos rocks such that deposits may have been translocated.

In short, the two critical factors to consider for successful VHMS exploration in Cyprus are:

- local stratigraphy, so that the most favourable stratigraphic time can be targeted; and
- fault relationships, so that primary rift faults can be identified, and later translocations can be reconstructed.

8.3 Exploration Work Completed by HKP

To date, the exploration work completed by HKP has been mostly limited to compilation and review of the archival material described in Section 5. Selected documents from the archive have been captured digitally and incorporated into a GIS. Other datasets, either commercially or publicly available, have also been incorporated into the GIS. Numerous orientation field trips were completed to confirm the information obtained from the archive and build on the geological understanding. Fifty-five rock-chip samples were collected from the Troodos West Project and assayed. The results are reported below.

8.3.1 Public Domain

The main data sources used thus far are the published maps and data produced by the Cyprus Geological Survey (CGS) and the open-file documents in the CGS archive (see Section 5). There are also relevant reports published in the academic literature. The CGS produced a Mineral Resources Map of Cyprus that shows the location of current and historic mining on a 1:250,000-scale geology map (Cyprus Geological Survey, 2007). Prior to 1970, the geology of most of the Troodos Mountains was mapped at 1-inch-to-2-mile (1:31,680-scale) to produce eight Memoirs, which include descriptions of the mines and known prospects. These maps cover the Troodos North and Troodos East Projects, but not the Troodos West Project.

Two published detailed geological maps cover the Troodos West Project:

- Northeastern corner of 1971 Polis-Paphos 1:50,000-scale map, and
- Eastern edge of 1992 Akamas-Polis 1:25,000 geological map.

These maps focus on the sedimentary units west and south of the Troodos West Project and add no geological detail to the area of interest to HKP. There are no memoirs or bulletins specific to the Troodos West Project.

The CGS maintains an archive of hard-copy historical exploration reports that are accessible with permission. Some of the archive is available as digital images. The archival documents comprise maps, sections and reports from historic mining and exploration, but may be missing critical details (e.g. drill collars shown on maps, but no drilling data). Nevertheless, there is still a lot of very useful data preserved. All recent exploration data must be submitted to the CGS annually and will become open-file three years after the Prospecting Permit expires. Rocklore did not inspect the CGS archive during the site visit but has been informed by Dr Green that the CGS archive contains abundant historical maps and reports relevant to the HKP Portfolio. A lot of the relevant archival material for the Troodos West Project has already been obtained by HKP but has not been completely validated or integrated into HKP's GIS.

8.3.2 Remotely Sensed Data

HKP has obtained Pleiades 50 cm satellite images over the Troodos West Project and will obtain similar over the Troodos North and Troodos East Projects.

Topographic contours currently used by HKP are from the Shuttle Radar Topography Mission (SRTM). These data are processed and have a nominal accuracy of one-arc second or ca. 30 metres.

8.3.3 Geophysics

The only geophysical compilations for Cyprus are very broad contour maps for gravity and total magnetics. The scale of these datasets is not useful for mineral exploration. There are local geophysical surveys within the archive and open-file data held by CGS, including some over the Troodos West Project.

8.4 Troodos West Project

In general, the Troodos West Project comprises large areas of basalts, which host the known VHMS deposits, adjacent to horst blocks of sheeted dykes. The contact between these two units is interpreted to be the preserved configuration from sea-floor rifting. These units are overlain by volcanogenic sediments (Kanniviou Formation), and these, in turn, are overlain by calcareous sandstone and siltstone (post-volcanic). Later sediments related to the recent emergence of the Troodos Mountains cover prospective rocks along the drainage, near the coast and south of Lysos. Sedimentary units make up half the Troodos West Project and cover the prospective volcanic units and potentially obscure massive sulphide occurrences. Localised and variable erosion of cover sequences throughout the area has resulted in windows into prospective sequences.

Within the Troodos West Project there appear to be two mineralised trends (Figure 57). The eastern trend is immediately west of the Kinousa Fault and includes the Kinousa and Uncle Charles mines, plus the North Magounda and Double Seven prospects. The Mavroyi prospect may be a southern expression of this trend. The Kinousa Fault is a major northwest-trending fault, sub-parallel to the dolerite dykes and juxtaposes the Basal Group (east) with higher parts of the volcanic stratigraphy (west). The Kinousa Fault is interpreted to be a rift-related fault marking the eastern side of a seafloor rift valley. If so, then immediately west of the Kinousa Fault is highly prospective for VHMS deposits.

The western mineralised trend includes the Limni and Evloimeni mines and the Vloueri and Ayia Saranta prospects and is sub-parallel to the Kinousa trend, but 2 km west and separated by a ridge of Basal Group. This suggests a parallel fault system to the Kinousa Fault with a small horst within the original sea-floor rift. The western trend is mostly covered further south.

The only exploration work completed by HKP has comprised rock-chip sampling. This is outlined in Section 8.4.1.

Proposed exploration for each site has been provided by the New Group and is outlined in the sub-sections below.

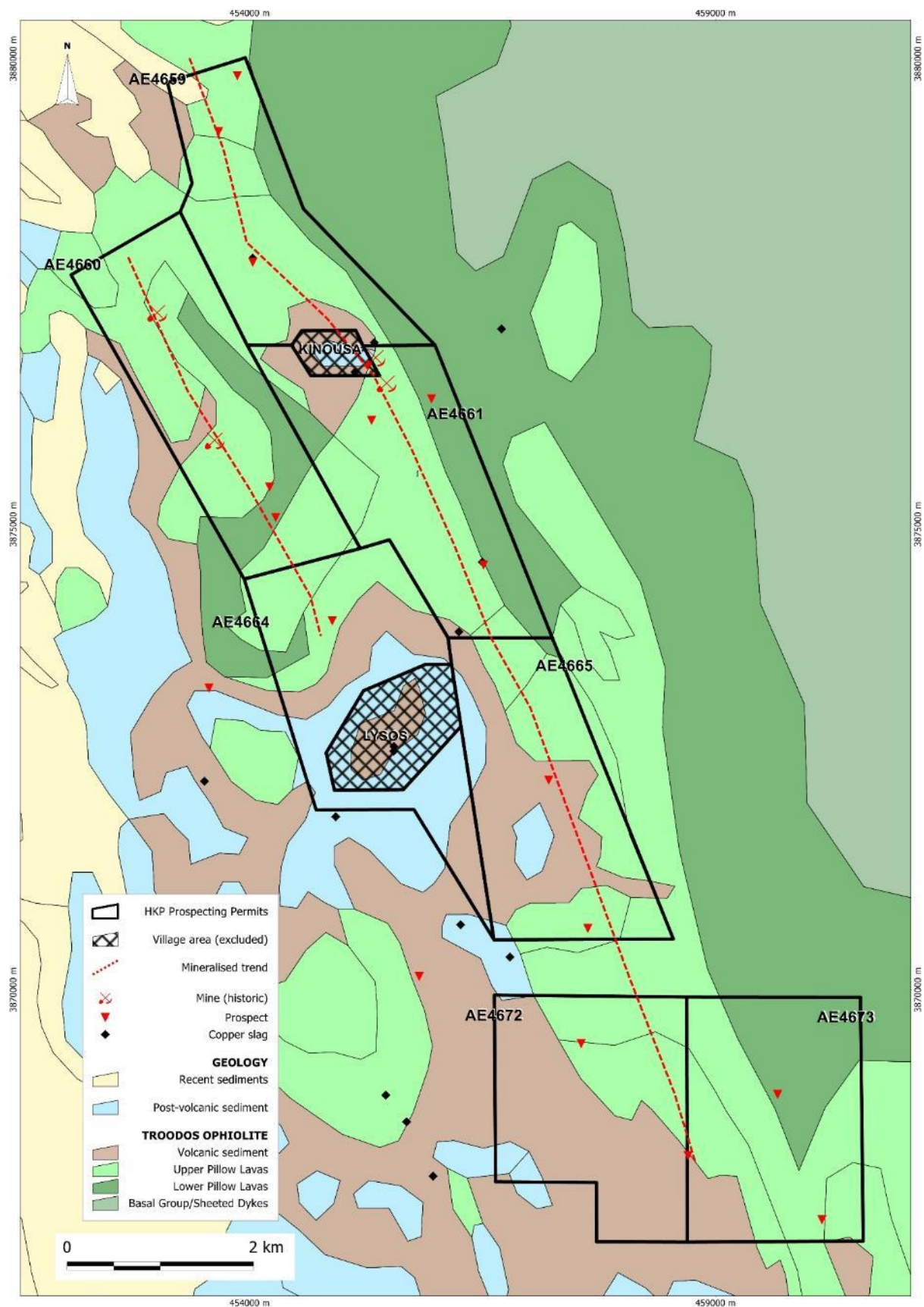


Figure 57 – Troodos West Project Geology

8.4.1 Troodos West Project Rock-chip Sampling

HKP collected fifty-five rock-chip samples from across all of HKP's Granted Prospecting Permits (Figure 58). The samples were collected during basic orientation field work and are not systematic. Many samples were from known prospects and mine dumps. Sixteen of these samples returned >1 g/t Au with a best value of 6.57 g/t Au from semi-massive pyrite-silica in the Evloimeni mine pit floor. Twenty-nine samples returned >1 g/t Ag; 19 samples returned >0.1% Cu (including three >1% Cu) and six returned >0.1% Zn. These reconnaissance samples highlight the Au-Cu-Ag-Zn potential of the Troodos West Project. Figure 59 shows elemental plots discriminating samples with abundant sulphides (>10%) from those without. Even though the results represent a wide variety of weathering intensities of various lithologies (e.g. bleached, oxidised basalt versus fresh dolerite dyke versus massive pyrite-silica) the results illustrate the following:

- Positive results are found throughout the Troodos West Project with >1 g/t Au results collected from sites more than 12.5 km apart and from prospects between.
- Gold shows a positive correlation with silver across all rock-types and weathering intensities. This is likely to be a primary feature of the VHMS system that has been preserved despite weathering.
- Gold, copper and zinc show no correlation, perhaps demonstrating that these metals originate from discrete zones within the primary VHMS system.
- Primary mineralisation (>10% sulphides) may contain high-grade Au-Ag.

Highlights of this sampling are provided in the relevant sections below.

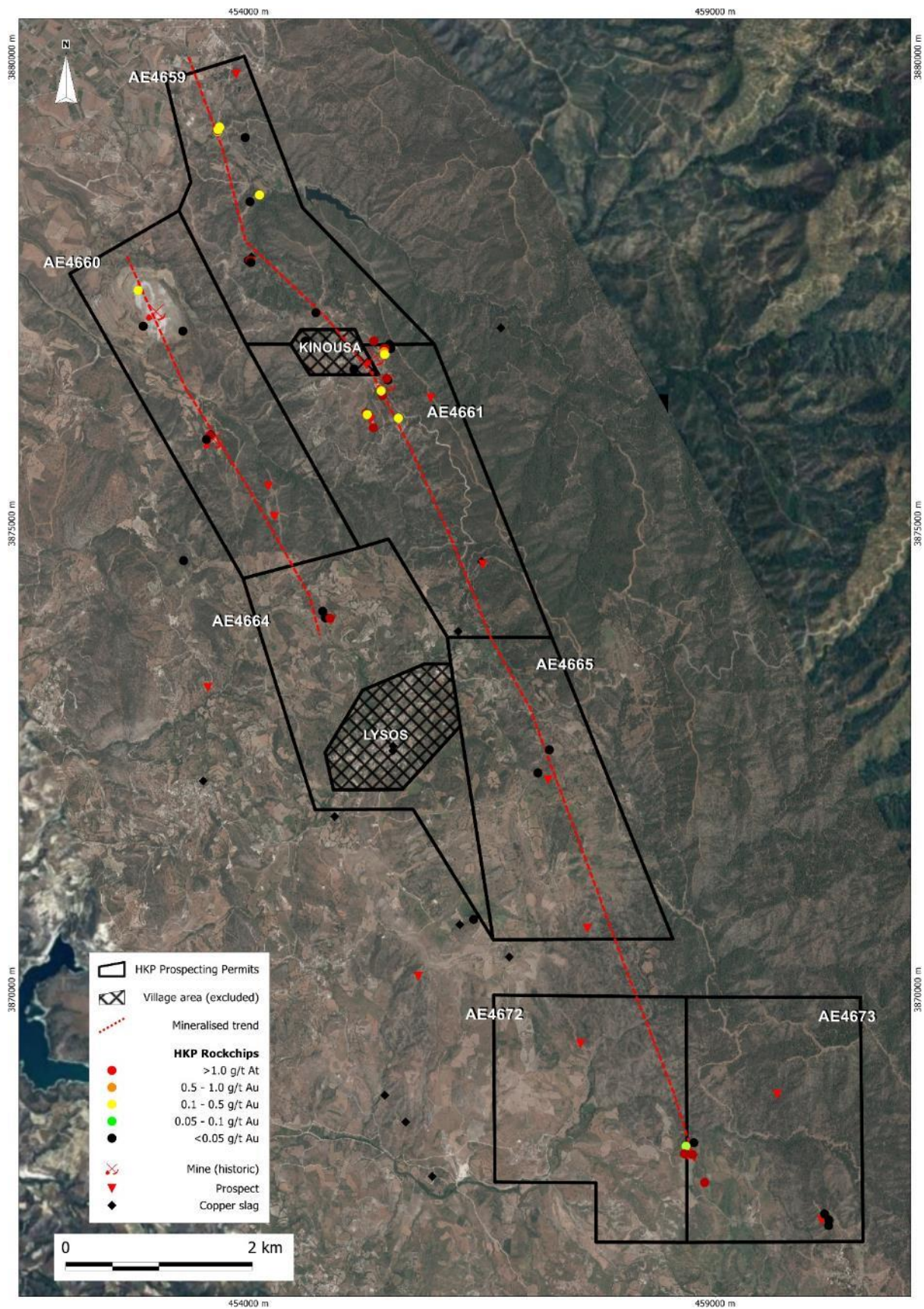


Figure 58 – Location and gold grade of rock-chip samples collected in 2017 by HKP in the Troodos West Project

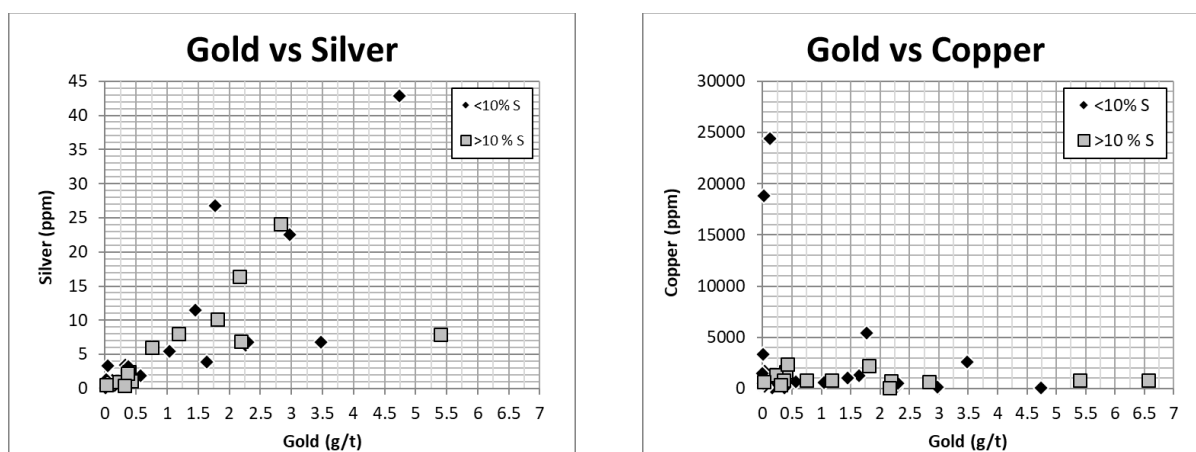


Figure 59 – Gold versus silver and gold versus copper for Troodos West Project rock-chip samples

8.4.2 Limni Mine

Exploration to Date

Three rock-chip samples of various in situ materials from the exposed walls of the mine returned anomalous Cu-Au results. Sample KIN17161 from the exposed red-yellow gossan on the west side of the pit returned >10% S and 363 ppm Cu. Sample KIN17162 from strongly Fe-oxidised silica-rich intra-pillow material on the north side of the pit returned >10% S with 0.31 g/t Au, 0.47 g/t Ag and 363 ppm Cu. HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Proposed Exploration

Given that the Limni mine has been backfilled, the potential to develop any down-dip extensions of the known orebody would be logistically (financially) and politically difficult. However, there is strong evidence that the back-filled material contains dissolvable copper as seen in the blue water in the stream draining the reclaimed mine and the blue sulpho-salts found in evaporated ponds on the floor of the reclaimed mine (Figure 60). HKP will explore whether a simple in situ leaching plant could remove sufficient copper to make a small, but profitable enterprise. Moreover, by controlling the movement of acidic, metal-rich water in the area the quality of both surface and ground water can be greatly improved. The exploration programme to test the in situ leaching potential would involve drilling some 100 m-deep holes across the current pit floor and chemically testing the drill material recovered and the water intersected.

There is also merit in collating the archival documents for the Limni pit area to see whether there is any evidence of mineralisation along strike or translocated by faulting. Understanding the gross geology of the deposit would be useful for targeting along the western mineralised trend.



Figure 60 – Limni Mine; (a) winter, seasonal drainage showing strong copper sulphate (January 2017, Dr Michael Green); (b) Sulpho-salts in the desiccated base of the Limni mine seasonal pool (October 2017, Andrew Craig)

8.4.3 Evloimeni Mine

Exploration to Date

Rock-chip sample KIN17115 of semi-massive pyrite + quartz from the base of the Evloimeni Mine returned 6.57 g/t Au, 42.1 g/t Ag, 789 ppm Cu and >10% S. The only other sample from the Evloimeni Mine was of bleached and altered basalt with 1-2% pyrite, but it returned low Cu-Au values. There is slag along the road adjacent to the Evloimeni Mine providing evidence that copper was historically exploited there.

HKP has not conducted systematic field exploration at the Evloimeni Mine. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Proposed Exploration

Given that the Evloimeni Mine was developed to the pre-stripping stage, then this area is a high priority to determine whether a near-surface Cu-Au resource can be defined and fast-tracked to development. Initial work will involve systematic geological mapping and sampling to better understand the distribution of Cu-Au and the massive sulphide body. A close-spaced shallow drilling programme, similar to grade control, may be sufficient to provide an initial 3D view. Deeper drilling will then be deployed to target projected depth extensions.

Systematic mapping and sampling will be extended along strike from the Evloimeni Mine to identify further priority areas. Ground geophysics, perhaps Induced Polarisation if local soil development is sufficient, will be deployed to explore the sub-surface.

A comprehensive review of all archival data will be undertaken in conjunction with this field work to assist with targeting.

8.4.4 Kinousa Mine

Exploration to Date

The Kinousa Mine is not exposed, but two massive pyrite samples (KIN17076A; KIN17076B) from the nearby waste dump returned high-grade gold and silver (Table 11). It is assumed that this material was from the underground Kinousa Mine. Immediately east of the Kinousa Mine and along the Kinousa Fault there is very strong bleaching and Fe-oxide staining. Four samples (KIN17064 to -068) collected over 60 m of strike of the Kinousa Fault returned elevated Au-Ag with some modest Cu-Zn, including 3.48 g/t Au, 6.75 g/t Ag and 2590 ppm Cu (2.6% Cu). Two samples (KIN17061; KIN17062) of weakly Fe-oxide-stained dolerite in the footwall returned weak results.

HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Table 11 – HKP Rockchip assays from Kinousa

Field ID	Rock Type	Au g/t	Ag g/t	Cu ppm	Zn ppm	S%
KIN17076A	Massive pyrite; dump	2.16	16.35	35	125	>10
KIN17076B	Massive pyrite; dump	2.83	24.1	628	1740	>10
KIN17061	Fe-oxide-stained dolerite	0.01	0.04	530	89	0.04
KIN17062	Fe-oxide-stained dolerite	0.01	0.30	122	22	0.09
KIN17064	Gossan; Kinousa Fault	3.48	6.75	2590	465	0.23
KIN17065	Gossan; Kinousa Fault	1.45	11.45	1050	580	6.16
KIN17067	Gossan; altered basalt; Kinousa Fault	0.57	1.88	673	1400	0.50
KIN17068	Fe-oxide-stained basalt	0.37	3.26	90	32	8.72

Proposed Exploration

The Kinousa Mine was underground and cannot now be accessed, so the archival data will be critical to develop a 3D model of the mine area and identify new targets along strike or down-dip. The high-grade Au-Ag found in the two mine waste samples shows that the area has more potential than the original high-grade copper (270,608 t @ 2.88% Cu; Table 3). Moreover, the positive Au-Ag-Cu results of gossanous material along the Kinousa Fault show potential well beyond the underground mine. Therefore, detailed surface mapping and sampling will be incorporated with the archival data to develop a robust geological model of the area. Ground IP should work well around Kinousa as there is reasonable soil development. These datasets will then be integrated to define high-value drill targets.

8.4.5 Uncle Charles Mine

Exploration to Date

The Uncle Charles Mine is partly flooded, but four (4) samples from the exposed eastern part of the mine (KIN17055A, -B, -C, -056) returned positive Au-Ag-Cu-Zn (Table 12). Three samples of massive pyrite-silica (KIN17044, -045, -049) from nearby waste dumps, and presumably from Uncle Charles were also assayed.

HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Table 12 – HKP Rockchip assays from Uncle Charles Mine

Field ID	Rock Type	Au g/t	Ag g/t	Cu ppm	Zn ppm	S%
KIN17044	Massive pyrite-quartz; dump	5.40	7.92	805	487	>10
KIN17045	Massive pyrite-quartz; dump	0.39	2.45	1610	150	>10
KIN17049	Massive pyrite-quartz; dump	0.23	.95	1330	289	>10
KIN17055A	Massive pyrite-quartz; pit floor	0.42	1.15	2400	514	>10
KIN17055B	Massive pyrite-quartz; pit floor	0.75	6.0	822	135	>10
KIN17055C	Altered basalt with malachite; pit floor	0.02	1.29	18,850	39	2.09
KIN17056	Muddy siltstone – northern pit area	1.04	5.42	597	4420	6.03

Proposed Exploration

Initial exploration will require integrating the archival data with new field data obtained from field mapping and surface sampling. Ground geophysics will probably be difficult around the mine due to lack of soil cover and the steep topography. Drill target will be developed by building a robust geological model.

8.4.6 Pournaji Prospect

Exploration to Date

Four rock-chip samples from Pournaji returned encouraging Au-Ag results (Table 13). Three of these samples (KIN17119 to -121) were from the 30 m long exposure of massive pyrite-quartz beside the road. Sample KIN17122 is massive pyrite-quartz exposed in a trench dug through strongly bleached, altered and Fe-oxide-stained rocks. The extent of the prospect is at least 200 m.

HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Table 13 – HKP Rock-chip assays from Pournaji Prospect

Field ID	Rock Type	Au g/t	Ag g/t	Cu ppm	Zn ppm	S%
KIN17119	Massive pyrite-quartz	1.18	8.01	812	121	>10
KIN17120	Massive white quartz	2.26	6.40	41	44	0.97
KIN17121	Massive pyrite-quartz	0.36	2.25	782	382	>10
KIN17122	Massive pyrite-quartz	1.81	10.15	2210	275	>10

Proposed Exploration

The exposed massive pyrite-silica body at Pournaji is an obvious priority target. Moreover, gossan extends for at least 200 m southeast. There is only limited archival material for Pournaji, so initial work will rely on systematic geological mapping and surface sampling. Soil cover is reasonable in the area so IP may be readily deployed to constrain the sub-surface distribution of pyrite. All these data will then be integrated to develop drill targets.

8.4.7 North Magounda Prospect

Exploration to Date

Archival documents show a shallowly buried massive pyrite body beneath altered basalt at North Magounda. Five rock-chip samples of altered, bleached and iron-oxide-stained pillow basalt along a >50 m road-cut at the North Magounda Prospect returned positive Au-Ag-Cu results (Table 14). None of these samples were of the massive pyrite body. HKP's rock-chip results highlight the gold potential at North Magounda on top of the positive copper results from historic drilling.

HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Table 14 – HKP Rock-chip assays from North Magounda

Field ID	Rock Type	Au g/t	Ag g/t	Cu ppm	Zn ppm	S%
KIN17013	Iron-oxide-stained pillow basalt	0.33	3.42	1110	352	0.22
KIN17014	Iron-oxide-stained pillow basalt	1.64	3.88	1240	69	0.3
KIN17015	Iron-oxide-stained pillow basalt breccia	0.16	0.38	103	27	1.01
KIN17016	Iron-oxide-stained pillow basalt	0.38	1.19	1810	125	0.92
KIN17017	Iron-oxide-stained pillow basalt	0.35	1.88	823	61	2.09

Proposed Exploration

Archival documents of historic drilling show a buried massive pyrite body at North Magounda that is open down-dip. Initial work by HKP will require systematic field mapping and surface sampling to build a robust geological model. The area has reasonable soil cover and is probably suitable for ground IP, which will be deployed to constrain the sub-surface extent of pyrite mineralisation. All these data will then be integrated to develop drill targets.

8.4.8 Double Seven Prospect

Exploration to Date

Archival documents show massive pyrite beneath the exposed intensely iron-oxide-stained pillow basalt at Double Seven. Three rock-chip samples of altered pillow basalt at Double Seven returned elevated Cu, but low Au-Ag (Table 15). Sample KIN17042 is massive pyrite-quartz from a waste pile at the entrance to an adit returned high-grade Au-Ag, but low Cu.

HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Table 15 – HKP Rock-chip assays from Double Seven

Field ID	Rock Type	Au g/t	Ag g/t	Cu ppm	Zn ppm	S%
KIN17041A	Iron-oxide-stained pillow basalt	0.03	0.12	1700	656	0.63
KIN17041B	Iron-oxide-stained basalt	0.01	0.03	3310	143	0.70
KIN17042	Massive pyrite-quartz; waste	2.19	6.96	707	382	>10
KIN17043	Iron-oxide-stained pillow basalt	0.04	0.70	1120	667	0.34

Proposed Exploration

Archival documents of historic drilling show a buried massive pyrite body at Double Seven that is open down-dip. Initial work will require systematic field mapping and surface sampling to build a robust geological model. The area has poor soil cover so ground IP will only be effective if deployed after significant rain. IP should constrain the sub-surface extent of pyrite mineralisation. All these data will then be integrated to develop drill targets.

8.4.9 Laona Prospect

Exploration to Date

HKP visited the Laona Prospect and noted malachite along fractures within the dolerite dykes. No samples were collected.

HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Proposed Exploration

The Laona Prospect is a low priority, but the low-grade, high-tonnage concept needs to be tested. Systematic field mapping and surface sampling should provide sufficient preliminary data to evaluate this concept. A search for the reported ancient workings and primary sulphide mineralisation should also be undertaken.

8.4.10 Mavroyi Prospect

Exploration to Date

The Mavroyi Prospect is an area of extensive gossan where Northern Lion drilled from 2013 to 2014 with mixed results (see Section 5.2.9). Four rock-chip samples collected by HKP from bleached, iron-oxide-stained pillow basalt extending for a strike of ca. 450 m returned positive Au-Ag results (Table 16). The presence of umber (KIN17142) in the area is a strong indication of local seafloor hydrothermal activity when the basalts were deposited.

HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Table 16 – HKP Rock-chip assays from Mavroyi Prospect

Field ID	Rock Type	Au g/t	Ag g/t	Cu ppm	Zn ppm	S%
KIN17142	Umber	<0.01	0.04	939	386	0.04
KIN17143	Bleached, altered pillow basalt	0.05	0.41	115	185	0.07
KIN17153	Strong iron-oxide-stained basalt; float	4.74	42.8	61.5	167	0.33
KIN17154	Patchy iron-oxide-stained basalt	2.30	6.77	543	643	0.08
KIN17155	Weak iron-oxide-stained basalt	2.97	22.5	151	442	0.83

Proposed Exploration

The gold anomalism at Mavroyi is very encouraging. Northern Lion's geophysical and drilling data need to be obtained and reinterpreted to enhance the exploration model. The drill core should also be re-logged if available. HKP will complete systematic field mapping and surface sampling to integrate with the existing geophysical and geological data to build a robust geological model from which high-value drill targets can be derived. If required, surface IP will be deployed to better constrain the sub-surface distribution of pyrite.

8.4.11 Anadhiou Prospect

Exploration to Date

The Anadhiou Prospect is an area with modest iron-oxide-stained pillow basalt. HKP collected three rock-chip samples (KIN17145-147), but all returned low Au-Ag-Cu-Zn-S values. HKP has not conducted systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

Proposed Exploration

First-pass systematic geological mapping and rock-chip sampling need to be deployed at Anadhiou to determine whether the area has significant potential. If robust evidence is found, then ground IP will be deployed to identify sub-surface pyrite domains. If successful, drilling will be undertaken.

8.5 Troodos North Project

The Troodos North Project comprises five of HKP's Prospecting Permit Applications on the north side of the Troodos Mountains, approximately 20 km southwest of Nicosia and ca. 14 km east of the Skouriotissa Mine. The Troodos North Project covers historic mines, the projected extensions of historic mines and some known prospects.

Exploration to Date

HKP has not conducted any systematic field exploration at this site. Exploration by previous state, donor or corporate organisations has been documented in Section 5. HKP has not as yet obtained any archival data for the Troodos North Project.

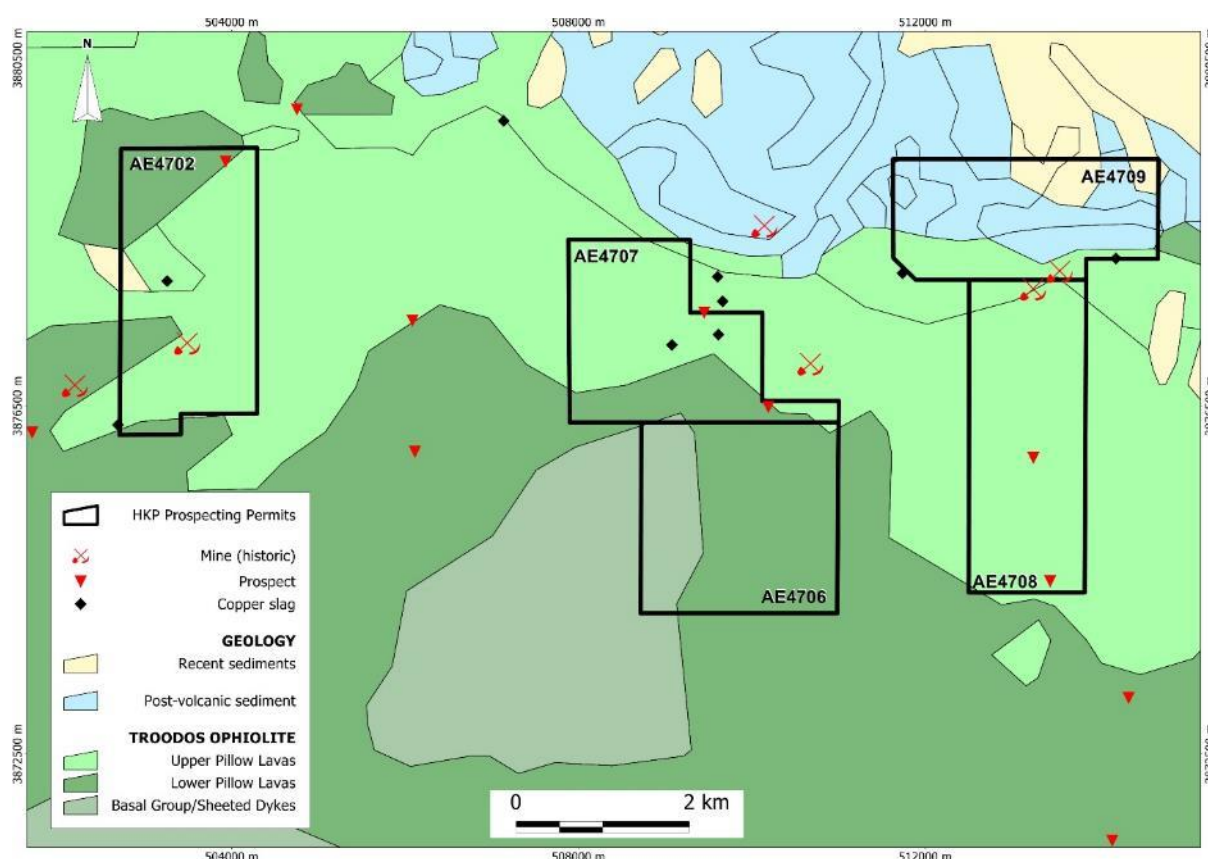


Figure 61 – Troodos North Project – Local geology

Proposed exploration

An extensive search of the CGS archive is required. Since the Troodos North Project covers three historic mines, it is expected that there will be a substantial amount of archival material relevant to the Troodos North Project that will need to be captured digitally. This will be integrated with new data generated by HKP. In conjunction with searching the archive, systematic field mapping and surface sampling will be completed. All these datasets will then be integrated to build a 3D geological model and define the most prospective domains. Ground IP will then be deployed over these prospective domains to constrain the sub-surface distribution of mineralisation and define drill targets. These will then be drilled. Mine dumps and waste piles within the Troodos North Project will be tested to determine whether there are any suitable for near-term production by leaching.

8.6 Troodos East Project

The Troodos East Project (HKP's Prospecting Permit Application AE4703) is described in two Cyprus Geological Survey (CGS) publications:

- The two-inch-to-one-mile (1:31,680-scale) geological map and Memoir 5 (Bagnall, 1960) contain general descriptions of the local geology with a small Economic Geology Section, which includes a brief description of Anglesidhes prospect (Figure 62).
- A geological report of the Anglesidhes-Lefkara area that includes a more detailed description of the Anglesidhes prospect with a sketch map (Lundberg, 1969). A 1:20,000-scale geological map obtained from the CGS archive is possibly related to this report as it was authored by Lundberg and is labelled Anglesidhes-Lefkara, but it is undated (Figure 63).

Exploration to Date

Other than a brief check of the CGS archive, HKP has not conducted any field exploration at the Troodos East Project. Exploration by previous state, donor or corporate organisations has been documented in Section 5.

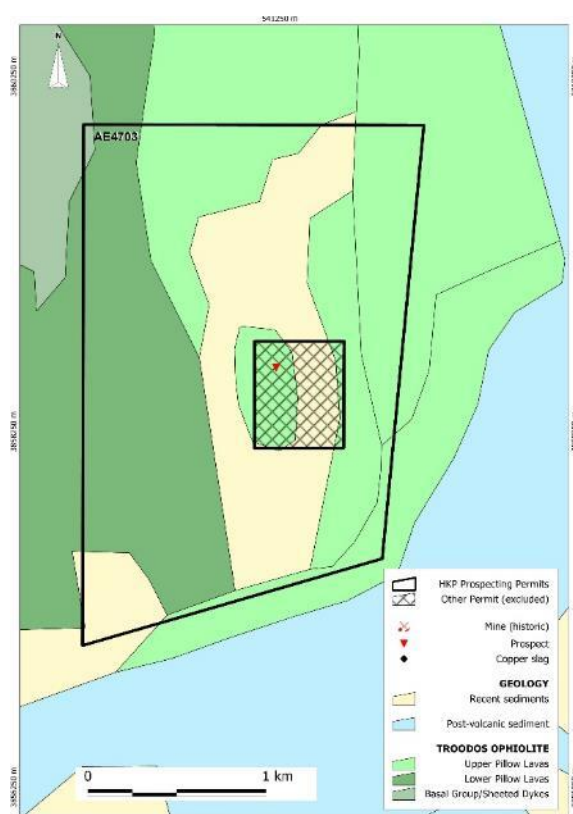


Figure 62 – Troodos East Project; published 1:31,680-scale geology from Memoir 5 (Bagnall, 1960)

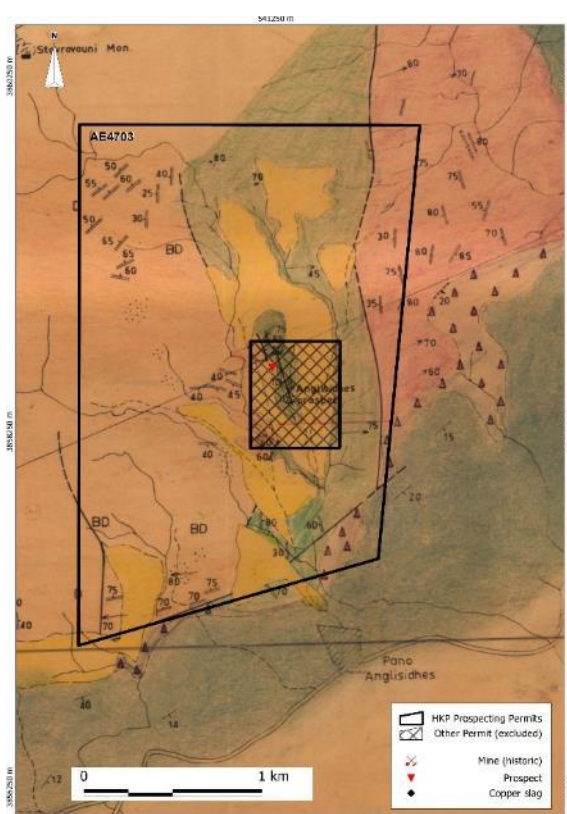


Figure 63 – Troodos East Project; 1:20,000-scale archival map (Lundberg, undated)

Proposed exploration

HKPs Prospecting Permit Application AE4703 does not include the known Anglesidhes Prospect but surrounds it and covers the projected north-south strike extension of the fault adjacent to the prospect. The geological maps (Figure 62 and Figure 63) of the area show this north-south corridor to be covered by recent sediments, which are expected to be very shallow. Initial work will require basic geological mapping and surface sampling. Ground geophysics will then be deployed to provide information on the sub-surface geology. This work will delineate drill targets.

8.7 General Observations

Noting that there are numerous historical production sites and extensive literature and production records, the exploration work planned is all early stage and built around a strategy to better understand the vectors to improve targeting.

Modern day exploration techniques, in conjunction with advanced computer processing and GIS data assimilation and interpretation offer the chance to better understand the geology, deformation and ore-forming processes within this prospective terrain.

As a precursor to field exploration a thorough and comprehensive review of all available literature and data, including some instances of detailed mapping and drilling, should enable the New Group to rapidly build a 3D model for generic targeting and site by site exploration.

Freely available imagery and data elevation data will be adequate for preliminary studies but thought should be taken to assess the economic value of fresh and higher resolution data sets, potentially derived from aerial (manned or unmanned) platforms. Such up-to-date imagery would also serve as a baseline for monitoring environmental changes that might occur during exploration and development.

The proposed exploration programme is incremental and logical and offers the New Group the opportunity to diligently apply funding to exploration on a prioritised basis. Optionality is built in to allow higher priority prospects to evolve more rapidly in the event of positive results.

Project development oversight and regular reporting to the Cyprus authorities will help support CSR activities and the New Group's stated intent to develop and nurture local talent will help with the longer-term sustainability of the New Group and what is expected to be a resurgent state mining sector.

A summary of the exploration work planned by the New Group is presented in Table 17 below.

Table 17 – Summary of Proposed Exploration

Project	Site	Exploration								
		CSR	Data Collation	Geological Mapping	Geochemistry – Rock	Geochemistry – Soil	Remote Sensing	Geophysics – IP	Dump Testing	Drilling
Troodos West	General	•	•	•	•		•		-	○
	<i>Limni</i>		•						•	○
	<i>Evloimeni</i>		•	•	•			•	-	○
	<i>Kinousa</i>		•	•	•			•	-	○
	<i>Uncle Charles</i>		•	•	•			•	-	○
	<i>Pournaj</i>		•	•	•	•		•	-	○
	<i>North Magounda</i>		•	•	•	•		•	-	○
	<i>Double Seven</i>		•	•	•				-	○
	<i>Laona</i>		•	•	•				-	○
	<i>Mavroyi</i>		•	•	•				-	○
	<i>Anadhiou</i>		•	•	•	•			-	○
Troodos North	General	•	•	•	•		•		-	○
	<i>Agrokipia</i>		•	•	•	•		•	-	○
	<i>Kokkinopezoula</i>		•	•	•				•	○
	<i>Memi</i>		•	•	•				•	○
	<i>South Agrokipia</i>		•	•	•	•		•	-	○
	<i>South Kokkinopezoula</i>		•	•	•			•	-	○
Troodos East	General	•	•	•			•		-	○

• Preliminary work ○ Conditional on preliminary work

9. DRILLING

HKP has not conducted any drilling on the properties within the HKP Portfolio. Historical exploration and production drilling was conducted by various companies and where information is available this is recorded in Section 5 and discussed under Section 24.

10. SAMPLE PREPARATION, ANALYSES AND SECURITY

10.1 Introduction

There are no assay laboratory facilities in Cyprus with the experience in processing mineral exploration samples to the necessary standard to report on any Stock Exchange.

At present, samples are sent to the ALS Global laboratory in Rosia Montana, Romania. However, Agrolab, a Greek-based laboratory company, has recently joined with a local Cyprus laboratory. Agrolab has informed HKP that it has a relationship with ALS Global, so it may be possible to do some of the sample preparation work in Cyprus under the ALS Global banner.

HKP uses industry standard analytical methods as detailed below.

Only one batch of sixty samples has been analysed by HKP thus far.

10.2 Chain of Custody

All rock-chip samples were collected in the field by HKP and stored in a secure office until sent. Samples were packed in calico and plastic bags. Samples were delivered to TNT Express Cyprus, packed in boxes and shipped to the ALS Global laboratory at Rosia Montana, Romania. A similar chain-of-custody will be followed for future samples.

10.3 Sample Preparation

The sample preparation technique used by HKP for drill core and rock-chip samples is ALS technique PREP-31Y: dry, fine crush entire sample to >70% <2 mm, rotary split off 250 g, pulverise split to >85% <75 µm.

10.3.1 Analyses

ALS offers various techniques for various elements. HKP uses fire assay for gold and aqua-regia with ICP-AES or ICP-MS finish.

10.3.2 Gold

To test for gold HKP uses ALS technique Au-AA25: 30 g fire assay with AAS finish. This has a detection range of 0.01-100 ppm. If gold results become too variable (nugget-effect measured with field duplicates) then 50 g samples can be used.

10.3.3 Base metals and other elements

Base metals and other elements of interest are analysed using ALS technique ME-MS41: aqua regia digest with ICP-AES or ICP-MS finish. This method analyses 51 elements (Ag, Al, As, Au, B, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, Hg, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, Zr).

Aqua regia uses a mixture of nitric and hydrochloric and does not dissolve some refractory minerals, so a four-acid digest (aqua regia + hydrofluoric + perchloric acids) may be employed at times to test selected samples (ALS method ME-MS61).

10.4 Quality Assurance and Quality Control (QAQC)

As well as reviewing the results of the ALS laboratory internal QAQC procedures, HKP inserted its own certified reference material (CRM) and blank samples into the submission batches for the purposes of independent QAQC. Two CRM and two blank samples were added to the overall batch of 55 routine rock-chip samples. A single field duplicate sample was submitted. The pre-prepared nature of the QAQC samples meant that the QAQC was not 'blind' but nevertheless, for reconnaissance rock-chip sampling, this was adequate to ascertain the accuracy of the ALS assays.

QAQC samples will comprise ca. 10% of all samples submitted by HKP. The materials used, protocols, control limits and results are described below.

10.4.1 Sample Blanks

The aim of a blank is to monitor whether laboratory equipment is clean and no contamination is passing between samples.

HKP is using a sample blank composed of local building sand (Latouros Quarry near Nicosia). Only two samples have been assayed thus far and both returned below detection limit for gold and negligible values for Ag, Cu, S and Zn.

10.4.2 Certified Reference Materials

CRMs were obtained from Geostat in Australia, one of the main providers of CRM samples for the global exploration industry. The aim of a CRM is to see whether a laboratory is consistently reporting target elements within set ranges. This provides confidence that the routine results are representative and not over- or under-reported.

HKP has only had two CRM samples analysed; G398-4 and GBMS304-6.

G398-4 is a gold-only CRM with expected gold grades of 0.66 ± 0.05 ppm (50 g fire-assay) and 0.64 ± 0.07 ppm (aqua regia digest). The control values for GBMS304-6 are recorded in Table 18.

Table 18 – Control values for GBMS304-6

Element	Expected Grade	Standard Deviation
Gold – Fire assay (ppm)	4.58	0.19
Gold – Aqua regia (ppm)	4.35	0.33
Silver (ppm)	6.1	0.8
Copper (ppm)	4241	215
Lead (ppm)	351	27
Zinc (ppm)	1265	90
Nickel (ppm)	2165	151
Arsenic (ppm)	2660	170
Cobalt (ppm)	118	13
Sulphur (%)	2.01	0.10

The results of HKP's analyses of the CRM samples were within the expected ranges.

10.4.3 Duplicate Samples

Only one field duplicate pair has been tested thus far and it shows quite significant gold variability for a semi-massive pyrite samples collected from the Kinousa waste pile (2.83 v 1.69 g/t Au). As such the presence of nugget gold must be taken into consideration when preparing sample preparation and analysis protocols.

10.5 Summary

No aspect of the sample preparation process was conducted by an employee, officer, director, or associate of Chesterfield.

All samples were prepared and analysed at ALS Minerals, an ISO 17025 accredited laboratory.

In the opinion of the QP, the QAQC approach, sample preparation, security and analytical procedures for all HKP samples are adequate for use in early stage exploration.

Care must be taken to scale up QAQC as exploration transitions into development. Geochemistry expertise must be employed to ensure that the scale and use of appropriate, matrix-matched CRMs are combined with judicious use of blanks and duplicates (field, coarse and pulp) and that QAQC results are assessed on a batch-by-batch basis.

11. DATA VERIFICATION

11.1 Introduction

The author conducted a two orientation visits to Cyprus in October 2018 and March 2018. All of HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications were visited. These visits facilitated the description of the visual, physical and geological characteristics of the HKP Portfolio. Due to no exploration work having been completed the remainder of this Report comprised desk top research and the review of historical data compiled by HKP.

11.2 Site Visit

Mr Craig conducted two site visits (15 to 18 October 2017 and 7 to 8 March 2018) to review the local infrastructure, geography and geology. Field exposures and outcrops were examined and where historical mining was present, those excavations and remnants of mining infrastructure were examined. No field samples were taken for independent analytical test work due to the limited work completed to date, which comprised only grab sample rock-chips and did not include systematic trenching or drilling.

As such the author was able to verify the location of HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications, and to confirm the geological interpretations made to date. No significant errors or failings in adhering to industry best practice were observed.

11.3 Exploration Data

During the compilation of this Report, the author has worked closely with Dr Green to ensure that the large volume of historical data has been accurately collated and utilised to help formulate the exploration strategy.

The volume of historical data is large on account of the large number of mine workings and previous phases of exploration by other companies. However, the author was satisfied that the collation and custodianship of these data have and are being conducted to best industry practice.

11.4 Independent Analytical Test Work

No independent analytical test work was conducted by Rocklore because exploration work to date has comprised only limited rock-chip sampling.

11.5 Conclusions

The QP concludes that the data collected from historical exploration and production are appropriate and usable for early stage exploration and the development of a comprehensive strategy to develop these Projects by the New Group.

12. MINERAL PROCESSING AND METALLURGICAL TESTING

Neither HKP nor Chesterfield has conducted any mineral processing or metallurgical testing on the properties within the HKP Portfolio. Some mineral processing or metallurgical testing was conducted by various companies during historical mining and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

13. MINERAL RESOURCE ESTIMATES

Neither HKP nor Chesterfield has calculated any mineral resource or mineral reserve estimates for the properties within the HKP Portfolio. Mineral resource estimates may have been calculated by various companies during historical mining and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

14. MINERAL RESERVE ESTIMATES

Neither HKP nor Chesterfield has calculated any mineral resource or mineral reserve estimates for the properties within the HKP Portfolio. Mineral reserve estimates may have been calculated by various companies during historical mining and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

15. MINING METHODS

Neither HKP nor Chesterfield has conducted any technical studies into the mining methods that might be utilised in any future mining operations. Various companies conducted mining historically and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

16. RECOVERY METHODS

Neither HKP nor Chesterfield has conducted any technical studies into recovery methods that might be utilised in any future mining operations. Various companies conducted mining historically and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

17. PROJECT INFRASTRUCTURE

Neither HKP nor Chesterfield has conducted any technical studies into project infrastructure that might be required in any future mining operations. Various companies conducted mining historically and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

18. MARKET STUDIES AND CONTRACTS

Neither HKP nor Chesterfield has conducted any market studies and or established any contracts. Various companies conducted mining historically and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

19. ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

Neither HKP nor Chesterfield has conducted any environmental, permitting, and social or community impact studies. Various companies conducted mining historically and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

20. CAPITAL AND OPERATING COSTS

Neither HKP nor Chesterfield has conducted any capital and operating cost studies. Various companies conducted mining historically and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

21. ECONOMIC ANALYSIS

Neither HKP nor Chesterfield has conducted economic analysis on any future mining operations. Various companies conducted mining historically and where information is available it is recorded in Section 5 (History) and discussed under Section 24 (Interpretation and Conclusions).

22. ADJACENT PROPERTIES

A map showing the current granted Prospecting Permits can be obtained from the Mines Service upon request (Figure 64). The map does not show outstanding applications or provide details about the ownership of Prospecting Permits. Thus, there is sound information about where is covered by granted Prospecting Permits, but no information about who controls the ground.

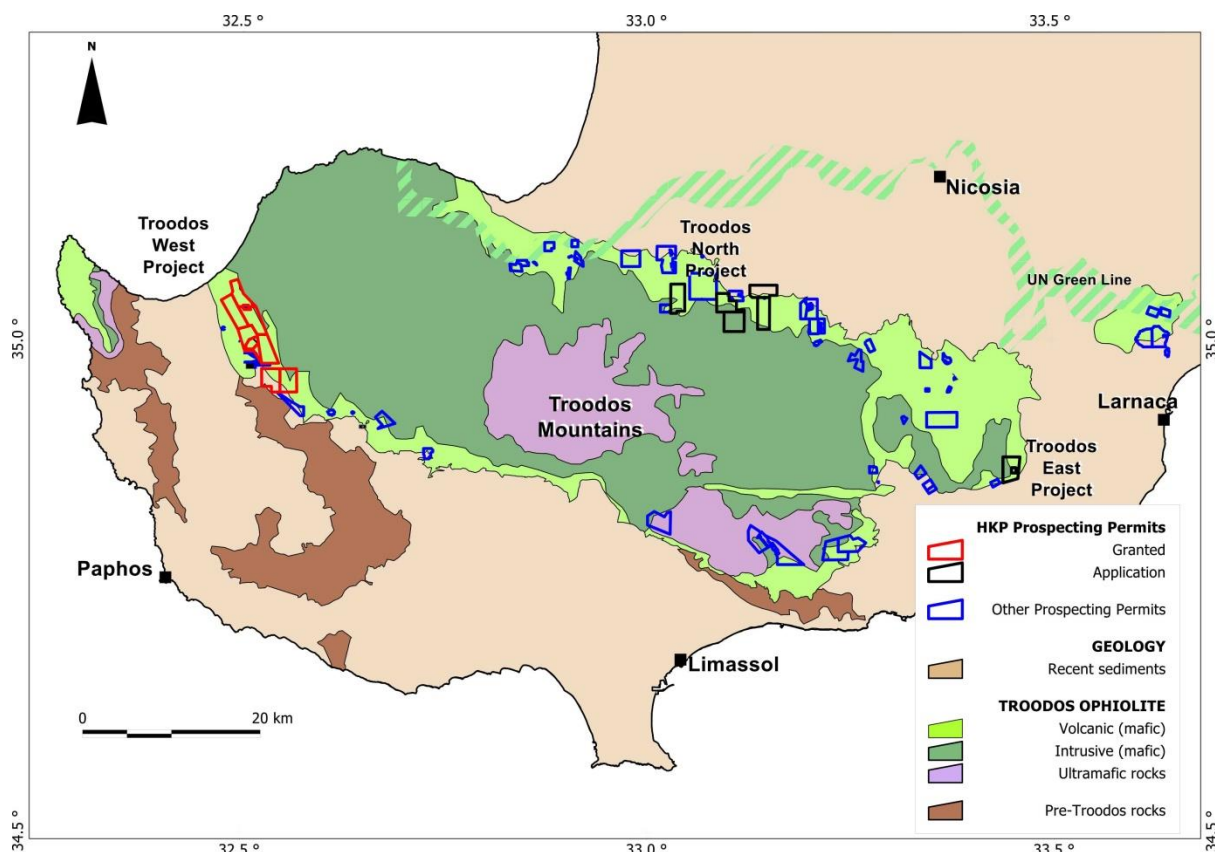


Figure 64 – Distribution of the HKP Portfolio and Prospecting Permits granted to competitors (data obtained from Cyprus Mines Service, Jan 2018)

BMG Resources, who the author understands owns 30% of the Treasure Project with local private company New Cyprus Copper Ltd (BMG, 2017), is believed by the author to be the only publicly listed company with Prospecting Permits in Cyprus.

BMG Resources show ten Prospecting Permits in their latest public release (BMG, 2017), with five of these in the Black Pine area exploring for Cu-Ni-Co-Au.

The author understands that all other Prospecting Permits in Cyprus are held by private companies or individual prospectors.

Discussions with people working in Cyprus indicate that Hellenic Mining Company (owners of Skouriotissa Mine) and Eastern Mediterranean Mining (EMM; previously part of public company EMED Mining, now Atalaya Mining) have significant ground positions around the Troodos North Project (EMM, 2018).

Since most of the ground is held in private hands there is no public information about recent exploration.

- **Troodos West Project** - There are two small Prospecting Permits.
- **Troodos North Project** - There is a small Prospecting Permit within the Troodos North Project and another nearby. There are three granted Prospecting Permits immediately adjacent to the Troodos North Project. The ownership of these adjacent Prospecting Permits is not known (see comment above about EMM).
- **Troodos East Project** – There are two small Prospecting Permits.

The above comments and descriptions are based on public domain information. Rocklore has not verified the information or the styles of mineralisation purported to be present. The work conducted and results, resources, reserves and operations on other properties are not necessarily indicative of the prospectivity of the Troodos West, Troodos North or Troodos East Projects.

23. OTHER RELEVANT DATA AND INFORMATION

The author is not aware of any other relevant data or information other than that disclosed in the relevant sections of this Report.

24. INTERPRETATION AND CONCLUSIONS

24.1 Introduction

The following sub-sections provide a concise thematic summary of the HKP Portfolio and available data from work completed to date.

24.2 Historical Exploration, Development and Mining

- Long and well documented history of mining dating back several thousand years.
- Recent mining in areas covered by the HKP Portfolio should aid CSR matters with the local community understanding both the opportunity and the risk; albeit that addressing environmental concerns must be to the fore.
- The absence of systematic and well-funded exploration using the best modern techniques and analyses appear to be the reason for no present-day mining across the HKP Portfolio; however, the author is at a loss as to why such prospective ground has been overlooked to date.
- Large amounts of archival data likely exist on exploration, development and mining. The challenge will be locating this information and assimilating it into one coherent piece of work (database and GIS) that can, in turn, be used to generate targets and aid the New Group in their exploration and development.
- Prospecting Permit applications have been almost entirely based on the weight of historical exploration and mining evidence.

24.3 Geology

- The geology appears to be generally well understood with stratigraphic and tectonic effects on the genesis of deposits and their subsequent displacement/bisection/alteration/obscuration.
- Maximising the use of GIS in 2D and modelling and visualisation in 3D will be vital to understanding the local geological complexities.
- A great deal of historic exploration work has been completed with mapping, geophysics and drilling – all of this data needs to be acquired, digitised and exploited.
- Deposits can appear at or near surface and are also potentially concealed beneath thin Miocene cover rocks.
- A range of well researched and understood alteration and stratigraphic vectors are present. Their location, both laterally and vertically, is important for locating prospective zones. Surface mapping in conjunction with remote sensing (with field validation) are likely to complement locating prospective ground to explore and therefore economically astute allocation of geophysics and drilling funding.
- HKP has however completed to date no detailed exploration; save for some rock-chip and grab samples.

24.4 Geophysics

- Airborne geophysical surveys may rapidly identify new areas of interest for ground follow-up. The overall cost would need to be reconciled against slower and more localised surface methods, e.g. IP.
- Ground based geophysics would be cheaper and could be used to orientate and then define drill targets over known areas of mineralisation. Given the need to conduct a great deal of IP, there may be merit in examining the cost for buying the equipment outright and developing an in-country capability that might even be marketable to other companies.
- Favourable access should afford the New Group ample opportunity to maximise the return from investing in geophysical surveys, but a suitably qualified expert should be contracted early to advise on techniques, campaign planning, supervision of training and surveys, and data analysis and interpretation.

24.5 Imagery

- Commercial imagery (e.g. WorldView, Ikonos, etc.) can provide an invaluable base map on which to develop geological mapping and structural interpretation. A great wealth of free data is also now available (e.g. LANDSAT, STRM, etc.).
- Imagery derived DEMs will also assist and perhaps provide insight into some more subtle tectonic features that are not obvious in imagery or topographic mapping.
- LiDAR would be useful due to cm resolution but might be too expensive.
- High resolution imagery (sub-5 cm) with corresponding DEMs could be collected from UAS (unmanned aerial systems) to support exploration and provide a baseline reference for environmental and CSR matters.

24.6 Topography

- Topography offers no major issues for exploration.
- Lightweight drilling rigs offer an economic and low impact solution for scout drilling.

24.7 Infrastructure

- Infrastructure is good for exploration.
- Development and mining infrastructure will require astute engagement with the local community and government agencies but with careful planning can be tailored to add broader value to the local communities and might secure third-party funding in some areas.
- Renewable energy (wind and solar) consideration would likely be favourable by both the local community and government agencies.

24.8 Environmental

- Waste rock and tailings from VHMS projects invariably give rise to the risk of acid rock drainage. Indeed, several areas already exhibit such and therefore this will have to be addressed early in the long-term project strategy.
- This is a well-known issue and the public should be under no illusions as to what risks are associated with mining.
- Technological advances can reduce this risk and should be communicated early as part of the CSR strategy.
- Some of the HKP Portfolio will need additional work because of being classified as forest or Natura 2000, but procedures are well defined for acquiring approvals for access and drilling.

24.9 Licencing

- The licencing process is well defined and understood.
- To date, the registration and issue of Prospecting Permits has been quick, i.e. a few months.
- Engaging with the Cyprus Mines Service will allow visibility over the Prospecting Permit application process. The New Group is engaged with the Cyprus Mines Service through HKP.

24.10 Drilling

- Local service providers will need to be examined and assessed for best practice and safety records. There may indeed be an opportunity to work with local contractors to improve HSE standards.
- Given the likely ground conditions and mineralisation, potential drilling contractors should be evaluated on a) in-depth experience of triple-tube drilling and b) orientated core drilling.

24.11 Preliminary Risk Assessment

24.11.1 Country Risk

The Country Risk for Cyprus is assessed as LOW.

- Cyprus is a well-known European jurisdiction with a rich heritage in mining for copper and gold.
- A member of the European Union and with close links to the UK, the jurisdiction is deemed to be safe and is well ranked on the World Bank Ease of Doing Business Report (ranked 53 of 190) and a Transparency International Corruption Perception Index of 55 (ranked 47 of 176).
- It is economically stable (within a European context) and is ranked 35th globally on GDP PPP (purchasing power parity) per capita.
- Its Human Development Index is very high (33rd).
- The country maintains good infrastructure and is well serviced by air and sea.
- The climate is well suited to year-round exploration and mining operations.
- The ongoing partition carries a small risk, largely because of political unrest on the Turkish mainland.
- Environmental concerns will likely focus on water use, flora and fauna (land and sea based) and impact on the existing rural economy.

24.11.2 Corporate Risk

The Corporate Risk is assessed as LOW.

- Those involved with the New Group are all experienced in the exploration, development and mining of a variety of deposit styles and commodities.
- Commercial, financial and board experience is both deep and broad within the extractive sector.
- Local knowledge and community engagement is already well established through HKP.
- Ample local geology and mining talent exists or can be mentored and developed.
- Corporate structures in the UK and Cyprus are clear and maintained under transparent regulatory frameworks.

Note: no legal or commercial due diligence has been completed by Rocklore.

24.11.3 Commodity Risk

The Commodity Risk is assessed as LOW.

- Copper and gold remain in demand.
- The commodity focus is not on specialised or exotic materials.
- The previous two years have shown an upward trend in copper pricing.
- Gold prices have demonstrated growth over the past two years and aside from the spike over 2011 to 2012, have shown consistent growth since 2001.

Note: no detailed commodities forecasting, or price modelling has been completed by Rocklore.

24.11.4 Concession Risk

The Concession Risk is assessed as MEDIUM to LOW.

- The HKP Portfolio is comprised of granted Prospecting Permits and applications for Prospecting Permits which are not very advanced, despite them covering historic mines; exploration risk is highest at the early stage.
- The HKP Portfolio is highly prospective with numerous historical workings.
- Access and infrastructure is good.
- This style of mineralisation is well studied and for the most part well understood.
- The commodity focus is precious and base metals with no exotic mineral products.
- Tailings from old mines may provide short-term cash flow through re-processing and heap-leach extraction.

24.12 Conclusions

With Country, Corporate and Commodity risk being low, the greatest risk to the New Group is that of the Concession and the early stage exploration portfolio. The presence of mineralisation is not in question, and historical production and the style of mineralisation indicates the potential for as yet undiscovered resources.

The New Group's strategy is deemed appropriate for the HKP Portfolio.

As exploration has yet to commence, it will be necessary to review this Report in light of the results from the forthcoming programme.

25. COMMENTS ON THE NEW GROUP'S EXPLORATION PROPOSAL AND BUDGET

The prospectivity of HKP's Portfolio, as indicated through the author's observations on the ground and through a review of archival documents, is sufficient to warrant the exploration proposed herein.

The New Group has proposed a phased approach for their future exploration, as illustrated in Figures 65 and 66 and detailed in the sub-sections below.

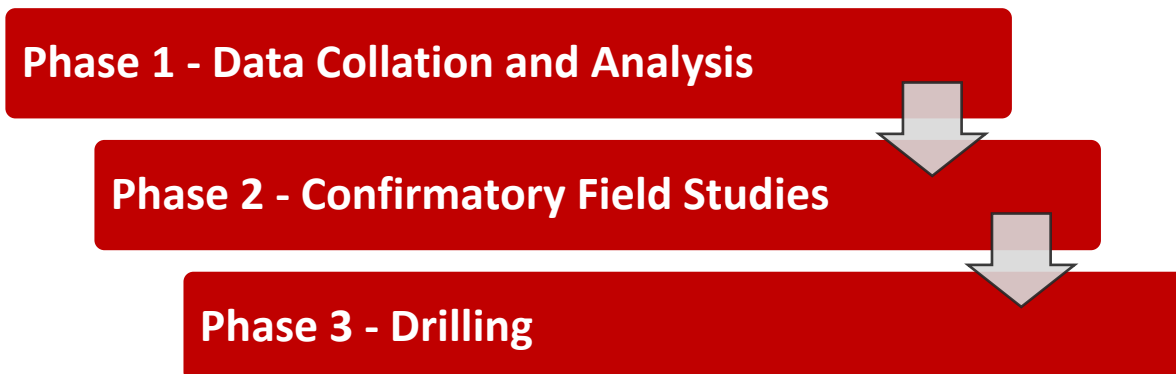


Figure 65 – The New Group's Proposed Exploration Strategy – overview

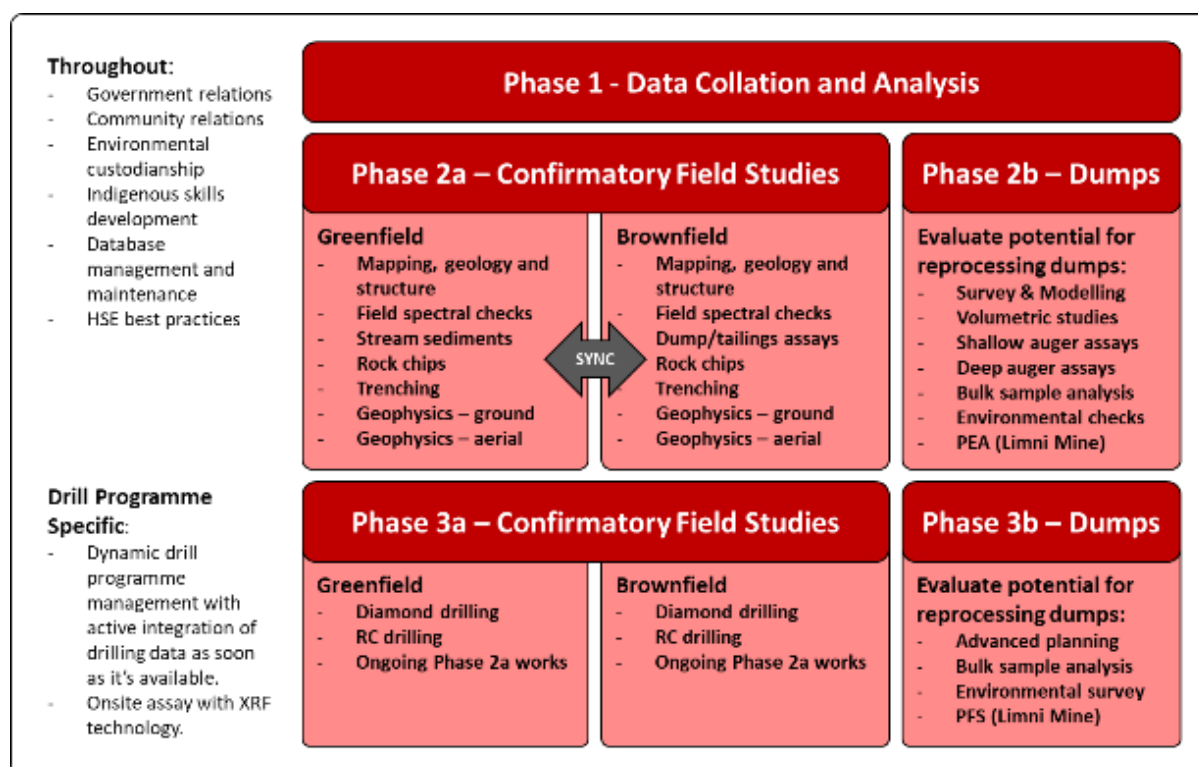


Figure 66 – The New Group's Proposed Exploration Strategy – detailed

25.1 Phase 1 - Data Collation and Analysis

The aim of Phase 1 exploration is to identify the most prospective areas within the HKP Portfolio and prioritise fieldwork. This will be achieved by acquiring and collating into digital format all relevant, available, existing data from the Cyprus Geological Survey, academic studies and historic commercial activity. Spatial data will be captured into a GIS. All datasets will then be interrogated to identify areas and prospects where exploration will be prioritised.

The priority must be to complete the data collation already started by HKP. A wealth of data resides in the Cyprus Geological Survey archive, covering academic and historic commercial activity.

Some historic data will have been lost, but other datasets might be available via the remains of companies such as Northern Lion. The VTEM survey is an excellent example of a data set that should be obtained, reviewed and perhaps even enhanced with the latest processing and analysis.

The GIS should be as comprehensive as possible and incorporate data concerning CSR and environmental matters. It should include 3D functionality. The following list shows the main data types that should be compiled:

- **Geology**; regional and local geological setting, geological mapping, structure, mineral occurrences and existing mines.
- **Imagery**; available remote sensing data and structural, general geological and alteration interpretation.
- **Elevation**; base line topographic mapping; LiDAR, ASTER DEMs, UAS-derived DEMs
- **Mineralisation**; style, mineralogy, occurrences, attitude and size, alteration, structural controls.
- **Geochemistry**; stream sediment, soil and rock (litho-) geochemistry and any interpretive work, plus methodologies.
- **Geophysics**; all available including raw VTEM data. Ground geophysics sections and plans.
- **Drilling**; collar co-ordinates, final depth, geological logs, downhole assays, downhole surveys, available cores (data incorporated for 3D visualisation).
- **Environmental**; existing mine waste data; sampling and volume estimates and the basis for the calculations, mineralogy and any processing test work; flora and fauna studies.
- **Geography**; infrastructure, buildings, power lines, routes, boundaries, weather, hydrology/drainage.

Note: it is vital from the onset to establish a well-defined common folder structure (CFS) and standardised file naming convention (FNC) to ensure control, validation and QAQC over all files, data and documentation.

Once complete, the GIS will be used to interrogate the data and identify those areas where field work should be prioritised. Data collation and integration into the GIS is quite advanced for the Troodos West Project but not for the Troodos North or Troodos East Projects.

25.2 Phase 2 - Confirmatory Field Studies

The aim of Phase 2 exploration is to rank prospects and define drill targets. Field studies will include geological and structural mapping, rock chip and trench sampling and ground geophysics and will start in areas prioritised during Phase 1. Field work should include documentation of stratigraphic and alteration vectors. The acquisition and processing of multi- or hyper-spectral imagery may contribute to understanding the geology or directly detecting alteration systems. High resolution DEMs may illuminate the regional and localised structural configuration of prospective sequences. All new data will be integrated into an evolving data-based exploration model. The New Group has budgeted to acquire and process some imagery.

Large-scale airborne geophysical surveys may add significant information but will be costly. A large scale EM survey (VTEM most likely) would be the most effective technique. The first step to ascertain whether this might be part of the long-term strategy would be to acquire and re-process the existing Northern Lion VTEM data, if it can be made available. Survey costs could be reduced by coordinating a survey with neighbouring Prospecting Permit holders. Airborne geophysical surveys have not been included in the current budget.

An alternative to VTEM would be ground-based Induced Polarisation (IP) surveys to define drill targets at sites selected during Phase 1. The New Group has budgeted for IP surveying and will look at developing some in-house capability. It is likely that ground geophysics will not be required to target some of the drill targets at some of the known prospects.

Extensive surface sampling should be undertaken. This is important to identify new areas of mineralisation and to constrain the distribution and variability of Cu-Au-Ag-Zn within the mineralised areas. The use of a hand-held XRF may be a cost-effective way to screen large volumes of samples. A hand-held XRF could also be used in soil survey work designed to search for obscured mineralisation. Purchase of a hand-held XRF is not covered in the current budget but they may be leased.

The prioritisation of Phase 2 work will only be possible upon completing Phase 1 and selected sites ranked according to their stage of development, access, prospectivity and likely work schedule.

25.3 Phase 3 – Drilling

The aim of Phase 3 is to drill the targets identified in Phase 2 and define Mineral Resources. It is expected that diamond drilling will be used extensively. High-quality oriented core will be required and so experienced diamond drilling contractors will probably be required from outside Cyprus. However, other types of drilling may be suitable at some prospects and such drilling contractors may be sourced locally. All information derived from the drilling needs to be evaluated in detail and fed back into global and local exploration models. The type and amount of drilling required will be defined in Phase 2 and is beyond the scope of this Report. However, drilling is the largest item in the New Group's proposed budget.

Phase 3 exploration will also include the evaluation of the *in situ* leaching potential within the reclaimed Limni pit and surrounding area. This has been budgeted for by the New Group.

The New Group will design, implement and maintain a rigorous and comprehensive QAQC regime for all assay samples and for all other data sets collected during exploration. This must include the use of CRMs, blanks and duplicate (coarse and pulp) samples. CRMs should be matrix matched and there may be merit in developing in-house CRMs based on local geological material. This has been adequately budgeted.

Table 19 illustrates the exploration schedule proposed by the New Group.

The timing and synchronisation of all work elements will ultimately be dictated by the overall corporate strategy and the availability and quantum of funding. Furthermore, the size of the team available will dictate whether work can be carried out sequentially versus concurrently. It is worth noting that there will be both similarities and differences between the work for green- and brown-field sites and so well-formed 'specialist' teams might move from site to site to focus on their strengths.

25.4 Scheduling

The Troodos West Project is already advancing and it is expected that high-priority Phase 3 drilling targets can be defined within a few weeks, with drilling commencing shortly thereafter. Hence, most of the immediate exploration work is scheduled for the Troodos West Project with the aim of rapidly advancing to resource drilling. As such, near-term exploration will be limited at the Troodos North and Troodos East Projects to Phase 1 and Phase 2 work as this requires only limited resources.

The Mediterranean climate affords year-round working and so the New Group has the opportunity to dynamically manage its exploration programme according to the results and the evolving exploration model.

Conceptually however, the programme schedule based on the recommended above phases, and with recommended reporting windows, is outlined in Table 19.

Table 19 – Conceptual Programme Schedule

PROJECT	WORK PHASE	MONTHS											
		1	2	3	4	5	6	7	8	9	10	11	12
TROODOS WEST	Data collation												
	Field mapping & sampling												
	Ground geophysics												
	Limni Mine in situ leach												
	First-pass drilling												
	Resource drilling												
	Preliminary resource model												
TROODOS NORTH	Data collation												
	Permit grant												
	Field mapping & sampling												
	Ground geophysics												
TROODOS EAST	Data collation												
	Permit grant												
	Field mapping & sampling												
	Ground geophysics												
GENERAL	Community engagement												
	Regional prospecting												
	Lodge new applications												

25.5 Budget

A twelve-month budget from the New Group is presented in Table 20. This takes the New Group from exploration to drilling and preliminary resource modelling.

Table 20 – The New Group's Exploration & Development Budget

Cost Centre	Detail	Expenditure €	Budget %
ADMINISTRATION	Salaries	40,000	3.3%
	Prospecting Permits	51,000	4.2%
	Other Administrative Costs	14,000	1.2%
	SUB-TOTAL	105,000	8.7%
EXPLORATION	Surface Work (Staff)	45,000	3.7%
	Surface Work (Assays)	23,000	1.9%
	Geophysics (IP, Reprocess)	38,000	3.2%
	Limni Pit (<i>In Situ</i> Leach Test)	30,000	2.5%
	Drilling (Direct Costs)	660,000	54.9%
	Drilling (Assays)	66,000	5.5%
	Drilling (Geological Staff)	138,000	11.5%
	Preliminary Resource Model	50,000	4.2%
	Other Exploration Costs	48,000	4.0%
	SUB-TOTAL	1,098,000	91.3%
	TOTAL	1,203,000	100.0%

Capital items have been included with the relevant cost item in Table 20 including geophysical equipment (€18,500), vehicles (€15,000), computer hardware and software (€6,000) and field office equipment (€4,000) for total budgeted capital expenditure of €43,500.

This budget is deemed appropriate to complete the work programme proposed by the New Group for the HKP Portfolio.

25.6 Conclusions

- The HKP Portfolio is undoubtedly prospective.
- The New Group comprises a competent and well-respected team.
- The New Group must seek to exploit a 'first-mover' advantage in what is perceived to be a recovering market.
- VHMS mineralisation is well documented and understood in Cyprus; a great deal of data and knowledge exists already and its collation, synthesis and analysis are critical to successful exploration and the development of drilling targets.
- Near-term cash flow generating opportunities might present in the form of tailings.

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27. QP CERTIFICATE**Certificate of Andrew Craig, CEng.**

I, Andrew Craig, MIMMM, CEng, of West Clandon, United Kingdom, do hereby certify that:

1. I am currently employed as a Principal Geologist with Rocklore Exploration Services Limited with an office at Ilex Cottage, The Street, West Clandon, Guildford, GU4 7TJ, United Kingdom;
2. This certificate applies to the technical report titled "Independent Technical Report – Chesterfield Resources plc Cyprus Exploration Portfolio" with an effective date of 28 June 2018, (the "Technical Report") prepared for Chesterfield Resources plc (the "Issuer");
3. I am a graduate of The Royal School of Mines, Imperial College (MSc, DIC, 1999) and the University of St Andrews (BSc (Hons), 1997). I am a Fellow in good standing of the Geological Society (Fellow #1013898) and a Professional Member in good standing of the Institute of Materials, Minerals & Mining (Member #50216) through which I am a registered Chartered Engineer (Registration #630752). I have practiced my profession continuously since 2001 and have been involved in mineral exploration and mine geology for a total of 18 years since my graduation from university. This has involved working in a range of jurisdictions and environments, including, but not limited to: Kazakhstan, Russia, Pakistan, Serbia, Turkey, Afghanistan and Canada. My experience is principally in exploration programme design and execution with oversight on database management, geological interpretation and project logistics. On the basis of this Report having been prepared in accordance with the Standards set out in NI 43-101, I have read the definition of "qualified person" and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101;
4. I have visited all properties via two visits: 15 - 18 October 2017 and 7 - 8 March 2018;
5. I am responsible for the whole Technical Report;
6. I am independent of Chesterfield and related companies applying all of the tests in Section 1.5 of NI 43-101;
7. I have not had prior involvement with the property that is the subject of the Technical Report;
8. I have read NI 43-101, and the Technical Report has been prepared in compliance with NI 43-101 and Form 43-101F1;
9. As of the effective date of the Technical Report and the date of this certificate, to the best of my knowledge, information and belief, this Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Effective Date: 28 June 2018
(original signed and sealed)

Signing Date: 28 June 2018

Andrew Craig, CEng, Principal Geologist, Rocklore Exploration Services Limited

PART V

(A) ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

Saffery Champness

CHARTERED ACCOUNTANTS

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The Directors and the Proposed Director
Chesterfield Resources plc
71 Queen Victoria Street
London
EC4V 4BE

28 June 2018

Dear Sirs

Accountant's report on Chesterfield Resources plc (the "Company")

Introduction

We report on the historical financial information set out in Part V (B) of the prospectus of the Company dated 28 June 2018 (the "Prospectus") which comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 22 for the period from incorporation on 4 January 2017 to 31 December 2017 (the "Historical Financial Information"). The Historical Financial Information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2. This report is required by item 20.1 of Annex I of Commission Regulation (EC) 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that item and for no other purpose.

Responsibility

The directors and the proposed director of the Company (the "Directors") are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Historical Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, or arising out of or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at 31 December 2017 and of its profits and losses, cash flows and changes in equity for the period then ended in accordance with IFRS.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

Saffery Champness LLP

PART V

(B) HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

STATEMENT OF COMPREHENSIVE INCOME

	Notes	<i>Period ended</i> 31 December 2017 £
Revenue		-
Administrative expenses		(111,012)
Operating loss		(111,012)
Finance income		-
Loss on ordinary activities before taxation	5	(111,012)
Tax on loss on ordinary activities	7	-
Loss and total comprehensive loss for the period attributable to the owners of the Company		(111,012)
Loss per share (basic and diluted) attributable to the ordinary shareholders (pence)	8	(1.01)

STATEMENT OF FINANCIAL POSITION

	Notes	<i>As at</i> 31 December 2017 £
Current assets		
Trade and other receivables	10	44,683
Cash and cash equivalents	11	1,184,424
		1,229,107
Total assets		1,229,107
Current liabilities		
Trade and other payables	12	(51,286)
Total liabilities		(51,286)
Net assets		1,177,821
Equity		
Share capital	14	126,600
Share premium	14	1,157,873
Share-based payment reserve	15	4,360
Retained loss		(111,012)
Total equity		1,177,821

STATEMENT OF CASHFLOWS

	Notes	<i>Period ended</i> 31 December 2017 £
Cashflow from operating activities		
Loss for the period		(111,012)
Adjustments for:		
Costs settled by the issue of warrants	15	4,360
Operating cashflow before working capital movements		(106,652)
Increase in trade and other receivables		(44,683)
Increase in trade and other payables		51,286
Net cash outflow from operating activities		(100,049)
Cashflow from financing activities		
Gross proceeds of the issue of shares	14	1,400,600
Costs related to share issues	5	(116,127)
Net cash inflow from financing activities		1,284,473
Net increase in cash and cash equivalents		1,184,424
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		1,184,424

STATEMENT OF CHANGES IN EQUITY

	Share capital Note 14 £	Share premium Note 14 £	Share-based payment reserve Note 15 £	Retained loss £	Total £
On incorporation on 4 January 2017	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(111,012)	(111,012)
Shares issued during the period	126,600	1,274,000	-	-	1,400,600
Issue of warrants	-	-	4,360	-	4,360
Costs related to share issues	-	(116,127)	-	-	(116,127)
Balance at 31 December 2017	126,600	1,157,873	4,360	(111,012)	1,177,821

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information

Chesterfield Resources plc was formed for the purpose of acquiring a company, business or asset with operations in the natural resources sector.

The Company was incorporated in England and Wales on 4 January 2017 and is registered in England and Wales as a public company limited by shares with company number 10545738. The Company is domiciled in the United Kingdom. The registered office of the Company is 71 Queen Victoria Street, London, EC4V 4BE.

The Historical Financial Information covers the period from incorporation of the Company on 4 January 2017 to 31 December 2017.

2. Accounting policies

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with IFRS as adopted by the European Union and IRFS Interpretations Committee ("IFRIC") interpretations.

The Historical Financial Information has been prepared under the historical cost convention. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently for the period presented in the Historical Financial Information.

The Historical Financial Information has been prepared in pounds sterling and presented to the nearest pound.

2.2 Going concern

The Historical Financial Information has been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Company had a net cash outflow from operating activities for the period of £100,049 and at 31 December 2017 had cash and cash equivalents of £1,184,424.

The Directors consider that the continued adoption of the going concern basis is appropriate and the Historical Financial Information does not reflect any adjustments that would be required if they were to be prepared on any other basis.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activity. Revenue is shown net of value added tax, returns, rebates and discounts. The Company recognises revenue when the amount of the revenue can be reliably measured and when it is probable that economic benefits will flow to the entity. The Company has not recognised any revenue during the period.

2.4 Foreign currency translation

The Historical Financial Information is presented in pounds sterling, which is the Company's functional and presentational currency.

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transactions. At each reporting date, monetary assets and liabilities are retranslated at the rates prevailing at the reporting date with differences recognised in the Statement of Comprehensive Income in the period in which they arise.

2.5 Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets can be divided into the following categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale-assets and held-to-maturity investments. Financial assets are assigned to the different categories by the Directors on initial recognition, depending on the purpose for which the instruments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available. At the period end, the Company only held financial assets in the category of loans and receivables.

Derecognition of financial instruments occurs when the rights to receive cashflows from 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 at each reporting date, whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Trade receivables

Trade receivables are measured at initial recognition at fair value plus, if appropriate, directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows discounted at an effective rate computed at initial recognition.

Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money directly to a debtor with no intention of trading the receivables. Loans receivable are measured at initial recognition at fair value plus, if appropriate, directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument. A financial liability is a contractual obligation to either deliver cash or another financial asset to another entity or to exchange a financial asset or financial liability with another entity, including obligations which may be settled by the Company using its equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities

At initial recognition, financial liabilities are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of any direct issue costs.

2.6 Property, plant and equipment

The Company holds no property or other plant and equipment.

When the Company acquires any plant and equipment it will be stated in the financial statements at its cost of acquisition less a provision for depreciation.

Depreciation will be charged to write off the costs less estimated residual value of plant and equipment on a straight-line basis over their estimated useful lives. Estimated useful lives and residual values will be reviewed at every reporting date and amended if necessary.

2.7 Operating leases

Leases where substantially all the risks and rewards of ownership remain with the lessors are classified as operating leases and are accounted for on a straight-line basis over the term of the lease and charged to the income statement. The Company has not yet entered into any operating leases.

2.8 Equity

Share capital is determined using the nominal value of shares that have been issued.

The share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium account, net of any related income tax benefits.

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse.

Retained losses includes all current and prior period results as disclosed in the income statement.

2.9 Share-based payments

The Company has issued warrants to investors and certain advisers.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using the Black Scholes pricing model. The key assumptions used in the model have been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2.10 Taxation

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.11 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, the Directors make estimates and assumptions that have an effect on the amounts recognised in the Historical Financial Information. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may ultimately differ from those estimates. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are those relating to:

- the ability of the Company to operate as a 'going concern';
- loans receivable; and
- the estimation of the fair value of the shares and warrants issued during the period.

Going concern

As explained in note 2.2 above, the Historical Financial Information has been drawn up on the going concern basis, which assumes that the Company has sufficient funds to continue to operate for the foreseeable future.

The Directors have reviewed the forecasts for the forthcoming 12 months and consider that the Company's existing working capital and sources of finance are adequate for its purposes. If the Historical Financial Information was to be drawn up on the basis that this assumption was not valid then there could be material changes to the carrying values of both assets and liabilities.

Loans receivable

The Company made loans of £35,000 during the period, which remained outstanding at the reporting date. The Company re-assesses the recoverability of loans receivable periodically.

Estimation of fair value of warrants issued in the period

The fair value of warrants issued during the period has been estimated using a Black-Scholes model which requires a number of assumptions and inputs, further details of which are set out in note 15 below.

2.12 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

Standards issued but not yet effective:

At the date of authorisation of the Historical Financial Information, the following standards and interpretations relevant to the Company and which have not been applied in the Historical Financial Information were in issue but were not yet effective. In some cases, these standards and guidance have not been endorsed for use in the European Union.

<i>Standard</i>	<i>Effective date, annual period beginning on or after</i>
Annual Improvements 2014-2016 cycle	1 January 2018
IFRS 9 <i>Financial Instruments</i>	1 January 2018
IFRS 15 <i>Revenue from contracts with Customers</i> , including amendments to IFRS 15 <i>Effective date of IFRS 15</i>	1 January 2018
Clarification to IFRS 15 <i>Revenue from contracts with Customers</i>	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 2 (amendments) <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
IFRIC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

The Directors are evaluating the impact that these standards will have on the financial statements of the Company.

2.13 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board as a whole.

All operations and information are reviewed together so that at present there is only one reportable operating segment.

3. Revenue

There was no revenue generated in the period.

4. Segment reporting

In the opinion of the Directors, during the period ended 31 December 2017 the Company operated in the single business segment of other business support services.

5. Operating loss

This is stated after charging:

	2017 £
Share-based payments charge	4,360
Costs associated with listing	14,492
Auditor's remuneration:	
audit of the Company	11,000
non-audit services:	
audit related assurance services	500
interim statement review services	1,150
taxation compliance / other taxation services	250
corporate finance services	6,250
Directors' remuneration	16,000
Stock exchange and regulatory expenses (not included within costs associated with listing)	11,087
Legal, professional and other expenses associated with investigation of potential acquisitions	38,935

In addition to the costs associated with listing, a further £116,127 of costs directly attributable to the issuance of shares was deducted from share premium during the period.

6. Directors and staff costs

During the year the only staff of the Company were the Directors and as such key management personnel. Directors' remuneration, other benefits supplied to the Directors and social security costs during the period were as follows:

	2017 £
Directors' fees	16,000
Pension contributions	-
Social security costs	-
	<u>16,000</u>

The average number of staff during the period, including Directors, was 4.

All Directors received equal remuneration during the period and, accordingly, there was no single highest paid Director. The remuneration of each Director was as follows:

	2017 £
Directors' fees	4,000
Pension contributions	-
Social security costs	-
	<u>4,000</u>

7. Taxation

	2017 £
The charge / credit for the period is made up as follows:	
Corporation tax on the results for the period	-
Taxation charge / credit for the year	<u>-</u>

A reconciliation of the tax charge / credit appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the period is:

Loss per accounts	(111,012)
Tax credit at the standard rate of corporation tax in the United Kingdom (19.25%)	(21,370)
Impact of costs disallowed for tax purposes	11,861
Impact of unrelieved tax losses carried forward	9,509
	<u>-</u>

Estimated tax losses of £49,400 are available for relief against future profits and a deferred tax asset of £8,398 has not been provided for in the Historical Financial Information based on the estimated tax losses.

Factors affecting the future tax charge

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's effective tax rate for the period was 19.25%.

A further change in the corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016, therefore the potential deferred tax asset has been assessed on this basis.

8. Loss per share

The calculation of the loss per ordinary share is based on the loss for the period after taxation of £111,012 and on the weighted average number of 10,970,166 ordinary shares in issue during the period.

The warrants outstanding at 31 December 2017 are considered to be non-dilutive in that their conversion into ordinary shares would not increase the net loss per share. Consequently, there is no diluted loss per share to report for the period.

9. Property, plant and equipment

The Company held no property, plant and equipment during the period and at the period end.

10. Trade and other receivables

	2017 £
Prepayments and other receivables	9,683
Loans receivable	35,000
	<u>44,683</u>

The Company entered into a loan agreement with HKP Exploration Ltd in December 2017. The loan is unsecured and interest free and becomes repayable on the earlier of: (i) the making of an announcement by the Company that it no longer intends to proceed with the acquisition of HKP Exploration Ltd; and (ii) 30 September 2018.

The Directors consider that the carrying value amount of trade and other receivables approximates to their fair value.

11. Cash and cash equivalents

	2017 £
Cash at bank	<u>1,184,424</u>

Cash at bank comprises balances held by the Company in current bank accounts. The carrying value of these approximates to their fair value.

12. Trade and other payables

	2017 £
Trade payables	31,365
Accruals and other payables	<u>19,921</u>
	<u>51,286</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and continuing costs. The Directors consider that the carrying value amount of trade and other payables approximates to their fair value. Fair values have been calculated by discounting cashflows at prevailing interest rates. Further details are set out in note 19.

13. Deferred taxation

No deferred tax asset has been recognised by the Company due to the uncertainty of generating sufficient future profits and tax liability against which to offset the tax losses. Note 7 above sets out the estimated tax losses carried forward and the impact of the deferred tax asset not accounted for.

14. Share capital / share premium

	Number of shares	Share capital £	Share premium £	Total £
Ordinary shares of £0.001 each, fully paid	28,600,000	28,600	1,157,873	1,186,473
Deferred shares of £0.049 each, fully paid	2,000,000	98,000	-	98,000
Balance at 31 December 2017		<u>126,600</u>	<u>1,157,873</u>	<u>1,284,473</u>

The Company has one class of ordinary share which carries no right to fixed income. All ordinary shares have equal voting rights and rank *pari passu* for the distribution of dividends and repayment of capital.

The deferred shares carry no voting rights or rights to participate in the profits of the Company and have very limited rights to a return of capital on a winding-up of the Company.

£116,127 of costs directly attributable to the issuance of shares was deducted from share premium during the period.

Movements on share capital

	Ordinary shares of £0.001 each Number	£	'A' ordinary shares of £0.05 each Number	£	Deferred shares of £0.049 each Number	£
On incorporation	600,000	600	-	-	-	-
Allotted during the period	26,000,000	26,000	2,000,000	100,000	-	-
Sub-division and redesignation of 'A' ordinary shares	<u>2,000,000</u>	<u>2,000</u>	<u>(2,000,000)</u>	<u>(100,000)</u>	<u>2,000,000</u>	<u>98,000</u>
Balance at 31 December 2017	<u>28,600,000</u>	<u>28,600</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>98,000</u>

600,000 ordinary shares of £0.001 each were issued, at par, to David Cliff, Derek Crowhurst and Peter Damouni (the "Founders") on incorporation of the Company on 4 January 2017.

On 24 April 2017, 2,000,000 'A' ordinary shares of £0.05 each were issued, at par, to certain investors, including the Directors (the "Seed Investors").

On 28 April 2017, a capital reorganisation was approved under which each of the 'A' ordinary shares of £0.05 each in issue was sub-divided and redesignated into one ordinary share of £0.001 each and one deferred share of £0.049 each.

On 29 August 2017, 26,000,000 ordinary shares of £0.001 each were issued, at £0.05 per share, to subscribers in the Placing, including certain of the Directors.

Warrants

At 31 December 2017, there were warrants outstanding over 18,694,300 unissued ordinary shares.

Details of the warrants outstanding are as follows:

Warrant series	Exercisable from	Expiry date	Exercise price	Number outstanding
Series A warrants	29 August 2017	29 August 2022	£0.05	5,200,000
Series B warrants	29 August 2017	29 August 2020	£0.10	13,000,000
Broker warrants	29 August 2017	29 August 2019	£0.05	494,300
				<u>18,694,300</u>

1,200,000 series A warrants were issued to the Founders on 16 March 2017 and a further 4,000,000 series A warrants were issued to the Seed Investors on 24 April 2017. The series A warrants became exercisable with effect from the date of Admission, being 29 August 2017, until the fifth anniversary of Admission, being 29 August 2022.

The 13,000,000 series B warrants were issued to subscribers in the Placing on 29 August 2017. The series B warrants became exercisable upon issue on 29 August 2017 until the third anniversary of Admission, being 29 August 2020.

The 494,300 broker warrants were issued to Shard Capital Partners LLP or its nominees in connection with its role in the Placing. The broker warrants became exercisable upon issue on 29 August 2017 until the second anniversary of Admission, being 29 August 2019.

The Directors were interested in the following warrants at the beginning and at the end of the period:

Director	Warrant series	Exercise price	Exercise period	At 4 January 2017	Issued during the period	At 31 December 2017
Christopher Hall	Series A	£0.05	29 August 2017 to 29 August 2022	-	200,000	200,000
David Cliff	Series A	£0.05	29 August 2017 to 29 August 2022	-	700,000	700,000
	Series B	£0.10	29 August 2017 to 29 August 2020	-	50,000	50,000
Derek Crowhurst	Series A	£0.05	29 August 2017 to 29 August 2022	-	500,000	500,000
Peter Damouni	Series A	£0.05	29 August 2017 to 29 August 2022	-	800,000	800,000
	Series B	£0.10	29 August 2017 to 29 August 2020	-	400,000	400,000
				-	<u>2,650,000</u>	<u>2,650,000</u>

The market price of the Ordinary Shares at 31 December 2017, being the price at which trading was suspended on 2 November 2017, was £0.05375 per share.

15. Share-based payment reserve

	2017 £
At incorporation	-
Fair value of warrants granted during the period	4,360
At 31 December	<u>4,360</u>

The Company issued warrants to investors and advisers during the period. Details of warrants issued during the period are as follows:

	Number	Share-based payment charge £	Weighted average exercise price
On incorporation	-	-	-
Series A warrants issued during the period	5,200,000	-	£0.05
Series B warrants issued during the period	13,000,000	-	£0.10
Broker warrants issued during the period	494,300	4,360	£0.05
At 31 December 2017	<u>18,694,300</u>	<u>4,360</u>	<u>£0.0848</u>

The warrants outstanding at the reporting date had a weighted average remaining contractual life of 3.2 years. The exercise prices range from £0.05 to £0.10 per share.

The series A warrants and the series B warrants were issued to investors in connection with the subscription of shares and, accordingly, are not deemed to be equity settled share-based payments.

The fair value of the broker warrants issued during the period was estimated using the Black Scholes option pricing model. The key variables used in the model were as follows:

Share price at date of issue	£0.05
Exercise price	£0.05
Expected volatility	30%
Expected dividend yield	0%
Risk-free interest rate	1%

Expected volatility was determined by reference to a basket of similar companies over the period.

The broker warrants were issued on Admission and, accordingly, the price at which shares were subscribed in the Placing was used as the share price at date of issue.

The Company recognised total charges of £4,360 related to equity settled share-based payments during the period.

16. Capital commitments

The Company had no capital commitments at 31 December 2017.

17. Contingent liabilities

The Company had no contingent liabilities at 31 December 2017.

18. Commitments under operating leases

The Company had no commitments under operating leases at 31 December 2017.

19. Financial instruments and risk management

The Company's financial instruments comprise primarily cash and various items such as trade receivables, loans receivable and trade payables which arise directly from operations. The main purpose of these financial instruments is to provide working capital for the Company's operations. The Company does not utilise complex financial instruments or hedging mechanisms.

Financial assets by category

The categories of financial assets (as defined by International Accounting Standard 39: Financial Instruments: Recognition and Measurement) included in the statement of financial position and the heading under which they are included are as follows:

	2017 £
Current Assets:	
Cash and cash equivalents	1,184,424
Trade and other receivables	9,683
Loans receivable	35,000
	<u>1,229,107</u>

All amounts are short-term and none are past due at 31 December 2017.

Financial liabilities by category

The categories of financial liabilities (as defined by International Accounting Standard 39: Financial Instruments: Recognition and Measurement) included in the statement of financial position and the heading under which they are included are as follows:

	2017 £
Current Liabilities:	
Trade and other payables	<u>49,682</u>

All amounts are short-term and payable within 3 months.

Credit risk

The maximum exposure to credit risk at 31 December 2017 by class of financial asset was:

	2017 £
Loans receivable	<u>35,000</u>

Capital management

The Company considers its capital to be equal to the sum of its total equity. The Company manages its capital by monitoring expenditure and available cash and cash equivalents.

The Company's objective when managing its capital is to ensure it obtains sufficient funding for continuing as a going concern. The Company funds its capital requirements through the issue of new shares to investors.

Interest rate risk

The maximum exposure to interest rate risk at 31 December 2017 by class of financial asset was:

	2017 £
Cash at bank	<u>1,184,424</u>

The nature of the Company's activities and the basis of funding are such that the Company has significant liquid resources. The Company uses these resources to meet the cost of operations. Consequently, it seeks to minimise risk in the holding of its bank deposits.

The Company is not financially dependent on the income earned on these resources and therefore the risk of interest rate fluctuations is not significant to the Company and the Directors have not performed a detailed sensitivity analysis.

All deposits are held with main clearing banks to restrict both credit risk and liquidity risk. The Company is not subject to interest rate risk.

Credit and liquidity risk

Credit risk is managed on a Company basis. Funds are deposited with financial institutions with a credit rating equivalent to, or above, the main UK clearing banks. The Company's liquid resources are invested having regard to the timing of payment to be made in the ordinary course of the Company's activities. All financial liabilities are payable in the short term (within 3 months) and the Company maintains adequate bank balances to meet those liabilities.

Currency risk

The Company operates in a global market with income and costs possibly arising in a number of currencies. The majority of the operating costs are incurred in pounds sterling. The Company does not hedge potential future income or costs, since the existence, quantum and timing of such transactions cannot be accurately predicted. The Company did not have foreign currency exposure at 31 December 2017.

20. Related party transactions

Other than the issue of shares and warrants to the Directors and entering into letters of appointment with each of the Directors, the Company did not enter into any related party transactions during the period.

21. Events subsequent to period end

On 28 June 2018 the Company entered into a conditional share purchase agreement pursuant to which the Company has agreed, conditional, inter alia, on Admission, to acquire the entire issued share capital of HKP Exploration Ltd for a consideration of £500,000 to be satisfied by the allotment and issue of 6,666,667 new ordinary shares of £0.001, fully paid, at an effective issue price of £0.075 per share.

Pursuant to the Placing and the Subscription, 26,666,667 new ordinary shares of £0.001 each have been allotted for cash, conditional on Admission, at a price of £0.075 per share, representing gross proceeds of £2,000,000 and estimated net proceeds of approximately £1,500,000 after deduction of expected costs and expenses relating to the Acquisition, the Placing, the Subscription and Admission of approximately £500,000 (exclusive of VAT).

22. Control

In the opinion of the Directors, the Company has no single ultimate controlling party.

PART VI

(A) ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF HKP

Saffery Champness

CHARTERED ACCOUNTANTS

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The Directors and the Proposed Director
Chesterfield Resources plc
71 Queen Victoria Street
London
EC4V 4BE

28 June 2018

Dear Sirs

Accountant's report on HKP Exploration Ltd ("HKP")

Introduction

We report on the historical financial information of HKP set out in Part VI (B) of the prospectus of Chesterfield Resources plc (the "Company") dated 28 June 2018 (the "Prospectus") which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes 1 to 24 for the three financial years ended 31 December 2015, 2016 and 2017 (the "Historical Financial Information"). The Historical Financial Information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2. This report is required by item 20.1 of Annex I of Commission Regulation (EC) 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that item and for no other purpose.

Responsibility

The directors and the proposed director of the Company (the "Directors") are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Historical Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, or arising out of or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of HKP as at 31 December 2015, 2016 and 2017 and of its profits and losses, cash flows and changes in equity for the periods then ended in accordance with IFRS.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

Saffery Champness LLP

PART VI

(B) HISTORICAL FINANCIAL INFORMATION OF HKP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2015 €	Year ended 31 December 2016 €	Year ended 31 December 2017 €
Continuing operations				
Revenue	5	76,659	28,413	-
Other operating income	6	920	2,575	-
Selling and distribution expenses		(2,499)	(1,475)	(31)
Administration expenses		(119,077)	(19,405)	(5,360)
Other expenses	7	-	-	(5,544)
Operating (loss)/profit from continuing operations	8	(43,997)	10,108	(10,935)
Finance costs	10	(235)	(130)	(88)
(Loss)/profit before tax from continuing operations		(44,232)	9,978	(11,023)
Tax	11	-	-	-
(Loss)/profit from continuing operations		(44,232)	9,978	(11,023)
Attributable tax expense from discontinued operations	12	-	-	-
Profit after tax from discontinued operations	12	-	-	27,984
Total comprehensive income		(44,232)	9,978	16,961
(Loss)/earnings per share from continuing and discontinued operations (basic and diluted)	13	(44.23)	9.98	16.96
Earnings per share attributable to continuing operations (basic and diluted)	13	(44.23)	9.98	(11.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2015 €	As at 31 December 2016 €	As at 31 December 2017 €
Non-current assets				
Property, plant and equipment	15	1,968	1,776	-
		1,968	1,776	-
Current assets				
Trade and other receivables	16	49,981	57,787	-
Cash at bank and in hand	17	6,046	619	39,310
		56,027	58,406	39,310
Total assets		57,995	60,182	39,310
Equity				
Share capital	18	1,000	1,000	1,000
Accumulated losses		(28,463)	(32,158)	(15,197)
Total equity		(27,463)	(31,158)	(14,197)
Current liabilities				
Trade and other payables	20	85,458	91,340	14,097
Borrowings	19	-	-	39,410
Total liabilities		85,458	91,340	53,507
Total equity and liabilities		57,995	60,182	39,310

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital €	Accumulated profits/(losses) €	Total €
Balance at 1 January 2015		1,000	15,769	16,769
Total comprehensive income for the year		-	(44,232)	(44,232)
Balance at 31 December 2015		1,000	(28,463)	(27,463)
Total comprehensive income for the year		-	9,978	9,978
Dividends	14	-	(13,673)	(13,673)
Balance at 31 December 2016		1,000	(32,158)	(31,158)
Total comprehensive income for the year		-	16,961	16,961
Balance at 31 December 2017		1,000	(15,197)	(14,197)

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by HKP Exploration Ltd for the account of its shareholders.

CONSOLIDATED STATEMENT OF CASHFLOWS

	Notes	Year ended 31 December 2015 €	Year ended 31 December 2016 €	Year ended 31 December 2017 €
Cashflow from operating activities				
(Loss)/profit before tax		(44,232)	9,978	16,961
Adjustments for:				
Depreciation of property, plant and equipment	15	534	600	-
Interest expense	10	235	130	333
Profit from discontinued operations		-	-	19,164
		(43,463)	10,708	36,458
Changes in working capital:				
Increase in trade and other receivables		(11,220)	(7,806)	(5,656)
Increase/(decrease) in trade and other payables		52,410	5,882	(30,986)
Cash (used in)/generated from operations		(2,273)	8,784	(184)
Tax paid		(654)	-	-
Net cashflow (used in)/generated from operating activities		(2,927)	8,784	(184)
Cashflow from investing activities				
Payment for purchase of property, plant and equipment	15	-	(408)	(202)
Net cashflow used in investing activities		-	(408)	(202)
Cashflows from financing activities				
Proceeds from borrowings		-	-	39,410
Interest paid	10	(235)	(130)	(333)
Dividends paid		-	(13,673)	-
Net cashflow (used in)/generated from financing activities		(235)	(13,803)	39,077
Net (decrease)/increase in cash and cash equivalents		(3,162)	(5,427)	38,691
Cash and cash equivalents at beginning of the year		9,208	6,046	619
Cash and cash equivalents at end of the year	17	6,046	619	39,310

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. Incorporation and principal activities

HKP Exploration Ltd ("HKP") was incorporated in Cyprus on 1 July 2014 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 36 Pafou Street, Vladimiros Court, 1st Floor, 3052 Limassol, Cyprus. The principal activities of HKP are the exploration and research for natural resources.

Until it was disposed of on 31 October 2017, HKP had one subsidiary undertaking, Khalkeus Minerals Ltd ("Khalkeus") (together, the "HKP Group"), of which HKP held 100% of the share capital. Khalkeus is a private limited liability company incorporated under the provisions of the Cyprus Companies Law, Cap. 113. The principal activity of Khalkeus was the provision of consultancy services.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all years presented in the Historical Financial Information unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The Historical Financial Information has been prepared under the historical cost convention.

2.2 Adoption of new and revised IFRSs

As from 1 January 2015, the HKP Group adopted all IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the Historical Financial Information.

At the date of approval of the Historical Financial Information, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet.

At the date of approval of the Historical Financial Information the following accounting standards were issued by the International Accounting Standards Board but were not yet effective,

<i>Standard</i>	<i>Effective date, annual period beginning on or after</i>
Adopted by the European Union:	
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from contracts with Customers, including amendments to IFRS 15	
Effective date of IFRS 15	1 January 2018
Not adopted by the European Union:	
IFRS 17 Insurance Contracts	1 January 2021
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Annual Improvements to IFRS Standards 2015-2017 cycle	1 January 2019
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

The Directors are evaluating the impact that these standards will have on the financial statements of HKP. It is expected that these standards will not have a material effect.

2.3 Basis of consolidation

The Historical Financial Information comprises the financial information of HKP and the financial information of its controlled subsidiary undertaking, Khalkeus. Control is achieved where HKP:

- has power of the investee;
- is exposed or has rights to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when HKP obtains control over the subsidiary and ceases when HKP loses control of the subsidiary.

The financial information of HKP and Khalkeus was prepared using uniform accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.4 Business combinations

There were no business combinations, as defined by IFRS 3 (revised), during the period.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the HKP Group, liabilities incurred by the HKP Group to the former owners of the acquiree and the equity interests issued by the HKP Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income taxes and IAS 19 Employee benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the HKP Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based payments at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle the holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the HKP Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 or IAS 37 Provisions, contingent liabilities and contingent assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the HKP Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the HKP Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the HKP Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above) or additional assets or liabilities are recognised to reflect new information obtained about fact and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.5 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of HKP as a whole. All operations and information are reviewed together so that there is only one reportable operating segment. The HKP Group operates only in Cyprus and for this reason operations are not analysed by geographical segment.

2.6 Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the HKP Group are recognised on the following bases:

Rendering of services

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be provided.

2.7 Employee benefits

The HKP Group and its employees contribute to the Cyprus Government Social Insurance Fund based on employees' salaries. The HKP Group's contributions are expensed as incurred and are included in staff costs. The HKP Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

2.8 Debtors and provisions for bad debts

Bad debts are written off to profit or loss and a specific provision is made where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

2.9 Finance income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.10 Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

2.11 Foreign currency translation

Functional and presentation currency

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Historical Financial Information is presented in Euro (€), which is HKP's functional and presentation currency.

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.12 Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.13 Exploration and evaluation costs

Exploration and evaluation costs consist of direct costs and fixed salary/consultants' costs in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. Exploration and evaluation costs incurred before the HKP Group has obtained legal rights to explore, including the acquisition of exploration data and the associated costs of analysing such data, are expensed in the period in which they are incurred. The HKP Group recognises expenditure in exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral assets.

2.14 Dividends

Dividend distribution to HKP's shareholders is recognised in the Historical Financial Information in the year in which they were approved by HKP's shareholders.

2.15 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciated and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

Furniture, fixtures and office equipment	10%
Computer equipment	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Where the carrying value of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss in the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the HKP Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.16 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash-generating units).

2.17 Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when the HKP Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the net present value of estimated future cashflows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

For the purpose of the consolidated cashflow statement, cash and cash equivalents comprise cash at bank.

Borrowings

Borrowings are recorded initially at the proceeds received, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the HKP Group if longer). If not, they are presented as non-current liabilities.

2.18 Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cashflows from the asset have expired;
- the HKP Group retains the right to receive cashflows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the HKP Group has transferred its rights to receive cashflows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.19 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated statement of financial position.

2.20 Share capital

Ordinary shares are classified as equity.

3. Financial risk management

The HKP Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the HKP Group to manage these risks are discussed below:

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The HKP Group's income and operating cashflows are substantially independent of changes in market interest rates as the HKP Group has no significant interest-bearing assets. The HKP Group is exposed to interest rate risk in relation to its borrowings. Borrowings issued at variable rates expose the HKP Group to cashflow interest rate risk. Borrowings issued at fixed rates expose the HKP Group to fair value interest rate risk. The HKP Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The risk of interest rate fluctuations is not significant to the HKP Group and the Directors have not performed a detailed sensitivity analysis.

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The HKP Group has no significant concentration of credit risk. The HKP Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. As at 31 December 2015, 2016 and 2017 the HKP Group had no requirement for a provision for bad or doubtful debts.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The HKP Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the HKP Group's measurement currency. The HKP Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the British pound sterling, the Australian dollar and the Euro. The HKP Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Capital risk management

The HKP Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The HKP Group's overall strategy remained unchanged during the reporting period.

4. Critical accounting estimates and judgments

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates and requires the HKP Group's management to exercise their judgment in the process of applying the HKP Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the HKP Group's management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**
The HKP Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.
- **Income taxes**
Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The HKP Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
- **Impairment of non-financial assets**
The impairment test is performed using the discounted cashflows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the HKP Group estimates the recoverable amount of the cash generating unit in which the asset belongs.

5. Revenue

	2015 €	2016 €	2017 €
Rendering of services	76,659	28,413	-
	<u>76,659</u>	<u>28,413</u>	<u>-</u>

6. Other operating income

	2015 €	2016 €	2017 €
Net foreign exchange gains	920	2,575	61
	<u>920</u>	<u>2,575</u>	<u>61</u>

7. Other expenses

	2015 €	2016 €	2017 €
Professional fee for prospecting permits	-	-	2,499
Research and development expenses	-	-	3,045
	<u>-</u>	<u>-</u>	<u>5,544</u>

During the year ended 31 December 2017, HKP made applications for the following prospecting permits to the Cyprus Ministry of Agriculture, Rural Development and Environment: AE4659, AE4660, AE4661, AE4664, AE4665, AE4672 and AE4673. No such applications were made in the years ended 31 December 2015 and 2016.

8. Operating (loss)/profit

	2015 €	2016 €	2017 €
Operating (loss)/profit is stated after charging the following items:			
Depreciation of property, plant and equipment (note 15)	534	600	-
Staff costs including Directors in their executive capacity (note 9)	109,949	13,380	11,150
Auditors' remuneration	1,276	1,276	714
Net foreign exchange gains (included in 'other operating income')	920	2,575	61
Research and development expenses (included in 'other expenses')	-	-	3,045
	<u>-</u>	<u>-</u>	<u>3,045</u>

9. Staff costs

	2015 €	2016 €	2017* €
Salaries	102,000	12,000	10,000
Social security costs	4,496	1,140	950
Special contribution	1,413	-	-
Social Cohesion Fund	2,040	240	200
	<u>109,949</u>	<u>13,380</u>	<u>11,150</u>
Average number of employees (including Directors in their executive capacity)	<u>1</u>	<u>1</u>	<u>1</u>

* Staff costs for 2017 relate to discontinued operations.

10. Finance costs

	2015 €	2016 €	2017 €
Sundry finance expenses	(235)	(130)	(88)
Finance costs	<u>(235)</u>	<u>(130)</u>	<u>(88)</u>

11. Tax

The tax on the HKP Group's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2015 €	2016 €	2017 €
(Loss)/profit before tax	(44,232)	9,978	(11,023)
Tax calculated at the applicable tax rates	(5,529)	1,247	(1,378)
Tax effect of allowances and income not subject to tax	538	(1,247)	-
Tax effect of tax losses carried forward	4,991	-	1,378
Tax charge	<u>-</u>	<u>-</u>	<u>-</u>

The corporation tax rate is 12.5%.

12. Discontinued operations

On 31 October 2017, the HKP Group was dissolved upon the disposal by HKP of the 100% of the share capital of Khalkeus it held.

	2015 €	2016 €	2017 €
Discontinued operations:			
Revenue	-	-	63,754
Other operating income	-	-	61
Selling and distribution expenses	-	-	(615)
Administration expenses	-	-	(15,807)
Results from operating activities	<u>-</u>	<u>-</u>	<u>47,393</u>
Sundry finance expenses	-	-	(245)
Profit before tax	<u>-</u>	<u>-</u>	<u>47,148</u>
Attributable tax expense	-	-	-
Loss on disposal of discontinued operations	<u>-</u>	<u>-</u>	<u>(19,164)</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>27,984</u>

The net cash outflows are as follows:

	2015 €	2016 €	2017 €
Discontinued operations:			
Operating activities	-	-	(294)
Investing activities	-	-	(202)
Financing activities	-	-	(245)
Net cash outflow	<u>-</u>	<u>-</u>	<u>(741)</u>

13. Earnings per share

The calculation of earnings per share from continuing and discontinued operations (basic and diluted) is based on the (loss)/profit for the year after taxation and on the weighted average number of shares in issue during the year.

	2015 €	2016 €	2017 €
(Loss)/profit for the year after taxation	(44,232)	9,978	16,961
Weighted average number of shares in issue during the year	1,000	1,000	1,000
(Loss)/earnings per share from continuing and discontinued operations	(44.23)	9.98	16.96

The calculation of earnings per share attributable to continuing operations (basic and diluted) is based on the profit for the year after taxation from continuing operations and on the weighted average number of shares in issue during the year.

	2015 €	2016 €	2017 €
Profit for the year after taxation from continuing operations	(44,232)	9,978	(11,023)
Weighted average number of shares in issue during the year	1,000	1,000	1,000
(Loss)/earnings per share attributable to continuing operations	(44.23)	9.98	(11.02)

14. Dividends

	2015 €	2016 €	2017 €
Final dividend paid	-	13,673	-
	-	13,673	-

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

15. Property, plant and equipment

	<i>Furniture, fixtures and office equipment</i> €
Cost:	
Balance at 1 January 2015	3,036
Balance at 31 December 2015	3,036
Additions	408
Balance at 31 December 2016	3,444
Additions	202
Disposals	(3,646)
Balance at 31 December 2017	-
Depreciation:	
Balance at 1 January 2015	534
Charge for the year	534
Balance at 31 December 2015	1,068
Charge for the year	600
Balance at 31 December 2016	1,668
On disposals	(1,668)
Balance at 31 December 2017	-
Net book amount:	
Balance at 31 December 2015	1,968
Balance at 31 December 2016	1,776
Balance at 31 December 2017	-

16. Trade and other receivables

	2015 €	2016 €	2017 €
Trade receivables	49,981	57,787	-
	<u>49,981</u>	<u>57,787</u>	<u>-</u>
	2015 €	2016 €	2017 €
Ageing of past due but not impaired:			
Up to 30 days	-	2,965	-
31-120 days	-	-	-
More than 120 days	49,981	54,822	-
	<u>49,981</u>	<u>57,787</u>	<u>-</u>

The HKP Group does not hold any collateral over the trading balances.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the HKP Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 3.

17. Cash at bank and in hand

Cash balances are analysed as follows:

	2015 €	2016 €	2017 €
Cash at bank and in hand	6,046	618	39,310
	<u>6,046</u>	<u>618</u>	<u>39,310</u>

Reconciliation of liabilities arising from financing activities:

	Short term loans €	Total €
Balance at 1 January 2015	-	-
Balance at 31 December 2015	-	-
Balance at 31 December 2016	-	-
Proceeds from borrowings	39,410	39,410
Balance at 31 December 2017	<u>39,410</u>	<u>39,410</u>

The exposure of the HKP Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3.

18. Share capital

	2015 Number of shares	2015 €	2016 Number of shares	2016 €	2017 Number of shares	2017 €
Authorised:						
Ordinary shares of €1 each	1,000	1,000	1,000	1,000	1,000	1,000
Issued and fully paid:						
Balance at 1 January	1,000	1,000	1,000	1,000	1,000	1,000
Balance at 31 December	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

HKP has only one class of share and the ordinary shares have full voting and dividend rights.

19. Borrowings

	2015 €	2016 €	2017 €
Current borrowings:			
Short term loans	-	-	39,410

The loan is repayable no later than 30 September 2018.

20. Trade and other payables

	2015 €	2016 €	2017 €
Trade payables	250	2,102	-
Social insurance and other taxes	386	386	-
Director's current account – credit balances	6,974	22,182	12,074
Accruals	77,848	66,670	2,023
	<u>85,458</u>	<u>91,340</u>	<u>14,097</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

21. Related party transactions

The following transactions were carried out with related parties:

Director's remuneration

The remuneration of the Director (being the only member of key management) was as follows:

	2015 €	2016 €	2017* €
Director's remuneration	102,000	12,000	10,000
	<u>102,000</u>	<u>12,000</u>	<u>10,000</u>

* Director's remuneration for 2017 relates to discontinued operations.

Director's current account – credit balances (note 20)

	2015 €	2016 €	2017 €
Michael Green	6,974	22,182	12,074
	<u>6,974</u>	<u>22,182</u>	<u>12,074</u>

The director's current account is unsecured, interest free and has no specified repayment date.

Disposal of subsidiary

On 31 October 2017, HKP disposed of its subsidiary, Khalkeus, with 100% of the share capital transferred to Michael Green who, at the date of transfer, was the sole director and sole shareholder of HKP.

22. Contingent liabilities

The HKP Group had no contingent liabilities as at 31 December 2015, 31 December 2016 or 31 December 2017.

23. Commitments

The HKP Group had no capital or other commitments as at 31 December 2015, 31 December 2016 or 31 December 2017.

24. Events after the reporting period

The Cyprus Ministry of Agriculture, Rural Development and Environment granted prospecting permits AE4659, AE4660, AE4661, AE4664 and AE4665 to HKP on 10 January 2018 and prospecting permits AE4672 and AE4673 to HKP on 7 March 2018. HKP paid aggregate annual rents of €20,625 upon the grant of these prospecting permits.

Since 31 December 2017, HKP has made applications for the following prospecting permits to the Cyprus Ministry of Agriculture, Rural Development and Environment: AE4702, AE4703, AE4706, AE4707, AE4708 and AE4709.

PART VII

(A) ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Saffery Champness

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The Directors and the Proposed Director
Chesterfield Resources plc
71 Queen Victoria Street
London
EC4V 4BE

28 June 2018

Dear Sirs

Chesterfield Resources plc (the "Company")

Introduction

We report on the unaudited pro forma statement of net assets (the "Pro Forma Financial Information") set out in Part VII (B) of the prospectus of the Company dated 28 June 2018 (the "Prospectus"), which has been prepared on the basis described, for illustrative purposes only, to provide information about how the impact of the Acquisition, the Placing, the Subscription and Admission, as such terms are defined in the Prospectus, might have affected the financial information of the Company as at 31 December 2017 presented on the basis of the accounting policies adopted by the Company.

This report is required by item 7 of Annex II of Commission Regulation (EC) 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibility

It is the responsibility solely of the directors and the proposed director of the Company (the "Directors") to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, in accordance with item 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, or arising out of or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us as at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board. The work that we performed for the purpose of making the report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

Saffery Champness LLP

PART VII

(B) UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The following unaudited pro forma statement of net assets of the Company as at 31 December 2017 (the "Pro Forma Financial Information") has been prepared for illustrative purposes only, to show the impact of the Acquisition, the Placing, the Subscription and Admission (using the principal bases and assumptions set out below) on the Company's net assets as at 31 December 2017, the latest date to which unadjusted audited financial information on the Company has been prepared, on the basis that the Acquisition, the Placing, the Subscription and Admission had been completed on that date. The Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing the Historical Financial Information of the Company.

The Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	<i>The Company as at 31 December 2017 (Note 1) £</i>	<i>HKP as at 31 December 2017 (Note 2) £</i>	<i>Pro forma adjustments (Notes 3 and 4) £</i>	<i>Resulting pro forma financial information as at 31 December 2017 £</i>
Non-current assets				
Intangible assets	-	-	512,676	512,676
	-	-	512,676	512,676
Current assets				
Trade and other receivables	44,683	-	(35,187)	9,496
Cash and cash equivalents	1,184,424	35,098	2,000,000	3,219,522
	1,229,107	35,098	1,964,813	3,229,018
Total assets	1,229,107	35,098	2,477,489	3,741,694
Current liabilities				
Trade and other payables	(51,286)	(12,587)	(461,067)	(524,940)
Borrowings	-	(35,187)	35,187	-
	(51,286)	(47,774)	(425,880)	(524,940)
Non-current liabilities				
	-	-	-	-
	-	-	-	-
Total liabilities	(51,286)	(47,774)	(425,880)	(524,940)
Net assets	1,177,821	(12,676)	2,051,609	3,216,754

Notes:

1. This information has been extracted from the Historical Financial Information of the Company.
2. This information has been extracted from the Historical Financial Information of HKP, translated from euros to pounds sterling at £1=€1.12.
3. The increase in intangible assets of £512,676 represents the excess of the purchase consideration of £500,000 (6,666,667 Consideration Shares at the Issue Price of 7.5p per share) over the carrying amount of the net assets acquired (net liabilities of £12,676). The increase in trade and other receivables of £35,187 and a decrease in borrowings of the same amount illustrates the effect of consolidation adjustments relating to the loan from the Company to HKP.
4. The increase in cash and cash equivalents illustrates the receipt by the Company of the gross proceeds of the Placing and the Subscription of £2,000,000. The increase in trade and other payables of £461,067 illustrates the effect of the estimated expenses (exclusive of VAT) payable by the Company in connection with the Acquisition, the Placing, the Subscription and Admission of £500,000, less the expenses already incurred by the Company as at 31 December 2017 of £38,933.

PART VIII

TAXATION

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC and may not apply to certain Shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes, or Shareholders whose opportunity to acquire shares arose from their or another's employment. They relate (except where stated otherwise) to persons who are resident and, in the case of individuals, domiciled in the UK for UK tax purposes, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment. Any person who is in any doubt as to his tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his professional advisers immediately.

1. Dividends

1.1 Withholding at source

The Company will not be required to withhold at source on account of UK tax when paying a dividend.

1.2 Individual Shareholders

Since 6 April 2016, dividends paid by a UK company no longer carry a tax credit. An individual Shareholder who is resident in the UK (for UK tax purposes) and who receives a dividend from the Company and is liable to income tax only at the basic rate will be subject to tax on the dividend at the rate of 7.5 per cent. of the dividend received. An individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the dividend received at the rate of 32.5 per cent. An individual Shareholder who is liable to tax at the additional rate will be liable to tax on the dividend received at the rate of 38.1 per cent. The dividend will be regarded as the top slice of the Shareholder's income. Individuals may be entitled to an annual tax-free dividend allowance of £2,000 for 2018/19.

For trustees of life interest trusts, the rate of income tax on dividends is 7.5 per cent. For trustees of discretionary trusts, the rate of income tax on dividends is 38.1 per cent. where total trust income exceeds £1,000 and 7.5 per cent. where trust income is below £1,000.

Individual Shareholders who are not resident in the UK for tax purposes should consult their own advisers concerning their tax liabilities on dividends received.

1.3 Other Shareholders

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that dividends paid by the Company would normally be exempt. There is no repayable tax credit attached to dividends.

UK pension funds and charities are generally exempt from tax on dividends which they receive. There is no repayable tax credit attached to dividends.

2. Chargeable Gains

For the purpose of UK tax on chargeable gains, the amounts paid by a Shareholder for Ordinary Shares will generally constitute the base cost of his holding of Ordinary Shares. If a Shareholder who is resident in the UK (for UK tax purposes) disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost which can be allocated against the proceeds, the Shareholder's circumstances and any reliefs to which they are entitled. In the case of corporate shareholders, indexation allowance may apply to any amount paid for the Ordinary Shares.

The current rate of capital gains tax for individuals liable to income tax at the higher or additional rate is 20 per cent. Individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band (£34,500 for 2018/19) are subject to capital gains tax at the rate of 10 per cent., except to the extent that the aggregate of their total taxable income and chargeable gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to tax at the rate of 20 per cent. For trustees and personal representatives, the rate of capital gains tax is 20 per cent. Scottish taxpayers will be subject to capital gains tax on the same basis as other UK taxpayers, despite the upper limit for the basic rate of income tax band being lower in Scotland (£31,850 for 2018/19). Corporate Shareholders are liable to tax on capital gains at the prevailing rate of corporation tax applicable to them (currently 19 per cent.). In certain circumstances, a corporate shareholder may qualify for the substantial shareholding exemption, which exempts certain gains from corporation tax on chargeable gains.

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency or, in the case of a company, a permanent establishment with which their Ordinary Shares are connected).

Individual shareholders or holders who are temporarily non-UK resident may be liable to UK capital gains tax on chargeable gains realised during their period of non-residence on their return to the UK.

3. Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depository arrangements or clearance services, who may be liable at a higher rate.

In relation to stamp duty and SDRT:

- 3.1 the allocation and issue of the Placing Shares and the Subscription Shares will not give rise to a liability to stamp duty or SDRT;
- 3.2 any subsequent conveyance or transfer on sale of Ordinary Shares will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (rounded up, if necessary, to the nearest £5). An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the transaction(s) exceeds £1,000. A charge to SDRT at the rate of 0.5 per cent. will arise in relation to an unconditional agreement to transfer such shares. However, where, within six years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional), an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid; and
- 3.3 a transfer of shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally be subject to SDRT at the rate of 0.5 per cent. of the value of the consideration given.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986, as amended.

PART IX
ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated and registered in England and Wales on 4 January 2017 with registered number 10545738 as a private limited company under the Companies Act with the name Chesterfield Resources Limited.
- 1.2 On 8 May 2017, the Company was re-registered as a public limited company under the Companies Act and accordingly changed its name to Chesterfield Resources plc. The legal and commercial name of the issuer is Chesterfield Resources plc.
- 1.3 The principal legislation under which the Company operates and under which the Ordinary Shares have been created is the Companies Act.
- 1.4 The Company is domiciled in the United Kingdom.
- 1.5 The registered office of the Company is 71 Queen Victoria Street, London, EC4V 4BE. The head office of the Company is 4 Moorland Close, Flitton, Bedford, MK45 5DQ, telephone number (+44/0)1525 713033.
- 1.6 The Company was founded by Derek Crowhurst, Peter Damouni and David Cliff.
- 1.7 The registrars of the Company are Neville Registrars Limited. They are responsible for maintaining the register of members of the Company.
- 1.8 The ISIN of the Ordinary Shares is GB00BF2F1X78.
- 1.9 The Legal Entity Identifier (LEI) of the Company is 213800EF8I2TT767IU35.
- 1.10 The Company has, since the date of its incorporation, operated in conformity with its constitution.

2. Share Capital

- 2.1 The following is a summary of the changes in the issued share capital of the Company from incorporation to the date of this document.
 - 2.1.1 On incorporation, the Company had an issued share capital of £600 divided into 600,000 Ordinary Shares, which were subscribed for at par by the Founders.
 - 2.1.2 On 16 March 2017, 1,200,000 Series A Warrants were issued to the Founders.
 - 2.1.3 On 24 April 2017, 2,000,000 'A' ordinary shares of 5p each were issued and allotted to the Seed Investors at a price of 5p per share, fully paid.
 - 2.1.4 On 24 April 2017, 4,000,000 Series A Warrants were issued to the Seed Investors.
 - 2.1.5 On 28 April 2017, pursuant to a capital reorganisation, the 2,000,000 'A' ordinary shares of 5p each were sub-divided and re-designated into 2,000,000 Ordinary Shares and 2,000,000 Deferred Shares.
 - 2.1.6 On 29 August 2017, 26,000,000 Ordinary Shares were issued and allotted to the IPO Placees at a price of 5p per share, fully paid.
 - 2.1.7 On 29 August 2017, 13,000,000 Series B Warrants were issued to the IPO Placees.
 - 2.1.8 On 29 August 2017, 494,300 Broker Warrants were issued to the nominees of Shard.
- 2.2 By a Special Resolution passed on 28 April 2017, it was resolved to authorise the Board generally and unconditionally to exercise all the powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by section 551 of the Companies Act up to an aggregate nominal amount of £100,000, such authority to expire, unless renewed, revoked or varied by the Company, at the conclusion of the first annual general meeting of the Company, but so as to enable the Company before such date to make offers or agreements which would or might require relevant securities to be allotted after such date and to enable the Board to allot relevant securities in pursuance of such offers or agreements as if the authority conferred thereby had not expired, such authority to be in substitution for all existing authorities granted to the Board in respect of the allotment of relevant securities, without prejudice to any allotments made pursuant to the terms of such authorities.
- 2.3 By a Special Resolution passed on 28 April 2017, in accordance with section 570 of the Companies Act, it was resolved to empower the Board until the conclusion of the first annual general meeting of the Company, unless renewed, varied or revoked by the Company, to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the authorities referred to in paragraph 2.2 of Part IX of this document as if section 561(1) of the Companies Act did not apply to any such allotment, such power being limited to:

2.3.1 the allotment of equity securities in connection with the offer of equity securities to the holders of Ordinary Shares in proportion (as nearly as practicable) to their respective holdings and to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary; and

2.3.2 the allotment (other than pursuant to the power referred to in paragraph 2.3.1 of Part IX of this document) of equity securities up to an aggregate nominal amount of £100,000,

save that the Company may, before expiry of that authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities pursuant to any such offers or agreements as if such authority had not expired;

2.4 By a resolution of the Board passed on 25 June 2018 it was resolved, conditionally only upon Admission occurring on or before 2 July 2018 (or such later date, being not later than 15 July 2018), to allot 6,666,667 new Ordinary Shares pursuant to the Acquisition, 10,766,667 new Ordinary Shares for cash pursuant to the Placing and 15,900,000 new Ordinary Shares for cash pursuant to the Subscription, in each case at the Issue Price, and to issue 13,333,322 Series C Warrants and 2,970,000 share options pursuant to the Share Options.

2.5 At the first annual general meeting of the Company held on 26 June 2018, Shareholders resolved:

2.5.1 to authorise the Board generally and unconditionally, in accordance with section 551 of the Companies Act, to exercise all the powers of the Company to allot and issue shares or to grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount of £100,000, such authority to expire, unless renewed, varied or revoked by the Company, at the earlier of the conclusion of the next annual general meeting of the Company or the date falling 15 months from the date of the passing of the resolution, but the Company before such date may make an offer or agreement which would or might require relevant securities to be allotted after such date and to enable the Board to allot relevant securities in pursuance of such an offer or agreement as if the authority conferred thereby had not expired, and such authority to be in substitution for all existing authorities granted to the Board in respect of the allotment of relevant securities, without prejudice to any allotments made pursuant to the terms of such authorities; and

2.5.2 to empower the Board generally, in accordance with section 570 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the authority conferred by the resolution referred to in paragraph 2.5.1 of Part IX of this document as if section 561(1) of the Companies Act did not apply to any such allotment, provided that such power shall be limited to:

- (a) the allotment of equity securities in connection with the offer of equity securities to the holders of Ordinary Shares in proportion (as nearly as practicable) to their respective holdings and to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary; and
- (b) the allotment (other than pursuant to the power referred to in paragraph 2.5.2(a) of Part IX of this document) of equity securities up to an aggregate nominal amount of £100,000,

such power to expire, unless renewed, varied or revoked by the Company, at the earlier of the conclusion of the next annual general meeting of the Company or the date falling 15 months from the date of the passing of the resolution, but the Company may, before expiry of that authority, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities pursuant to any such offer or agreement as if such power had not expired, and such power to be in substitution for all existing powers granted to the Board in respect of the allotment of equity securities, without prejudice to any allotments made pursuant to the terms of such powers.

2.6 The Company's issued share capital, as at 31 December 2017 and the date of this document, is:

<i>Issued and fully paid</i>		<i>Nominal Value</i>
<i>Ordinary Shares</i>		
28,600,000		£28,600
<i>Deferred Shares</i>		<i>Nominal Value</i>
2,000,000		£98,000

2.7 Immediately following Admission, the Company's issued share capital is expected to be:

<i>Issued and fully paid</i>		<i>Nominal Value</i>
<i>Ordinary Shares</i>		
61,933,334		£61,933
<i>Deferred Shares</i>		<i>Nominal Value</i>
2,000,000		£98,000

- 2.8 The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570-571 of the Companies Act) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash and, upon Admission, will apply to any shares to be allotted by the Board, except to the extent disapplied by the resolution referred to in paragraph 2.5.2 of Part IX of this document.
- 2.9 Otherwise than pursuant to the Share Options, details of which are set out in paragraph 8 of Part IX of this document, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- 2.10 The Existing Ordinary Shares were admitted to the Standard Listed segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities on 29 August 2017. The Acquisition represents a Reverse Takeover for the Company and, accordingly, the existing listing of and trading in the Ordinary Shares will be cancelled. Application has been made for the Enlarged Ordinary Share Capital to be listed on the Standard Listed segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. No application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.
- 2.11 The Ordinary Shares are in registered form and are capable of being held in either certificated or uncertificated form. No temporary documents of title will be issued.
- 2.12 33,333,334 new Ordinary Shares are being issued pursuant to the Acquisition, the Placing and the Subscription at a price of 7.5p per share, which represents a premium of 7.4p over their nominal value of 0.1p each.
- 2.13 Each Consideration Share, Placing Share and Subscription Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital).
- 2.14 The Consideration Shares, the Placing Shares and the Subscription Shares will be denominated in sterling.

3. Articles of Association

The Company's objects and purposes are unlimited. The Articles contain provisions, *inter alia*, to the following effect:

3.1 Voting rights

- 3.1.1 Subject to any special terms as to voting on which any shares may have been issued, on a show of hands every member who being an individual is present in person or by proxy or, being a corporation is present by a duly authorised representative, has one vote, and on a poll every member has one vote for every share of which he is the holder.
- 3.1.2 A member of the Company is not entitled in respect of any shares held by him to vote at any general meeting of the Company if any amounts payable by him in respect of those shares have not been paid (unless the Board otherwise determines), or if the member has failed to comply with a notice under section 793 of the Companies Act.
- 3.1.3 A holder of Deferred Shares is not entitled to receive notice of any general meeting of the Company or to attend, speak or vote in such a general meeting.

3.2 General meetings

- 3.2.1 Subject to the Companies Act, an annual general meeting must be called by at least 21 clear days' notice and all other general meetings must be called by at least 14 clear days' notice.
- 3.2.2 Notices must be given in the manner stated in the Articles to the members, other than those who under the provisions of the Articles or under the rights attached to the shares held by them are not entitled to receive the notice, and to the auditors.
- 3.2.3 No business may be transacted at any general meeting unless a quorum is present which will be constituted by two persons entitled to vote at the meeting each being a member or a proxy for a member or a representative of a corporation which is a member. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of, or by, members, will be dissolved. In any other case, it will stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Board may determine.
- 3.2.4 At a general meeting a resolution put to the vote will be decided on a show of hands unless, before or on the declaration of the show of hands, a poll is demanded by the chairman or by at least five members present in person or by proxy and entitled to vote or by a member or members entitled to vote and holding or representing by proxy at least one tenth of the total voting rights of all the members having the right to vote on the resolution. Unless a poll is demanded as above, a declaration by the chairman that a resolution has been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of general meetings of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

- 3.2.5 The appointment of a proxy must be in writing (this includes electronic form) and in any usual form, or such other form as may be approved by the Board, and must be signed by the appointor or by his agent duly authorised in writing or if the appointor is a corporation, must be either under its common seal or signed by an officer or agent so authorised. The Board may, but will not be bound to, require evidence of authority of such officer or agent. An instrument of proxy need not be witnessed.
- 3.2.6 The proxy will be deemed to include the right to demand or join in demanding a poll and generally to act at the meeting for the member giving the proxy.
- 3.2.7 The directors of the Company may direct that members or proxies wishing to attend any general meeting must submit to such searches or other security arrangements or restrictions as the directors of the Company consider appropriate in the circumstances and may, in their absolute discretion, refuse entry to or eject from, such general meeting any member or proxy who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.
- 3.3 Dividends
- 3.3.1 Subject to the provisions of the Companies Act and to any special rights attaching to any shares, the Shareholders are to distribute amongst themselves the profits of the Company according to their respective rights and priorities, provided that no dividend will be declared in excess of the amount recommended by the directors of the Company.
- 3.3.2 A member will not be entitled to receive any dividend (interim, final or otherwise):
- (a) on any shares carrying deferred or non-preferred rights, including the Deferred Shares, if any preferential dividend is in arrears; or
 - (b) if he has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 of the Companies Act.
- 3.3.3 Interim dividends may be paid if profits are available for distribution and if the Board so resolves.
- 3.3.4 Any dividend unclaimed after a period of 12 years from the date of its declaration will be forfeited and will revert to the Company.
- 3.3.5 The Deferred Shares have no right to participate in the profits of the Company.
- 3.4 Return of capital
- 3.4.1 On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by the Companies Act, be divided amongst the members.
- 3.4.2 On a winding-up or a return of capital, the paying of the nominal amount of capital paid up on the Deferred Shares from assets available for distribution will only occur after paying the holders of the Ordinary Shares the nominal capital paid-up together with the sum of £1,000,000 on each Ordinary Share. The holders of Deferred Shares are not entitled to any further right of participation in the assets of the Company.
- 3.5 Redeemable shares
- 3.5.1 The Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company and/or the holders of those shares.
- 3.5.2 The Ordinary Shares and the Deferred Shares are not redeemable.
- 3.6 Transfer of shares
- 3.6.1 Subject to the provisions of the Articles relating to CREST, all transfers of shares will be effected in any usual form or in such other form as the Board approves and must be signed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.
- 3.6.2 The directors of the Company may, in their absolute discretion and without assigning any reason, refuse to register the transfer of a share in certificated form if it is not fully paid or if the Company has a lien on it, or if it is not duly stamped, or if it is by a member who has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 of the Companies Act. In exceptional circumstances approved by the London Stock Exchange, the directors of the Company may refuse to register a share transfer, provided that such refusal does not disturb the market in the Company's shares.
- 3.6.3 The Articles contain no restrictions on the free transferability of fully paid Ordinary Shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the Articles, if any, relating to registration of transfers have been complied with.

3.6.4 The Deferred Shares are not transferable except in the following circumstances where the Company has the irrevocable authority at any time to do all or any of the following without consent of the holders of the Deferred Shares:

- (a) appoint a person to execute on behalf of any holder of the Deferred Shares an agreement to transfer to such a person (who is willing to accept such shares) as the directors of the Company may determine;
- (b) purchase all or any of the Deferred Shares in accordance with the Companies Act in consideration of payment of £0.01 in respect of all the Deferred Shares being purchased by the Company, and appoint any person to execute such a contract of sale for such Deferred Shares being purchased by the Company; and
- (c) to cancel all or any of the Deferred Shares purchased by the Company in accordance with subparagraph 3.6.4(b) above.

3.7 CREST

3.7.1 The directors of the Company may implement such arrangements as they think fit in order for any class of shares to be held in uncertificated form and for title to those shares to be transferred by means of a system such as CREST in accordance with the Uncertificated Securities Regulations 2001 and the Company will not be required to issue a certificate to any person holding such shares in uncertificated form.

3.8 Variation of rights

3.8.1 Subject to applicable law (including the Companies Act), shares in the Company may be allotted with such preferred, deferred, or other rights, or restrictions, as the Company may from time to time by ordinary resolution, or the Board, determines.

3.8.2 If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of at least three fourths in nominal value of that class or with the sanction of a special resolution passed at a separate meeting of the holders of that class but not otherwise.

3.9 Share capital and changes in capital

3.9.1 Subject to applicable law (including the Companies Act), the Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger nominal value than its existing shares; and
- (b) subdivide its shares, or any of them, into shares of smaller nominal value and the resolution may determine that one or more of the shares arising from the subdivision may have such preferred or other special rights or may have such deferred or be subject to any such restriction as the Company has the power to attach to shares.

3.10 Allotment of shares

3.10.1 The Board has unconditional authority (subject to the Companies Act and authority of the Company in general meeting) to allot, grant options over, issue warrants or otherwise deal or dispose of any shares to such persons, at such times and such terms as they determine.

3.10.2 The Company can create, allot and issue further shares, ranking *pari passu* with or in priority to the Deferred Shares or conduct a reduction of capital paid-up on the Deferred Shares and cancel such shares (in accordance with the Companies Act) and such actions will be treated as not involving a variation of such rights of the Deferred Shares for any purpose and will not require the consent of the holders of the Deferred Shares.

3.11 Disclosure of interests in shares

3.11.1 The Company may by notice in writing in accordance with section 793 of the Companies Act, require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in the Company's shares:

- (a) to confirm that fact or (as the case may be) to indicate whether or not it is the case; and
- (b) where he holds or has during that time held an interest in such shares, to give such further information as may be required in the notice.

3.12 Overseas members

- 3.12.1 Any member or other person who has a registered address which is not within the United Kingdom is not entitled to receive any notice or other document or information from the Company unless they have given to the Company an address within the United Kingdom to which notices or other documents or information may be sent to them or an electronic address to which notices or other documents or information may be sent using electronic communication.

3.13 Untraced members

- 3.13.1 The Company may sell any share if, during a period of 12 years, at least three dividends in respect of such shares have been paid, no cheque or warrant in respect of any such dividend has been cashed and no communication has been received by the Company from the relevant member. The Company must advertise its intention to sell any such share in both a national daily newspaper and in a newspaper circulating in the area of the last known address to which cheques or warrants were sent. Notice of the intention to sell must also be given to the UK Listing Authority.

3.14 Borrowing powers

- 3.14.1 Subject to the provisions of the Companies Act, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, except that the Board must restrict the borrowings of the Company so as to secure that, except with the previous sanction of an ordinary resolution of the Company, no money may be borrowed if the aggregate principal amount outstanding of all money borrowed by the Company and its subsidiaries exceeds or would exceed an amount equal to two times the aggregate of the nominal amount paid-up on the issued share capital of the Company and the consolidated reserves of the Company and its subsidiaries.

3.15 Directors

- 3.15.1 No shareholding qualification is required by a director of the Company.
- 3.15.2 The directors of the Company are entitled to fees, in addition to salaries, at the rate decided by them, subject to an aggregate limit of £200,000 per annum or such additional sums as the Company may by ordinary resolution determine. The Company may by ordinary resolution also vote extra fees to the directors of the Company which, unless otherwise directed by the resolution by which it is voted, will be divided amongst the directors of the Company as they agree, or failing agreement, equally. The directors of the Company are also entitled to be repaid all travelling, hotel and other expenses incurred by them in connection with the business of the Company.
- 3.15.3 At the third (or next subsequent) annual general meeting after an annual general meeting or general meeting at which a director of the Company was appointed or last re-appointed, such director of the Company will retire from office. A retiring director of the Company is eligible for reappointment.
- 3.15.4 The directors of the Company may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they think fit.
- 3.15.5 Except as provided in sub-paragraphs 3.15.6 and 3.15.7 below, a director of the Company may not vote or be counted in the quorum present on any motion in regard to any contract, transaction, arrangement or any other proposal in which he has any material interest, which includes the interest of any person connected with him, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.
- 3.15.6 Subject to the Companies Act, the Company may by ordinary resolution suspend or relax the provision described in sub-paragraph 3.15.5 above to any extent or ratify any transaction not duly authorised by reason of a contravention of it.
- 3.15.7 A director of the Company is entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:
- (a) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in its underwriting or sub-underwriting;
 - (d) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested provided that he is not the holder of or beneficially interested in 1% or more of

any class of the equity share capital of such company, or of a third company through which his interest is derived, or of the voting rights available to members of the relevant company, any such interest being deemed to be a material interest, in all circumstances;

- (e) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by HM Revenue & Customs;
- (f) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of an employee share scheme which includes full time executive directors of the Company and/or any subsidiary or any arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not award to any director of the Company any privilege or advantage not generally accorded to the employees to whom such a scheme relates; and
- (g) any contract, arrangement, transaction or proposal concerning insurance which the Company proposed to maintain or purchase for the benefit of directors of the Company or for the benefit or persons including the directors of the Company.

3.15.8 If any question arises at any meeting as to the materiality of a director of the Company's interest or as to the entitlement of any director of the Company to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question must be referred to the chairman of the meeting and his ruling in relation to any other director of the Company will be final and conclusive, except in a case where the nature or extent of the interest of such director of the Company has not been fully disclosed.

3.15.9 The directors of the Company may provide or pay pensions, annuities, gratuities and superannuation or other allowances or benefits to any director, ex-director, employee or ex-employee of the Company or any of its subsidiaries or to the spouse, civil partner, children and dependants of any such director, ex-director, employee or ex-employee of the Company.

3.16 Electronic communications

3.16.1 Electronic communications may be used by the Company for sending notices or other documents or information to a member or other person where that member or other person has agreed, or is deemed to have agreed, to the use of electronic communications and has specified an electronic address for the purposes of receiving electronic communications.

4. **Mandatory Bids and Compulsory Acquisition Rules Relating to the Ordinary Shares**

4.1 Mandatory bid rules

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- 4.1.1 a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- 4.1.2 a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company, acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or its concert parties during the previous 12 months.

4.2 Compulsory acquisition rules

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on

the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5. Information on the Directors and the Proposed Director

- 5.1 Details of the names of companies and partnerships (excluding directorships of the Company) of which the Directors and the Proposed Director are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this document:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
Christopher Hall	Consolidated Mineral Resources Limited Rift Resources Limited	Goldstone Resources plc Grail Resources plc Great Western Mining plc Stratex International plc Thani Stratex Resources Limited
David Cliff	None	Columbus Copper Corporation DC Minerals Consultants Dinaric International Energy Corporation Moonlake Natural Resources Limited
Derek Crowhurst	1-7 Moorland Close Management Company Limited Crowhurst Consultants Limited	None
Peter Damouni	Georgian Mining Corporation Kerr Mines Inc. NorthCrest Capital Limited Silvergate Capital Partners Limited	None
David Hall	Horizonte Minerals Plc Medgold Resources Inc. Rift Resources Ltd	Azure Minerals Ltd Erris Resources Ltd Galicia Copper plc Stratex International plc

- 5.2 Christopher Hall was appointed a director of It's The Way Limited on 18 April 2005 and resigned as a director on 15 February 2006. On 30 June 2006, a liquidator was appointed by It's The Way Limited's creditors for the purposes of a voluntary winding-up. It's The Way Limited was dissolved on 9 August 2007.

- 5.3 None of the Directors nor the Proposed Director:

- 5.3.1 has any convictions in relation to fraudulent offences; or
- 5.3.2 has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation; or
- 5.3.3 has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

6. Directors' and Proposed Director's and Others' Interests

- 6.1 The interests (all of which are or will be beneficial unless otherwise stated) of the Directors, the Proposed Director and key personnel in the ordinary share capital of the Company, as at the date of this document and as they are expected to be immediately following Admission, are as follows:

<i>Name</i>	<i>As at the date of this document</i>		<i>Series A Warrants</i>	<i>Series B Warrants</i>
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>		
Peter Damouni	1,200,000	4.20	800,000	400,000
David Cliff	450,000	1.57	700,000	50,000
Derek Crowhurst	250,000	0.87	500,000	-
Christopher Hall	100,000	0.35	200,000	-
David Hall	-	-	-	-
Michael Green	-	-	-	-
Jeremy Martin	-	-	-	-

Name	Number of Ordinary Shares	Immediately following Admission				
		Percentage of Enlarged Ordinary Share Capital	Series A Warrants	Series B Warrants	Series C Warrants	Share Options
Peter Damouni	1,533,333	2.48	800,000	400,000	166,666	700,000
David Hall	1,373,334	2.22	-	-	-	115,000
Jeremy Martin	1,366,668	2.21	-	-	-	115,000
Michael Green	666,667	1.08	-	-	-	700,000
David Cliff	490,000	0.79	700,000	50,000	20,000	465,000
Derek Crowhurst	250,000	0.40	500,000	-	-	700,000
Christopher Hall	130,000	0.21	200,000	-	15,000	175,000

- 6.2 In addition, as at the date of this document and immediately following Admission, Peter Damouni holds and will hold 200,000 Deferred Shares, David Cliff holds and will hold 150,000 Deferred Shares, Derek Crowhurst holds and will hold 50,000 Deferred Shares and Christopher Hall holds and will hold 100,000 Deferred Shares. David Hall, Jeremy Martin and Michael Green hold and will hold no Deferred Shares.
- 6.3 Save as disclosed in paragraphs 6.1 and 6.2 of Part IX of this document, immediately following Admission, no Director, Proposed Director or key personnel will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.
- 6.4 In addition to the interests of the Directors, the Proposed Director and key personnel disclosed in paragraph 6.1 of Part IX of this document, as at the date of this document, the Company is aware of the following persons who are interested and who, immediately following Admission, are expected to be interested, directly or indirectly, in three per cent. or more of the issued ordinary share capital of the Company:

Name	Number of Ordinary Shares	As at the date of this document		
		Percentage of Existing Ordinary Shares	Series A Warrants	Series B Warrants
Claudio Ciavarella	2,400,000	8.39	-	1,200,000
Leo Berezan	2,080,000	7.27	-	1,040,000
Wentworth Ltd	2,000,000	6.99	-	500,000
Glenn Olnick	1,475,000	5.16	750,000	550,000
Michael Johnson	1,375,000	4.81	750,000	500,000
Winterflood Securities Limited	1,186,900	4.15	-	656,000
Helen Johnson	1,000,000	3.50	-	500,000
John Kutzschan	947,000	3.31	750,000	286,000

Name	Number of Ordinary Shares	Immediately following Admission			
		Percentage of Enlarged Ordinary Share Capital	Series A Warrants	Series B Warrants	Series C Warrants
Claudio Ciavarella	4,400,000	7.10	-	1,200,000	1,000,000
Leo Berezan	4,201,334	6.78	-	1,040,000	1,060,667
Kingfisher Distribution Company Limited	3,350,000	5.41	-	-	1,675,000
Fahad Al Tamimi	2,333,333	3.77	-	-	1,166,666
Martin French	2,328,000	3.76	-	164,000	1,000,000
Glenn Olnick	2,075,000	3.35	750,000	550,000	300,000
Wentworth Ltd	2,000,000	3.23	-	500,000	-
1770120 Ontario Inc.	1,925,000	3.11	-	-	962,500

- 6.5 The voting rights of all Shareholders are the same in respect of each Ordinary Share held.
- 6.6 Christopher Hall, David Cliff and Peter Damouni, who are Directors, and Claudio Ciavarella, Leo Berezan, Glenn Olnick and John Kutzschan, who are existing major Shareholders, will subscribe for Placing Shares or Subscription Shares. To the extent the Company is aware, Kingfisher Distribution Company Limited, Fahad Al Tamimi, Leo Berezan, Claudio Ciavarella, Martin French, 1770120 Ontario Inc., Carmela Daniele, Wynne Olnick, Arthur Matthias Pascal, Elmlea Properties Ltd and David Steinpreis are the only Placees or Subscribers that will be subscribing for more than 538,333 Placing Shares, representing five per cent. of the Placing Shares or more than 795,000 Subscription Shares, representing five per cent. of the Subscription Shares.
- 6.7 Save as disclosed in paragraphs 6.1 and 6.3 of Part IX of this document, the Company is not aware of any person who will, immediately following Admission, hold three per cent. or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules).

- 6.8 The Company is not directly or indirectly owned or controlled by any single Shareholder or group of Shareholders who are connected.
- 6.9 So far as the Company is aware, there are no arrangements in place, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.10 In the case of those of the Directors and the Proposed Director who have roles as directors of companies other than the Company or are otherwise interested in other companies or businesses, it is possible that the general duties under chapter 2 of part 10 of the Companies Act and fiduciary duties owed by those Directors and the Proposed Director to companies or other businesses of which they are directors or in which they are otherwise interested from time to time may give rise to conflicts of interest with the duties owed to the Company. Save as disclosed in sections 1 and 5 of Part II and paragraph 5.1 of Part IX of this document, there are no current or potential conflicts of interest between any duties owed by the Directors or the Proposed Director to the Company and their private interests and/or other duties.

7. Letters of Appointment

- 7.1 Derek Crowhurst, Peter Damouni and David Cliff were the founding directors of the Company upon its incorporation on 4 January 2017. Christopher Hall was appointed as a director of the Company on 5 May 2017. Each of the Directors retired and was reappointed as a director of the Company at the first annual general meeting of the Company held on 26 June 2018.
- 7.2 On 16 March 2017, Derek Crowhurst, Peter Damouni and David Cliff, and, on 5 May 2017, Christopher Hall, entered into letters of appointment with the Company with identical terms. Under those letters of appointment, with effect from Admission, each of the Directors will be entitled to receive a gross annual fee of £12,000, payable in equal monthly instalments in arrears, and to be reimbursed for his reasonable and properly documented expenses incurred in performing his duties as a Non-Executive Director. In addition, upon successful completion of the Acquisition, each of the Directors will be entitled to receive a gross bonus of £25,000, less the gross cumulative annual fees received prior to completion of the Acquisition. The appointment is a contract for services and not a contract of employment. Each of the Directors will be required to devote such time as is necessary for the proper performance of his duties, keep information about the Company confidential, return any of the Company's property upon termination of his appointment, comply with the Company's share dealing policy, waive any moral rights in all works prepared by him in the provision of services to the Company and comply with certain post-termination competition restrictions.
- 7.3 Conditional on Admission, the gross annual fee payable to each of the Directors under his letter of appointment will be increased to £24,000, other than Christopher Hall who, as Chairman, will receive a gross annual fee of £27,000. Following payment of the gross bonus due under each Director's letter of appointment on completion of the Acquisition, each Director will have no entitlement to receive bonus payments under his letter of appointment.
- 7.4 On 28 June 2018, the Company entered into a letter of appointment with the Proposed Director, conditional on Admission, on terms effectively identical to those entered by the Directors as described in paragraphs 7.2 and 7.3 of Part IX of this document, save that the Proposed Director will have no entitlement to receive bonus payments under his letter of appointment.
- 7.5 The appointment of each Director and the Proposed Director under his letter of appointment is for an initial period of three years and may be terminated by either party giving three months' written notice. No compensation or other benefits are due to any of the Directors or the Proposed Director upon termination.
- 7.6 Save as set out in paragraphs 7.2 to 7.5 of Part IX of this document, there are no existing or proposed letters of appointment or service agreements between the Company and any of the Directors or the Proposed Director.
- 7.7 During the financial period ended 31 December 2017, being the latest financial period of the Company, the Company paid directors' fees to each of the Directors of £4,000.
- 7.8 Save as disclosed in paragraph 7.7 of Part IX of this document, no remuneration (including any contingent or deferred compensation) has been paid and no benefits in kind have been granted by the Company to any of the Directors or the Proposed Director during the financial period ended 31 December 2017.
- 7.9 No amounts have been set aside or accrued by the Company to provide pension, retirement or similar benefits for the Directors or the Proposed Director and there no existing or proposed arrangements to provide any such benefits.

8. Share Options

- 8.1 Options over approximately 4.80 per cent. of the Enlarged Ordinary Share Capital have been granted, conditional on Admission, under the Share Options as follows:

<i>Name</i>	<i>Number of share options</i>	<i>Percentage of Enlarged Ordinary Share Capital</i>
Christopher Hall	175,000	0.28
David Cliff	465,000	0.75
Derek Crowhurst	700,000	1.13
Peter Damouni	700,000	1.13
Michael Green	700,000	1.13
David Hall	115,000	0.19
Jeremy Martin	115,000	0.19

Each of the share options entitles the holder to subscribe for one new Ordinary Share at a subscription price of 7.5p per share and is exercisable from the date falling six months after Admission until the fifth anniversary of Admission.

9. Employees and Premises

- 9.1 As at 31 December 2017 and the date of this document, the Company had no employees other than the four Directors.
- 9.2 The Company does not own and has never owned any premises.

10. Organisational Structure

As at the date of this document, the Company is not a part of a group and does not have any subsidiary undertakings. On completion of the Acquisition, the Company will be the holding company of a group comprising the Company and its sole subsidiary undertaking, HKP. HKP is incorporated in Cyprus and, on completion of the Acquisition, the Company will hold the entire issued share capital of HKP.

11. Dilution of Existing Ordinary Shares

The Acquisition, the Placing and the Subscription will result in the Existing Ordinary Shares being diluted so as to constitute 46.18 per cent. of the Enlarged Ordinary Share Capital.

The exercise of all of the subscription rights attaching to the Series A Warrants, the Series B Warrants, the Series C Warrants and the Broker Warrants and under the Share Options, together representing subscription rights over an aggregate of 34,997,622 new Ordinary Shares, would result in the Enlarged Ordinary Share Capital being diluted so as to constitute 63.89 per cent. of the so enlarged issued ordinary share capital of the Company (assuming no other new Ordinary Shares are issued following Admission).

12. Material Contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material to the Company or which contain any provision under which the Company has any obligation or entitlement which is or may be material to the Company:

12.1 Series A Warrant Deed

On 16 March 2017, the Company constituted up to 5,200,000 Series A Warrants on the terms of a deed under which the Company issued 1,200,000 Series A Warrants to the Founders on 16 March 2017 and 4,000,000 Series A Warrants to the Seed Investors on 24 April 2017. Each Series A Warrant entitles the holder to subscribe for one Ordinary Share at 5p per share. The Series A Warrants are exercisable at any time from the date of Initial Admission to the fifth anniversary of Initial Admission. The 5,200,000 Series A Warrants are exercisable into Ordinary Shares equal to 8.40 per cent. of the Enlarged Ordinary Share Capital (representing 7.75 per cent. of the so enlarged issued ordinary share capital, assuming full exercise of the Series A Warrants and exercise of no other warrants).

12.2 Seed Investor subscription agreements

Between 4 and 15 April 2017, each of the Seed Investors entered into agreements with the Company pursuant to which the Seed Investors irrevocably agreed to apply and subscribe for 'A' ordinary shares of 5p each and Series A Warrants. The Seed Investors gave customary warranties and indemnities to the Company in relation to their subscriptions and agreed to the written resolutions passed on 28 April 2017 necessary to effect the re-registration of the Company as a public limited company.

12.3 Shard IPO Engagement Letter

On 14 July 2017, the Company engaged Shard as its broker in connection with the IPO Placing and IPO Admission pursuant to an engagement letter between Shard and the Company, incorporating Shard's standard terms and conditions. Under the terms of the engagement letter, Shard agreed to provide services, including investor liaison, fundraising advice and marketing intelligence and research on the Company. The Company agreed to pay Shard a corporate broking retainer fee of £10,000 per annum, which will increase to £20,000 per annum on completion of the Acquisition. In addition, in connection with the IPO Placing, a fee of £3,500, a sales commission of five per cent. of the proceeds raised by Shard and the payment of any disbursements and expenses reasonably incurred by Shard in the course of carrying out its duties as broker were payable by the Company to Shard. The engagement letter also provided that the Company issue warrants to Shard representing two and a half per cent. of the total number of shares placed by Shard pursuant to the IPO Placing, with an exercise price of 5p per share. The warrants are non-transferable and have an exercise period of two years from the date of Initial Admission. The engagement may be terminated by either Shard or the Company giving three months' notice in writing, provided that the termination date is at least 12 months from the date of Initial Admission. The engagement letter also contains an indemnity given by the Company to Shard, and any of its advisers who are providing services to the Company on behalf of Shard, against any claims arising out of, amongst other things, the carrying out of the services by Shard.

12.4 IPO Placing Agreement

On 22 August 2017, the Company, the Directors and Shard entered into the IPO Placing Agreement pursuant to which, subject to certain conditions, Shard agreed to use its reasonable endeavours to procure purchasers for the Ordinary Shares to be issued pursuant to the IPO Placing.

In consideration for its services under the IPO Placing Agreement, Shard received from the Company a cash fee of £3,500 and a cash commission of £49,430 and the 494,300 Broker Warrants were issued to the nominees of Shard.

In the IPO Placing Agreement, the Company and the Directors gave customary warranties and undertakings to Shard and the Company agreed to provide customary indemnities to Shard.

12.5 Directors' Lock-In Deed

On 22 August 2017, the Company and Shard entered into a lock-in deed with each of the Directors pursuant to which each of the Directors agreed with the Company and Shard that, save in certain limited circumstances, while he holds a role of director or employee of the Company or any other role with the Company, he will not dispose of any interest in the shares in the capital of the Company for a period of six months following completion of the Acquisition. The circumstances in which the Directors may be permitted to dispose of an interest in the shares in the capital of the Company include: an acceptance of a general offer for the entire issued share capital of the Company other than any shares held by the offeror or person acting in concert for the purposes of the Takeover Code; a restructuring recommended by the directors of the Company for an acquisition by persons acting in concert of more than 50 per cent. of the Ordinary Shares; transfers to connected persons, family trusts, ISA accounts and personal pensions, with the consent of the Board; acceptance of an offer by the Company to purchase or redeem shares which is made on the same terms to all holders; and where required by law or court order.

The lock-in deed also contains certain orderly market arrangements for any disposals permitted during the lock-in period and all other disposals during the six months after the expiry of the initial lock-in period.

12.6 Series B Warrant Deed

On 22 August 2017, the Company constituted 13,000,000 Series B Warrants on the terms of a deed under which the Company issued 13,000,000 Series B Warrants to the IPO Placees on 29 August 2017 on the basis of one Series B Warrant for every two IPO Placing Shares subscribed. Each Series B Warrant entitles the holder to subscribe for one Ordinary Share at 10p per share. The Series B Warrants are exercisable at any time from the date of Initial Admission to the third anniversary of Initial Admission. The 13,000,000 Series B Warrants are exercisable into Ordinary Shares equal to 20.99 per cent. of the Enlarged Ordinary Share Capital (representing 17.35 per cent. of the so enlarged issued ordinary share capital, assuming full exercise of the Series B Warrants and exercise of no other warrants).

12.7 Broker Warrant Deed

On 22 August 2017, the Company constituted 494,300 Broker Warrants on the terms of a deed under which the Company issued 494,300 Broker Warrants to the nominees of Shard on 29 August 2017. Each Broker Warrant entitles the holder to subscribe for one Ordinary Share at 5p per share. The Broker Warrants are exercisable at any time from the date of Initial Admission to the second anniversary of Initial Admission. The 494,300 Broker Warrants are exercisable into Ordinary Shares equal to 0.80 per cent. of the Enlarged Ordinary Share Capital (representing 0.79 per cent. of the so enlarged issued ordinary share capital, assuming full exercise of the Broker Warrants and exercise of no other warrants).

12.8 Khalkeus Consultancy Agreement

On 5 December 2017, the Company entered into a consultancy agreement with Khalkeus. Under the terms of the consultancy agreement, Khalkeus agreed, with effect from 17 November 2017, to provide mineral exploration and management consultancy services to the Company. The Company agreed to pay fees to Khalkeus on a monthly basis, such fees to be based on the amount of time spent, at a rate of £600 per day. Khalkeus is also entitled to recover its reasonable out-of-pocket expenses from the Company. Khalkeus is subject to confidentiality and non-disclosure obligations. The agreement may be terminated by either party giving seven days' notice to the other in writing.

12.9 HKP Loan Agreement

On 17 December 2017, the Company entered into a loan agreement with HKP. The agreement provides for the Company to make a facility of £50,000 available to HKP. The loan is unsecured, interest free and repayable on the earlier of 31 March 2018, (or such later date as may be agreed between the Company and HKP) and the Company announcing that the Acquisition will not proceed. The loan will become immediately repayable if HKP suffers an insolvency event. On 14 February 2018, the Company and HKP agreed to extend the fixed repayment date to 30 September 2018.

12.10 Shard Engagement Letter

The Company engaged Shard as its broker in connection with the Placing pursuant to an engagement letter between Shard and the Company dated 22 May 2018, which is also governed by Shard's standard terms and conditions. Under the terms of the engagement letter, Shard have agreed to provide certain services, including investor liaison, corporate finance and fund raising advice. The Company has agreed to pay a corporate finance fee of £10,000 on completion of the Acquisition. In addition, the Company agreed to pay to Shard a sales commission of five per cent. of the funds raised under the Placing by Shard and a half of one per cent. of the funds raised under the Placing by other parties who settle through Shard and all reasonable costs and expenses incurred by Shard in the course of carrying out the engagement. The engagement letter terminates if the Placing does not occur. The engagement letter also contains an indemnity given by the Company to Shard, any of its advisers who are providing services to the Company on its behalf, against all claims arising out of, among other things, the carrying out of the services by Shard.

12.11 Acquisition Agreement

On 28 June 2018, the Company entered into a share purchase agreement with the Principal HKP Sellers. The Acquisition Agreement provides for the conditional purchase by the Company of the entire issued share capital of HKP in consideration for the issue by the Company of the 6,666,667 Consideration Shares at the Issue Price. Completion of the Acquisition Agreement is conditional on, among other things:

- the Principal HKP Sellers procuring that, pursuant to the 'drag-along' provisions of the memorandum and articles of association of HKP, any HKP Sellers that are not Principal HKP Sellers sell their shares in HKP to the Company on the same terms as the Principal HKP Sellers;
- the Placing Agreement not having been terminated;
- the Subscription Agreements not having been terminated; and
- Admission.

The Acquisition Agreement obliges the Principal HKP Sellers to procure that HKP does not take certain actions between the date of the Acquisition Agreement and its completion without the prior written consent of the Company. These include prohibition of HKP carrying on business other than in the ordinary course, incurring material expenditure or taking steps likely adversely to affect HKP or the value of its shares.

The Acquisition Agreement includes customary warranties and representations relating to HKP and the shares to be purchased by the Company given by the Principal HKP Sellers. Claims under such warranties and representations are subject to financial and time limitations, including an aggregate liability cap of £255,500.

The Acquisition Agreement is governed by the laws of England and the parties have agreed that the English courts are to have non-exclusive jurisdiction to settle any dispute or claim arising pursuant to the Acquisition Agreement.

12.12 Placing Agreement

On 28 June 2018, the Company, the Directors and the Proposed Director and Shard entered into the Placing Agreement pursuant to which, subject to certain conditions, Shard agreed to use its reasonable endeavours to procure purchasers for the Ordinary Shares to be issued pursuant to the Placing. The Placing Agreement is conditional upon certain events, including, amongst other matters, the Acquisition Agreement having become unconditional in all respects (save for Admission) and Admission occurring on 3 July 2018 or such later date as the Company and Shard agree (not being later than 15 July 2018).

In consideration for its services under the Placing Agreement, Shard will receive from the Company corporate finance fees of £10,000 and a cash sales commission of five per cent. of funds raised under the Placing by Shard and/or its sub-agents and a half of one per cent. on the funds raised under the Placing from parties introduced to Shard by the Directors or the Proposed Director but who settle through Shard. In addition, the Company shall pay all other reasonable costs, charges and expenses of Shard.

In the Placing Agreement, the Company and the Directors and the Proposed Director have given customary warranties and undertakings to Shard and the Company has agreed to provide customary indemnities to Shard.

12.13 Subscription Agreements

The Company has entered into subscription agreements with the Subscribers. Pursuant to the Subscription Agreements, Haywood is acting as a salesperson, on the basis of the agreement with Haywood described in paragraph 12.14 of Part IX of this document. Each Subscriber makes certain representations and gives certain warranties to the Company, customary for transactions of this nature. The Subscription Agreements are conditional upon certain events, including the Company having obtained all necessary approvals and consents in connection with the Subscription and Admission occurring on or before 3 July 2018 or such later date as may be determined by the Company (not being later than 15 July 2018). The Subscription Agreements shall be governed by and construed in accordance with the laws of British Columbia, Canada.

12.14 Non-Brokered Private Placement Agreement

On 28 June 2018, the Company entered into a non-brokered private placement agreement with Haywood pursuant to which Haywood may introduce Subscribers to the Company. The Company agreed to pay a finder's fee to Haywood equal to five per cent. of the gross proceeds of the Subscription raised from persons introduced by Haywood and reimburse Haywood for any expenses it incurs in connection with the Subscription. The Company has given certain representations and warranties to Haywood in relation to the Subscription. The agreement shall be governed by and construed in accordance with the laws of British Columbia, Canada.

12.15 Principal HKP Sellers' Lock-In Deed

On 28 June 2018, the Company and Shard entered into a lock-in deed with each of the Principal HKP Sellers pursuant to which each of the Principal HKP Sellers agreed with the Company and Shard that, save in certain limited circumstances, while he holds a role of director or employee of any member of the Group or any other role with any member of the Group, including that of a consultant, he will not dispose of any interest in the shares in the capital of the Company for a period of six months following completion of the Acquisition. The limited circumstances in which the Principal HKP Sellers may be permitted to dispose of an interest in the shares in the capital of the Company include: an acceptance of a general offer for the entire issued share capital of the Company other than any shares held by the offeror or person acting in concert for the purposes of the Takeover Code; a restructuring recommended by the directors of the Company for an acquisition by persons acting in concert of more than 50 per cent. of the Ordinary Shares; transfers to connected persons, family trusts, ISA accounts and personal pensions, with the consent of the Board; acceptance of an offer by the Company to purchase or redeem shares which is made on the same terms to all holders; and where required by law or court order.

The lock-in deed also contains certain orderly market arrangements for any disposals permitted during the lock-in period and all other disposals during the six months after the expiry of the initial lock-in period.

12.16 Series C Warrant Deed

On 28 June 2018, the Company constituted 13,333,322 Series C Warrants on the terms of a deed under which the Company agreed, conditional upon Admission, to issue 13,333,322 Series C Warrants to the Placees and the Subscribers on the basis of one Series C Warrant for every two Placing Shares or Subscription Shares subscribed. Each Series C Warrant will entitle the holder to subscribe for one Ordinary Share at 15p per share. The Series C Warrants will be exercisable at any time from the date of Admission to the second anniversary of Admission. The 13,333,322 Series C Warrants are expected to be exercisable into Ordinary Shares equal to 21.53 per cent. of the Enlarged Ordinary Share Capital (representing 17.71 per cent. of the so enlarged issued ordinary share capital, assuming full exercise of the Series C Warrants and exercise of no other warrants).

12.17 Khalkeus and Michael Green Consultancy Agreement

On 28 June 2018, the Company entered into a consultancy agreement with Khalkeus and Michael Green pursuant to which, conditional upon and with effect from Admission, Khalkeus has agreed to provide the services of Michael Green, who will provide corporate, technical and/or geology services to the Company. Michael Green will be engaged as the Country Manager and Head of Exploration, Cyprus of the Company. Khalkeus and Michael Green have agreed to provide the services to the Company for a minimum of 15 days per month and Khalkeus will receive a fee of €8,000 per month, plus a milestone payment of €25,000 payable on the first anniversary of the date of signing the agreement. It is agreed that fees after the first anniversary of signing the agreement will be agreed after such anniversary. The Company has agreed to reimburse the expenses of Khalkeus. The consultancy agreement contains requirements to comply with the Company's procedures and policies, protections relating to the confidential information and intellectual property of the Company and certain post-termination restrictions on Khalkeus and Michael Green. The agreement may be terminated by the Company in certain circumstances, including upon gross misconduct and serious or repeated breach. The agreement is governed by the laws of England and its courts shall have exclusive jurisdiction to settle any dispute or claim.

12.18 Jeremy Martin Consultancy Agreement

On 28 June 2018, the Company entered into a consultancy agreement with Jeremy Martin pursuant to which, conditional upon and with effect from Admission, Jeremy Martin will provide corporate, technical and/or geology consultancy services to the Company. Jeremy Martin has agreed to devote a minimum of two days per calendar month, for which he will receive a fee of £1,000 per day. The consultancy agreement contains requirements to

comply with the Company's procedures and policies, protections relating to the confidential information and intellectual property of the Company and certain post-termination restrictions on Jeremy Martin. The agreement may be terminated by the Company in certain circumstances, including upon gross misconduct and serious or repeated breach. The agreement is governed by the laws of England and its courts shall have exclusive jurisdiction to settle any dispute or claim.

13. Related Party Transactions

Save for the issue of share capital, warrants and share options to the Directors pursuant to the issues of share capital, warrants and share options disclosed in paragraph 2 of Part IX of this document, the Company has not been a party to any related party transactions.

14. Working Capital

As at the date of this document, the Company is of the opinion that the working capital available to the New Group is sufficient for the New Group's present requirements (that is, for at least the next twelve months from the date of this document).

15. Significant Change

- 15.1 Since 31 December 2017 (being the end of the last financial period of the Company for which financial information has been published and the date to which the Historical Financial Information of the Company set out in Part V (B) of this document has been prepared), there has been no significant change in the financial or trading position of the Company, save for the payment of expenses in connection with the Acquisition, the Placing, the Subscription and Admission. On 3 July 2018, subject only to Admission, the Company intends to issue the 6,666,667 Consideration Shares in connection with the Acquisition together with the 10,766,667 Placing Shares and the 15,900,000 Subscription Shares to raise approximately £1,500,000 (net of expenses). Further information regarding the issue of the Existing Ordinary Shares and the Consideration Shares, the Placing Shares and the Subscription Shares is set out in paragraph 2 of Part IX of this document.
- 15.2 Since 31 December 2017 (being the end of the last financial period of HKP for which financial information has been published and the date to which the Historical Financial Information of the Company set out in Part VI (B) of this document has been prepared), there has been no significant change in the financial or trading position of HKP.

16. Litigation

- 16.1 Save as disclosed in paragraph 16.2 of Part IX of this document, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the last 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.
- 16.2 On 19 January 2018, the Company received an email from a third party alleging that the Company was in breach of a mutual confidentiality agreement (governed under English law) previously entered into between them in order to explore the prospects of the Company entering into a transaction with such third party. The email alleged that the Company was in breach of the non-compete and non-circumvention provisions of such agreement and was written subsequent to the third party terminating its discussions with the Company over a potential transaction. The Company has denied such allegations in correspondence with such third party and, as at the date of this document, no formal action has been brought against the Company or proceedings issued. Based on a preliminary assessment of the allegations made, the Company believes that they are without merit and that any claim brought against it will be rejected by the courts due to lack of factual and legal grounds. If any such claim is brought by such third party against the Company, the Company does not therefore expect it to have any material adverse effect on its financial position and operations.
- 16.3 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which HKP is aware) during the last 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of HKP.

17. General

- 17.1 The total costs (including fees and commissions) (exclusive of VAT) payable by the Company in connection with the Acquisition, the Placing, the Subscription and Admission are estimated to amount to approximately £500,000, of which a total of approximately £100,000 is commission payable to Shard and Haywood. The estimated net proceeds accruing to the Company from the Placing and the Subscription are approximately £1,500,000.
- 17.2 The nominal value of the Ordinary Shares is denominated in sterling and the Issue Price is payable in sterling.
- 17.3 Saffery Champness LLP of 71 Queen Victoria Street, London EC4V 4BE has been appointed as the auditor of the Company. Saffery Champness LLP is a member firm of the Institute of Chartered Accountants in England and Wales and registered under the Statutory Audit Directive, Register of Statutory Auditors number C004942553.
- 17.4 The Historical Financial Information of the Company set out in Part V (B) of this document has been audited by the auditors to the Company, Saffery Champness LLP. No audit reports have been refused by the auditors of the Company and no audit reports contain qualifications or disclaimers.

- 17.5 The Historical Financial Information of HKP set out in Part VI (B) of this document has been audited by K.G. Audit Ventures Ltd, 36 Pafou Street, Vladimirov Court, 1st Floor, Office 101, 3052 Limassol, Cyprus. No audit reports have been refused by the auditors of HKP and no audit reports contain qualifications or disclaimers.
- 17.6 Saffery Champness LLP, which has no material interest in the Company, has given and have not withdrawn its written consent to the inclusion in this document of its reports as set out in Parts V, VI and VII of this document and the references to such reports and to its name in the form and context in which they are included.
- 17.7 Rocklore Exploration Services Limited, which has no material interest in the Company, has given and has not withdrawn its written consent to the inclusion in this document of its report as set out in Part IV of this document and the references to such report and to its name in the form and context in which they are included.
- 17.8 Shard has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it is included.
- 17.9 As at the date of this document, the Company has no existing or planned tangible fixed assets and there are no environmental issues that may affect its utilisation of any such tangible fixed assets.
- 17.10 Since incorporation, the Company has not made any principal investments and, save for the Acquisition, details of which are set out in section 3 of Part I of this document, the Company has no principal investments in progress. In addition, there are no principal future investments by the Company on which the Directors have made firm commitments.
- 17.11 The Directors and the Proposed Director are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects in the current financial year.
- 17.12 No public takeover bids have been made by third parties for any securities of the Company.
- 17.13 The financial information set out in this document relating to the Company does not constitute statutory accounts within the meaning of section 434 of the Companies Act. The first annual report of the Company in respect of the period from incorporation on 4 January 2017 to 31 December 2017 was published on 30 April 2018.
- 17.14 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 17.15 The Issue Price under the Placing and the Subscription is payable in full in cash on acceptance.
- 17.16 Save for HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications, further details of which are set out in Part IV of this document, as at the date of this document, neither the business nor the profitability of the Company or HKP is dependent on any patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes.

18. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG, for the period of 14 days following the date of this document:

- 18.1 the Articles;
- 18.2 the Historical Financial Information of the Company set out in Part V (B) of this document;
- 18.3 the Historical Financial Information of HKP set out in Part VI (B) of this document;
- 18.4 the report prepared by Rocklore Exploration Services Limited set out in Part IV of this document;
- 18.5 the reports prepared by Saffery Champness LLP set out in Part V (A), Part VI (A) and Part VII (A) of this document; and
- 18.6 the letters of consent referred to in paragraphs 17.6, 17.7 and 17.8 of Part IX of this document.

19. Third Party Information

Where information has been sourced from a third party, the information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Dated: 28 June 2018

PART X

NOTICES TO PROSPECTIVE PLACEES AND SUBSCRIBERS

The distribution of this document and the Placing and the Subscription may be restricted by law in certain jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This document has been approved by the FCA as a Prospectus which may be used to offer securities to the public for the purposes of section 85 of the FSMA and of the Prospectus Directive. No arrangement has, however, been made with the competent authority in any other Member State (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this document may be prohibited in countries other than those in relation to which notices are given below. This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for, or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

For the attention of all prospective investors

The Ordinary Shares are only suitable for acquisition by a person who: (a) has a significantly substantial asset base such that would enable the person to sustain any loss that might be incurred as a result of acquiring the Ordinary Shares; and (b) is sufficiently financially sophisticated to be reasonably expected to know the risks involved in acquiring the Ordinary Shares.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

For the attention of UK investors

This document comprises a Prospectus relating to the Company prepared in accordance with the Prospectus Rules and approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

For the attention of European Economic Area investors

In relation to each Member State which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of the Ordinary Shares may only be made once the Prospectus has been passported in such Relevant Member State in accordance with the Prospectus Directive as implemented by such Relevant Member State. For the other Relevant Member States an offer to the public in that Relevant Member State of any Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State subject to obtaining prior consent of the Company for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, the expression an "offer to the public" in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

During the period up to but excluding the date on which the Prospectus Directive is implemented in Member States, this document may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any Member State in which such offer or invitation would be unlawful.

For the attention of Canadian investors

The offering of the Subscription Shares in Canada is being made solely by this document and any decision to purchase Subscription Shares should be based solely on information contained in or incorporated by reference into this document. No person has been authorised to give any information or to make any representations concerning the offering of the Subscription Shares other than those contained in or incorporated by reference into this document. This document constitutes an offering in Canada of Subscription Shares on a private placement basis on the terms described herein only in the provinces of British Columbia, Alberta and Ontario (the "Eligible Provinces").

Responsibility

Except as otherwise expressly required by applicable law or as agreed to in contract, no representation, warranty, or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by any dealer as to the accuracy or completeness of the information contained in this document or any other information provided by the Company in connection with the offering of the Subscription Shares in Canada.

Resale restrictions

The distribution of Subscription Shares in Canada is being made only on a private placement basis exempt from the requirement that the Company prepare and file a prospectus with the securities regulatory authorities in each of the Eligible Provinces. Accordingly, any resale of Subscription Shares in Canada must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with the available statutory exemptions or pursuant to a discretionary exemption granted by the applicable Canadian securities regulatory authority. Canadian purchasers are advised to seek legal advice prior to any resale of Subscription Shares. The Company is not a "reporting issuer", as such term is defined under applicable Canadian securities laws, in any Eligible Province or elsewhere in Canada. Canadian investors are advised that the Company currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of Subscription Shares to the public in any province or territory of Canada in connection with the offering of the Subscription Shares.

Representations of Canadian purchasers

Each purchaser of Subscription Shares in Canada will be deemed to have represented to the Company and any dealer who sells Subscription Shares to such purchaser that:

- a) the offer and sale of the Subscription Shares in Canada was not made through an advertisement of the Subscription Shares in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;
- b) such purchaser has reviewed and acknowledges the terms referred to in the section entitled "*Resale restrictions*" above and agrees not to sell the Subscription Shares except in compliance with applicable Canadian resale restrictions and in accordance with the terms of the Subscription Shares;
- c) such purchaser is resident in one of the Eligible Provinces;
- d) without limiting the generality of the foregoing: (i) in the case of a purchaser resident in British Columbia or Alberta, such purchaser is an "accredited investor" as defined in section 1.1 of National Instrument 45-106 – *Prospectus Exemptions* ("NI 45-106"); and (ii) in the case of a purchaser resident in Ontario, such purchaser, or any ultimate purchaser for which such purchaser is acting as agent (1) is an "accredited investor", other than an individual, as defined in NI 45-106 and is a person to which a dealer registered as an international dealer in Ontario may sell Subscription Shares or (2) is an "accredited investor", including an individual, as defined in NI 45-106 who is purchasing Subscription Shares from a registered investment dealer within the meaning of section 98 of the Regulation to the Securities Act (Ontario) and pursuant to registration exemptions under such securities laws;
- e) such purchaser is basing its investment decision solely on the final version of this document and any other public information that has been filed by the Company and not on any other information concerning the Company or the offering of the Subscription Shares;
- f) such purchaser is purchasing for investment only and not with a view to resale or distribution;
- g) such purchaser is purchasing the Subscription Shares as principal, or is deemed to be purchasing the Subscription Shares as principal for the purposes of section 2.3 of NI 45-106, for its own account and not as agent for the benefit of another person;
- h) none of the funds being used to purchase the Subscription Shares are, to the best of the purchaser's knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities;
- i) where required by applicable securities laws, regulations or rules, including applicable stock exchange rules, the purchaser will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Subscription Shares by the purchaser as may be required by such laws, regulations and rules, or assist the Company, the initial purchaser and/or any dealer from whom such purchase confirmation was received, as applicable, in obtaining and filing such reports, undertakings and other documents;
- j) such purchaser was not created and used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition in NI 45-106;

- k) such purchaser will give to each person to whom it transfers the Subscription Shares notice of any restrictions on transfers of such Subscription Shares; and
- l) such purchaser has not purchased the Subscription Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

In addition, each purchaser of Subscription Shares in Canada by the purchaser's receipt thereof, will be deemed to have represented, acknowledged, confirmed and/or agreed, as the case may be, to the Company and any dealer who sells Subscription Shares to such purchaser, that such purchaser: (a) has been notified by the Company (i) that the Company is required to provide information ("personal information") pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any Subscription Shares purchased), which Form 45-106F1 is required to be filed by the Company under NI 45-106; (ii) that such personal information will be delivered to the Ontario Securities Commission (the "OSC") and the British Columbia Securities Commission ("BCSC") in accordance with NI 45-106; (iii) that such personal information is being collected indirectly by the OSC and the BCSC under the authority granted to it under the securities legislation of Ontario and British Columbia, as applicable; (iv) that such personal information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, Alberta and British Columbia, as applicable; and (v) that the public official in Ontario and British Columbia who can answer questions about their indirect collection of such personal information is: in British Columbia, the British Columbia Securities Commission at P.O. Box 10142, Pacific Center, 701 West Georgia Street, Vancouver, British Columbia V7Y 1L2 or at (604) 899-6500 or 1-800-373-6393; and in Ontario, the Inquiries Officer at the Ontario Securities Commission at 20 Queen Street West, 22nd Floor, Toronto, Ontario M5H 3S8 or at (416) 593-3684 or 1-877-785-1555; and (b) has authorized the indirect collection of the personal information by the OSC and the BCSC. Further, the purchaser acknowledges that its name, address, telephone number and other specified information, including the number of Subscription Shares it has purchased and the aggregate purchase price to the purchaser, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian securities laws. By purchasing the Subscription Shares, each Canadian purchaser consents to the disclosure of such information.

Taxation and eligibility for investment

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Subscription Shares and, in particular, does not address Canadian tax considerations. Canadian investors should consult their own legal and tax advisers with respect to the tax consequences of an investment in the Subscription Shares in their particular circumstances and with respect to the eligibility of the Subscription Shares for investment by such investor under relevant Canadian legislation and regulations. Canadian investors should likewise consult with their own legal and tax advisers concerning the foreign income tax consequence of an investment in the Subscription Shares, if any.

Rights of action for damages or rescission

Securities legislation in Ontario provides purchasers of securities with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where this document and any amendment thereto contains a "Misrepresentation". Where used herein, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

OSC Rule 45-101 Ontario Prospectus and Registration Exemptions provides that where an offering memorandum is delivered to a purchaser to whom securities are distributed in reliance on the "accredited investor" prospectus exemption in MI 45-106 or subsection 73.3 of the Ontario Securities Act, the right of action in section 130.1 of the Ontario Securities Act is applicable unless the purchaser is:

- a) a Canadian financial institution, meaning either (i) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that act; or (ii) a bank, loan corporation, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the Bank Act (Canada);
- c) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- d) a subsidiary of any person referred to in paragraphs a), (b) or c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Under Ontario securities legislation, a purchaser resident in Ontario who purchases securities offered by this document during the period of distribution will have, subject to certain limitations and statutory defences, a statutory right of action for damages or, while still the owner of the securities, for rescission against the Company in the event that this document contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation. The Company is not liable for a misrepresentation in forward-looking information if certain requirements are satisfied. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first has knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise

the right of action for rescission, the purchaser will have no right of action for damages. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. In the case of an action for damages, the Company will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Ontario Securities Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Enforcement of legal rights

All of the Company's directors, proposed director and officers as well as the experts named in this document may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or such persons. All or a substantial portion of the assets of the Company and such persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside of Canada.

Language of documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des titres décrits aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

PART XI

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Acquisition”	the acquisition by the Company of the entire issued share capital of HKP;
“Acquisition Agreement”	the conditional agreement dated 28 June 2018 between the Company and the Principal HKP Sellers relating to the Acquisition, details of which are set out in paragraph 12.11 of Part IX of this document;
“Admission”	admission of the Enlarged Ordinary Share Capital to the Standard Listed segment of the Official List and to trading on the London Stock Exchange’s Main Market for listed securities;
“AIM”	the AIM market operated by the London Stock Exchange;
“Articles”	the articles of association of the Company;
“Board”	the board of directors of the Company from time to time;
“Broker Warrant Deed”	the warrant deed dated 22 August 2017 setting out the terms of the Broker Warrants, details of which are set out in paragraph 12.7 of Part IX of this document;
“Broker Warrants”	the 494,300 warrants to subscribe for new Ordinary Shares at a subscription price of 5p per share from the date of IPO Admission, being 29 August 2017, until the second anniversary of IPO Admission, being 29 August 2019, created and issued pursuant to the Broker Warrant Deed;
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in London;
“CIM Guidelines”	the various standards and guidelines published and maintained by the Canadian Institute of Mining, Metallurgy and Petroleum, as amended;
“Company” or “Chesterfield Resources”	Chesterfield Resources plc, a company incorporated in England and Wales with company number 10545738;
“Companies Act”	the Companies Act 2006, as amended;
“Consideration Shares”	the 6,666,667 new Ordinary Shares to be allotted and issued to the HKP Vendors pursuant to the Acquisition;
“Corporate Governance Code”	the code of best practice including the principles of good governance known as the “UK Corporate Governance Code” (the latest edition of which was published in April 2016) published by the Financial Reporting Council as amended from time to time;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
“Deferred Shares”	deferred shares of 4.9p each in the capital of the Company;
“Directors”	the directors of the Company as at the date of this document whose names are set out on page 27 of this document;
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules of the UK Listing Authority made in accordance with section 73A of FSMA;
“Enlarged Ordinary Share Capital”	the entire issued ordinary share capital of the Company upon Admission, comprising the Existing Ordinary Shares and the Consideration Shares, the Placing Shares and the Subscription Shares;
“Euroclear”	Euroclear UK & Ireland Limited;
“Exchange Traded Non-Ferrous Metals”	non-ferrous metals traded on the markets of either the London Metal Exchange or the London Bullion Market Association;
“Existing Ordinary Shares”	the 28,600,000 Ordinary Shares in issue as at the date of this document;
“FCA”	the Financial Conduct Authority;
“Founders”	Derek Crowhurst, Peter Damouni and David Cliff;
“FSMA”	the Financial Services and Markets Act 2000, as amended;

"GIS"	Geographical Information System;
"Group"	the Company and its subsidiaries from time to time;
"Haywood"	Haywood Securities Inc., a duly registered investment dealer under applicable Canadian securities laws, engaged by the Company to introduce Subscribers in connection with the Subscription;
"Historical Financial Information of the Company"	the historical financial information of the Company for the period from incorporation on 4 January 2017 to 31 December 2017 as set out in Part V (B) of this document;
"Historical Financial Information of HKP"	the historical financial information of HKP for the three years ended 31 December 2015, 2016 and 2017 as set out in Part VI (B) of this document;
"HKP"	HKP Exploration Ltd, a company incorporated in Cyprus with company number HE 333726;
"HKP Portfolio"	HKP's Granted Prospecting Permits and HKP's Prospecting Permit Applications or the land covered by them, as the context requires;
"HKP Sellers"	the holders of the entire issued share capital of HKP immediately prior to completion of the Acquisition;
"HKP's Granted Prospecting Permits"	the Prospecting Permits granted to and held by HKP numbered AE4659, AE4660, AE4661, AE4664, AE4665, AE4672 and AE4673, or any of them, as the case may be;
"HKP's Prospecting Permit Applications"	the applications for Prospecting Permits made by HKP numbered AE4702, AE4703, AE4706, AE4707, AE4708 and AE4709, or any of them, as the case may be;
"HMRC"	Her Majesty's Revenue and Customs;
"IFRS"	International Financial Reporting Standards, as endorsed by the European Union;
"IPO Admission"	the admission of the Existing Ordinary Shares to the Standard Listed segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities, which became effective on 29 August 2017;
"IPO Placee"	a person who subscribed for IPO Placing Shares under the IPO Placing;
"IPO Placing"	the placing of the IPO Placing Shares by Shard at the IPO Placing Price pursuant to the IPO Placing Agreement;
"IPO Placing Agreement"	the agreement dated 22 August 2017 between the Company, the Directors and Shard, details of which are set out in paragraph 12.4 of Part IX of this document;
"IPO Placing Price"	5p per IPO Placing Share;
"IPO Placing Shares"	the 26,000,000 new Ordinary Shares allotted and issued pursuant to the IPO Placing;
"IPO Prospectus"	the prospectus issued by the Company dated 22 August 2017;
"Issue Price"	7.5p per new Ordinary Share;
"Khalkeus"	Khalkeus Minerals Limited, a company incorporated in Cyprus with company number HE334005, the former subsidiary of HKP;
"Listing Rules"	the Listing Rules made by the FCA under Part VI of the FSMA;
"London Stock Exchange"	London Stock Exchange plc;
"Market Abuse Regulation"	Regulation EU 596/2014 of the European Parliament and the Council of the European Union on market abuse;
"Member State"	a member state of the European Union and the European Economic Area;
"Mines Service"	the Mines Service of the Ministry of Agriculture, Rural Development and Environment of the Republic of Cyprus;
"Net Proceeds"	the proceeds of the Placing and the Subscription receivable by the Company, after deduction of any expenses paid or payable in connection with the Acquisition, the Placing, the Subscription and Admission;
"New Group"	the Company and HKP;
"Official List"	the Official List of the UK Listing Authority;

"Ordinary Shares"	ordinary shares of 0.1p each in the capital of the Company;
"Overseas Shareholder"	a Shareholder in a territory other than the UK;
"Placee"	a person who confirms his agreement to Shard to subscribe for Placing Shares under the Placing in accordance with the terms of a Placing Letter;
"Placing"	the conditional placing of the Placing Shares by Shard at the Issue Price pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 28 June 2018 between the Company, the Directors and the Proposed Director and Shard, details of which are set out in paragraph 12.12 of Part IX of this document;
"Placing Letter"	a placing letter issued to a prospective subscriber for Placing Shares by Shard and a form of acceptance from such prospective subscriber to Shard confirming the prospective subscriber's irrevocable commitment to subscribe for Placing Shares, conditional only upon Admission;
"Placing Shares"	the 10,766,667 new Ordinary Shares to be allotted and issued pursuant to the Placing;
"Premium Listing"	a Premium listing under Rule 6 of the listing Rules;
"Principal HKP Sellers"	Michael Green, David Hall and Jeremy Martin, together being holders of an aggregate of 51.10 per cent. of the issued share capital of HKP;
"Pro Forma Financial Information"	the unaudited pro forma statement of net assets of the Group as at 31 December 2017 set out in Part VII (B) of this document;
"Proposed Director"	David Hall, who has been appointed as a director of the Company, conditional on Admission;
"Proposed Work Programme"	the proposed three phase exploration programme for the HKP Portfolio, which is expected to be completed within 12 months, details of which are set out in section 5 of Part I of this document;
"Prospecting Permit"	a prospecting permit granted by the Council of Ministers of the Republic of Cyprus and administered by the Mines Service pursuant to the Cyprus Mines and Quarries (Regulation) Law Cap.270, as amended, and the Regulations made thereunder, under which the holder has the right to search for minerals over the area of land specified in and on the terms and conditions of such prospecting permit;
"Prospectus"	a prospectus required under the Prospectus Directive and prepared in accordance with the Prospectus Rules;
"Regulation S"	Regulation S under the US Securities Act;
"Reverse Takeover"	a transaction defined as a reverse takeover in Listing Rule 5.6.4;
"SEC"	the United States Securities and Exchange Commission;
"Seed Investors"	Derek Crowhurst, Peter Damouni, David Cliff, Christopher Hall, Mark Stephenson, Glenn Olnick, John Kutzschan and Michael Johnson;
"Series A Warrant Deed"	the warrant deed dated 16 March 2017 setting out the terms of the Series A Warrants, details of which are set out in paragraph 12.1 of Part IX of this document;
"Series A Warrants"	the 5,200,000 warrants to subscribe for new Ordinary Shares at a subscription price of 5p per share from the date of IPO Admission, being 29 August 2017, until the fifth anniversary of IPO Admission, being 29 August 2022, created and issued pursuant to the Series A Warrant Deed;
"Series B Warrant Deed"	the warrant deed dated 22 August 2017 setting out the terms of the Series B Warrants, details of which are set out in paragraph 12.6 of Part IX of this document;
"Series B Warrants"	the 13,000,000 warrants to subscribe for new Ordinary Shares at a subscription price of 10p per share from the date of IPO Admission, being 29 August 2017, until the third anniversary of IPO Admission, being 29 August 2020, created and issued pursuant to the Series B Warrant Deed;
"Series C Warrant Deed"	the warrant deed dated 28 June 2018 setting out the terms of the Series C Warrants, details of which are set out in paragraph 12.16 of Part IX of this document;

"Series C Warrants"	the 13,333,322 warrants to subscribe for new Ordinary Shares at a subscription price of 15p per share from the date of Admission until the second anniversary of Admission, created and to be issued pursuant to the Series C Warrant Deed;
"Shard"	Shard Capital Partners LLP, broker to the Company and placing agent;
"Share Options"	the individual share option agreements dated 28 June 2018 between the Company and each of Christopher Hall, David Cliff, Derek Crowhurst, Peter Damouni, Michael Green, David Hall and Jeremy Martin pursuant to which, conditional upon Admission, an aggregate of 2,970,000 options to subscribe for new Ordinary Shares were granted by the Company, details of which are set out in paragraph 8 of Part IX of this document;
"Shareholders"	holders of Ordinary Shares;
"Special Resolution"	a special resolution within the meaning of the Companies Act;
"Standard Listing"	a standard listing under Chapter 14 of the Listing Rules;
"Subscriber"	a person who confirms his agreement to subscribe for Subscription Shares under the Subscription in accordance with the terms of a Subscription Agreement;
"Subscription"	the conditional subscription of the Subscription Shares by Subscribers pursuant to the Subscription Agreements;
"Subscription Agreements"	the conditional agreements between each of the Subscribers and the Company pursuant to which each of the Subscribers confirms his irrevocable commitment to subscribe for Subscription Shares, conditional only on Admission, details of which are set out in paragraph 12.13 of Part IX of this document;
"Subscription Shares"	the 15,900,000 new Ordinary Shares to be allotted and issued pursuant to the Subscription Agreements;
"Takeover Code"	the City Code on Takeovers and Mergers as published by the Takeover Panel from time time;
"Takeover Panel"	the Panel on Takeovers and Mergers;
"Troodos East Project"	the project area covered by one of HKP's Prospecting Permit Applications (AE4703) on the eastern side of the Troodos Mountains;
"Troodos North Project"	the project area covered by five of HKP's Prospecting Permit Applications (AE4702, AE4706, AE4707, AE4708 and AE4709) on the northern side of the Troodos Mountains;
"Troodos West Project"	the project area covered by HKP's Granted Prospecting Permits on the western side of the Troodos Mountains;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UK Listing Authority"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List;
"US" or "United States"	the United States of America, its territories and possessions;
"US Investment Company Act"	the United States Investment Company Act of 1940, as amended, and related rules;
"US Person"	has the meaning set out in Regulation S;
"US Securities Act"	the United States Securities Act of 1933, as amended; and
"VAT"	UK value added tax.