

ERRIS RESOURCES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



ERRIS RESOURCES PLC

COMPANY INFORMATION

Directors	Mr J Martin Mr O C Rifaat Mr A du Plessis Mr G Brown Mr J D Taylor-Firth
Secretary	Mr O C Rifaat
Company number	10829496
Registered office	29-31 Castle Street High Wycombe Bucks HP13 6RU United Kingdom
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD United Kingdom
Business address	The Clubhouse 8 St James's Square London SW1Y 4JU United Kingdom
UK Brokers	Shard Capital Partners Ltd 20 Fenchurch Street London EC3M 3BY United Kingdom Turner Pope Investments (TPI) Ltd 36 Old Jewry London EC2R 8DD United Kingdom

ERRIS RESOURCES PLC

COMPANY INFORMATION

Solicitors	DWF LLP Bridgewater Place Water Lane Leeds LS11 5DY United Kingdom
Solicitors (Sweden)	Mannheimer Swartling Advokatbyrå Carlskatan 3 Box 4291 203 14 Malmö Sweden
Solicitors (Ireland)	DWF Dublin 5 George's Dock IFSC Dublin 1 Ireland
Nominated Advisor	Allenby Capital Ltd 5th Floor 5 St Helen's Place London EC3A 6AB United Kingdom
Registrar	Share Registrars Ltd The Courtyard 17 West Street Farnham Surrey GU9 7DR United Kingdom
Competent Person	Addison Mining Services Ltd 64 Addison Road Wanstead London E11 2RG United Kingdom
Public Relations	St Brides Partners Ltd 51 Eastcheap London EC3M 1JP United Kingdom

ERRIS RESOURCES PLC

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ERRIS RESOURCES PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

Chairman's Statement

The global backdrop for the resources industry was challenging in 2019, necessitating a cautious approach by Erris Resources that saw us carefully husband our resources whilst actively seeking new opportunities. Accordingly, new exploration ground was staked in Norway and, in December, the Company entered into a joint-venture and option agreement relating to the Loch Tay Gold Project in Scotland. Our team continues to seek and evaluate new projects that fit the Erris Resources model.

Ireland

Erris Resources holds five prospecting licences ("PLs") at its 100% owned brownfield Lead-Zinc Abbeytown Project in Ireland covering a total of 136km², these have been held since 2013 and were successfully renewed in Q3 2019 for a further six years.

In January 2019, the Company reported the final results from an extensive underground drilling and sampling programme. The underground work involving mapping, channel sampling and drilling resulted in a much better understanding of the controls and distribution of mineralisation in the project area and confirmed that mineralisation is continuous between the mine and the location of surface drilling south of the mine. The best intersection in surface drilling was located furthest from the mine where hole ERAB005 intersected 15.63% Zn+Pb combined and 90.68 g/t Ag over 4.1m. Mineralisation is open to the south. East-west orientated normal faults are now recognised as important for controlling mineralisation and results have demonstrated that where these intersect north-northeast trending structures is typically where the highest-grade mineralisation is developed. With these new observations, the Company expanded tight-spaced soil sampling and identified new target areas extending the possible footprint of mineralisation further south from the workings and the area drilled 300m south of the mine.

Close-spaced soil sampling confirmed the presence of strong anomalies over interpreted structures visible in the airborne geophysics data close to the Ox Mountains Fault. Results for 527 closely spaced samples were released in March 2019. One sample yielded 10.65ppm silver (Ag), 1,585 ppm lead (Pb) and 2,530ppm zinc (Zn) and represents a priority drill target. A total of 470 samples including QAQC samples were also taken along seven lines at Skreen. These and adjacent results confirm the importance of the Ox Mountains Fault as a first order control on mineralisation in the district, which is also evident south of Abbeytown itself.

Also in March 2019, the Company reported results of a preliminary metallurgical study involving a bench flotation test and bond mill test on material collected from the underground pillars and western workings, which indicated that production of a good quality, saleable concentrate can be achieved based on a straightforward, standard flotation process.

The results for all work to date at Abbeytown have been positive and a high level of success has been achieved with drilling. Further drilling is required to outline the potential of new targets south of the mine and near the Ox Mountains Fault. The Company has been seeking a partner to advance the Abbeytown project and will continue to do so in 2020. Difficult market conditions in the zinc sector has impacted interest in zinc projects but, as there are no immediate expenditure commitments required for Abbeytown, the value of the project can be preserved until interest recovers.

Erris Resources was granted 18 PLs in Co. Galway in August 2018 covering an area of 673km². During 2019, the Company conducted data reviews, reprocessed the new free regional aeromagnetic and EM data released by the Geological Survey and digitised historic soil and drill data for the project area. Preliminary prospecting and soil sampling was carried out to confirm two of these higher priority historic soil anomalies.

While the results of the historic data review combined with new regional aeromagnetic data and soil results are very encouraging, the targets are likely at depths of greater than 300-400m and drill testing such early stage targets would be considered risky for Erris Resources in the current market. We have been marketing the project to major companies and will continue to do so. Boliden, in joint venture with Minco Exploration, recently carried out a seismic survey on adjacent contiguous PLs to the north which represents a major investment while a new major entrant into Ireland, South32, recently signed an earn-in agreement for early stage zinc-lead exploration projects with Adventus in the south of Ireland.

ERRIS RESOURCES PLC

CHAIRMAN'S STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Finland and Sweden / Centerra Gold Strategic Alliance

Erris Resources continued its strategic alliance with Centerra Gold ("Centerra") during 2019 with Centerra committing to spend US\$250,000 on generative exploration work for the year. In January 2019, the Company expanded into Finland with applications for two reservation permits submitted. Erris Resources was granted the 99sq km Sakiatieva reservation permit in the Central Lapland Greenstone belt, North Finland, in February 2019 and the 641.9sq km Pirunkoukku reservation permit in Central Finland in April 2019. The priority project was Sakiatieva and work, fully funded by Centerra, involved compilation of historic data, purchase and reprocessing of airborne magnetic and EM data, a remote sensing and structural interpretation study, a drone magnetic survey, mapping, prospecting, a soil survey and re-logging of historic drill core. Targets for gold exploration were identified, however, the footprint and style of mineralisation suggested that the target would be too small for Centerra to justify further exploration on the project. Prospecting was also carried out across the larger Pirunkoukku reservation permit but no targets that warranted further exploration were identified. Post period end, Erris Resources has taken action to close down its Finnish operations and surrender the reservation permits.

In Sweden, the Company currently has seven permits of which five make up the Brännberg Gold Project in the Skellefte Mining District of North Sweden. The other permits are Enåsen and Storkullen in Central Sweden. The combined area of the Brännberg project is now 3,469 Ha and the permits are 100% owned by Erris Resources. In 2018, Centerra funded drilling of 14 holes totalling 2,681.7m to test the down dip and along-strike continuations of mineralisation intersected in historic drilling by Beowulf Mining. The project reverted to Erris Resources following the termination of the earn-in by Centerra for the Brännberg Designated Project Area in December 2018. The project has some significant intersections of gold mineralisation, which remain open at depth including hole BB004 with 17.2m @ 1.93g/t Au and 0.26% Cu. Drilling to date has only tested approximately 900m along a single corridor within the 3,469Ha permit block with results confirming that there is a gold system at Brännberg that warrants further work. The project is only 10.8km from the active Maurliden Mine (Boliden) and 6.2km from a closed mine (Mensträsk). Erris Resources has decided to retain the project and seek investment from other parties.

Following four years of identifying and testing targets, Centerra announced in December 2019 that it had terminated its strategic alliance with Erris Resources. During this time, the total expenditure on Centerra projects was approximately US\$3.4 million on which Erris Resources earned consultancy fees of 10% for managing the exploration work. The work resulted in the discovery of several new mineralised zones in outcrop and some significant intersections in drilling. However, drilling did not outline exploration targets meeting the minimum criteria for Centerra to continue funding. In addition, Erris Resources and Centerra reviewed several third-party opportunities, however, none were attractive to either party.

Erris Resources is grateful for the consulting and exploration partnership with Centerra over the past four years, which from our experience is a typical duration for such joint ventures. While we are disappointed that it has ended, we will continue to pursue this type of partnership with other mining partners having demonstrated our consulting expertise in delivering cost-effective exploration.

Norway

Erris Resources applied for and was granted a number of exploration licences in Norway in 2019. Of these, the Gautelis permits in northern Norway are the most prospective and were renewed in December 2019 following ground truthing work which confirmed the gold mineralisation potential. At Gautelis, several mineralised occurrences are known including intersections in carbonates of 3m grading 6.66g/t Au from 50-53m and 3m grading 3.3 g/t Au from 44-47m in hole 2-85. The upper 26m of hole 4-84 returned 26m grading 0.58 g/t Au suggesting potential for broad zones of mineralisation in the carbonates.

Results from initial samples taken at the Mauken Project in Northern Norway were disappointing and therefore the permit was surrendered in December 2019. Ongoing target evaluation identified another project, Varden, 45km north of Gautelis where high-grade zinc was sampled historically and limited drilling encountered sporadic low grades of zinc and gold mineralisation. Three styles of mineralisation are known in the area: bedding parallel Fe and Zn-Pb sulphide mineralisation, shear-zone-hosted Cu-Au-As mineralisation, including remobilisation of Zn-Pb and quartz-vein-hosted Cu-Au mineralisation. The style of mineralisation and setting has been compared to that at the Cobar ore field in Australia by a well-respected geologist, Dave Collier who wrote a historic exploration report on the project in 2004. Post period end, in February 2020, three 10 km² permits covering the Haugfjell and Varden Ridge prospects were granted to Erris Resources. The data is currently being compiled and ground truthing visits will be warranted to assess the true potential of the project.

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CHAIRMAN'S STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Scotland

On 10 December 2019, Erris Resources entered into a joint-venture and option agreement with GreenOre Gold plc giving us the option to acquire 80% of the Loch Tay gold and associated base metals project (the Loch Tay Project") in Perthshire, Scotland subject to satisfactory conclusion of a due diligence review. We completed our due diligence review on 15 January 2020 and now have four years from that date to define a minimum inferred resource of 250,000 oz gold in order to earn an 80% interest in the project.

The project area is highly prospective and lies within the Grampian Gold Belt, which hosts a number of gold deposits including Curraghinalt in Northern Ireland and Cononish in Scotland, just 43 km away from the Loch Tay Project area, where Scotgold is expected to commence production during 2020.

The team has already identified two priority target areas, Lead Trial and Glen Almond, based on the presence of historic workings, mineralised outcrops and alluvial gold occurrences. The Company intends to commence prospecting and mapping followed by soil sampling at the Lead Trial prospect as soon as the weather allows with the aim of outlining future drill targets and identifying other gold targets within the license area.

Board and Corporate

With effect from 2 March 2020 the Company announced changes to its Board and Management Team to best maximise financial and personnel resources. Jeremy Martin stepped down from his role as Chairman, but shall remain a Non-Executive Director; I, Anton du Plessis, stepped down from my role as CEO to become Non-Executive Chairman; and David Hall, who has been a consultant to the Company since it was admitted to trading on AIM in 2017, becomes the new CEO in a non-board capacity. Having entered into the Loch Tay Project option arrangement and as the Company focuses on exploration activities to advance this and its other projects, it was felt that David's vast experience as an exploration geologist would be best served in the CEO position.

Financial Overview

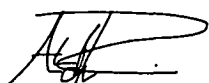
The Company maintains a disciplined approach to expenditure and as such is well funded for the remainder of 2020 with a €1.4 million cash position as at 31 December 2019. In line with current market conditions, the Company has been reducing its costs across all areas.

Outlook

We are fully aware that the share price performance of the Company since IPO has been challenging. Much of this has been beyond the Company's control linked to macro events and a generally weak market for junior exploration companies. However, with our strong cash position of around €1.2m at the end of March and team with a proven track record of discovery and value creation, I am confident that the Company will deliver to shareholders.

Erris is also currently impacted, like all companies, by the Covid-19 pandemic and has taken all necessary steps to protect the well-being of its staff, stakeholders and local communities. There has been no impact on Abbeytown, as no new work was planned for the coming months. We do not yet know the impact on our projects in Sweden and Norway, as field trips were only planned for the summer months and we do not yet know what restrictions will remain in place. We have now suspended field work in Scotland, but were able to complete the submission of 121 rock samples to the ALS Laboratories in Ireland and will update the market as soon as we have results.

I would like to thank our shareholders for their continued support, including industry major, Osisko Gold Royalties, and I look forward to providing further updates on our progress.



Anton du Plessis
Non-Executive Chairman

ERRIS RESOURCES PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for year ended 31 December 2019.

1 Highlights – 12 months to 31 December 2019

In Ireland, in Q3 2019, the Group successfully extended its five prospecting licenses for a further six years to 2025 (subject to expenditure review in 2021 and 2023) having comfortably surpassed all expenditure requirements over the last six years. In January 2019, Erris Resources announced the results of its underground drilling campaign in Q4 2018, which demonstrated that mineralisation is continuous between the mine and the location of surface drilling south of the mine. In March 2019, the Company completed its preliminary metallurgical study that showed good quality lead and zinc concentrates can be produced using a standard flotation process. All this work in 2019, combined with drilling in previous years, has been positive and justifies further exploration of the Abbeytown Project and accordingly the Group is currently looking for a partner to help it advance the project further.

In Scotland, Erris Resources entered into an option agreement to acquire 80% of the Loch Tay Project by defining a 250,000 gold resource within the next four years. The 234 km² project area is highly prospective and lies within the Grampian Gold Belt, which hosts a number of gold deposits including Curraghinalt in Northern Ireland and Cononish in Scotland, just 43 km away from the Loch Tay Project area, where Scotgold is expected to commence production during 2020. The Company intends to commence aggressive prospecting and mapping followed by soil sampling in 2020. The aim of the work will be to outline future drill targets and identify other gold targets within the large licence area.

In Scandinavia, Erris Resources continued its strategic alliance with Centerra Gold Inc ("Centerra"), which provided a further US\$250,000 in generative funding to identify future exploration opportunities in Sweden and Finland. In December 2019, Centerra decided to end this strategic alliance after almost four years of productive work together. Over these four years, Centerra funded generative exploration on more than 30 exploration permits and drilling on three DPAs at Brännberg, Klippen and Karingberget. During this time, the total expenditure on Centerra projects was approximately US\$3.4 million on which Erris Resources earned consultancy fees of 10% for managing this exploration work. All rights and information generated by this exploration work remains the property of Erris Resources and the Company continues to look for a joint-venture partner to further develop Brännberg. In Norway, the Company has also identified two highly prospective projects at Gautelis and Varden and will continue to progress these in 2020.

2 Erris Resources – Strategic Review

2.1 Company Overview

Erris Resources is a mineral exploration and development company with 23 prospecting licences in Ireland, seven exploration permits in Sweden, five permits in Norway and a Joint-Venture in Scotland. In Ireland, the licences total 673 km² at the Galway Project and 136 km² at the Abbeytown Project. The Abbeytown Project licences were renewed in Q3 2019 for a further six years and include the historic Abbeytown deposit, and are focussed principally on economic zinc mineralisation, with ancillary lead, silver and copper potential. In Sweden, the Company's five main licenses which make up the Brännberg Gold Project cover a total area under licence of 3,469Ha. All the Swedish permits are primarily focussed on gold. In Norway, Erris Resources has two permits at Gautelis and three more at Haugfjell and Varden (Varden Project) covering an area of 49 km². In Scotland, the joint venture project area covers 237 km² in the Grampian gold belt. All the Swedish and Norwegian permits are primarily focussed on gold, whilst the Scotland license also focusses on base metals in addition to its primary focus on gold.

Erris Resources has been validated by major industry partners both at a project level and at the corporate level. Osisko Gold Royalties Ltd (market capitalisation of approximately C\$1.6 billion) has a 1 per cent royalty on the Abbeytown Project and Erris Resources' Swedish licences and became a 18.91 per cent shareholder at the IPO in 2017. At the project level, Centerra had a four year strategic alliance with Erris Resources, which concluded at the end of 2019, but under which it spent more than US\$3.4 million on exploration managed directly by Erris Resources.

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STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2.2 Company Strategy

Erris Resources' business model can best be defined as seeking to create shareholder value through the process of discovering or advancing new mineral deposits. Well-managed exploration success finding commercially viable deposits can create capital value even in a period of weak metal prices. The Directors believe that Erris Resources' business model maximises the chance of making commercial discoveries in an efficient manner, as follows:

Technically-led team	The Directors and senior management team have significant exploration experience, with a track record of deposit discovery from first principal through to resource definition, advanced studies and mine development. In addition, the team has experience of sourcing the funding required for mining projects via its capital markets expertise and joint venture pedigree.
Low risk jurisdictions	The Erris Resources portfolio comprises mineral licences in areas with proven metallogenic potential, an active mining industry, relatively low political risk, and transparent permitting processes. The Company has a zinc-lead-silver-copper project in Ireland and conducts gold exploration in Scotland, Norway and Sweden. New targets in Europe and potentially further afield are currently being assessed but will be progressed only if they meet most or all of the key criteria above.
Prospective Property Portfolio	The current portfolio includes the Abbeytown Project, a 15 km trend of discrete lead-zinc-silver prospects, barely explored since the 1980s, newly reinterpreted after several years of fieldwork, systematic data integration and fresh geological thinking. In Sweden, Erris Resources has a portfolio of gold and polymetallic projects in northern Sweden focussed on the Brännberg project. In Norway, Erris Resources has acquired five permits. In Scotland, Erris Resources has a joint venture to earn into 80% of a highly prospective license area in the Grampian gold belt. The Company continues to actively manage its license portfolio in prospective jurisdictions and will update the market when any results from new license areas demonstrate the potential for high priority drill targets.
Dynamic Work Programme	Erris Resources conducted extensive mapping and prospecting at its projects during 2019 and is now primarily focused on working up drill targets for its new Scottish joint venture to commence in 2020.

2.3 Business Plan

The Board will continue to run the Group with a low-cost base in order to maximise the amount that is spent on exploration and development as this is where value is best added. To this extent, the corporate office is run on a streamlined basis by a core team, and specialists are employed in Ireland, Sweden and Scotland.

The Group historically financed its activities through capital raisings as a private company, the sale of royalties and through its joint venture agreements with established industry players. Erris Resources' public listing has enabled the Group to target a wider pool of investors, especially with the approval of its EIS status received from HMRC. The Group will continue to look for new licence areas, new assets and plans to fund these through its historic mix of equity placings and strategic alliances.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2.4 Principal Risks and Uncertainties

Set out below are the principal risks and uncertainties facing the Group any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. For a full list please refer to the Admission Document published in December 2017.

- **Ongoing Capital requirements**

If the Group is unable to raise capital when needed or on suitable terms, the Group could be forced to delay, reduce or eliminate its exploration and development efforts. Furthermore, any additional equity fundraising in the capital markets may be limited due to disruption or uncertainty in the markets or may be dilutive for shareholders. Any debt-based funding, should it be obtainable, may bind the Group to restrictive covenants and curb its operating activities and ability to pay potential future dividends even when profitable.

- **Mining, Exploration and Development Risks.**

There is no certainty that the expenditure to be made in the exploration and development of the Group's properties in which it has an interest will result in profitable commercial operations. Most exploration projects do not result in the discovery of commercially mineable deposits. The successful 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.

- **Risks associated with the Centerra JV Agreement**

Centerra has elected to terminate its strategic alliance with the Group and not fund any further generative exploration. While the Group retains 100 per cent ownership of all licenses and information generated during the agreement, it may not have the necessary funds available or be able to generate the necessary funds to further develop the licence areas.

- **Risks associated with the GreenOre JV Agreement**

There is no certainty that the Group will be able to prove up a 250,000 oz gold resource at the Loch Tay Project in Scotland within the next four years and thereby acquire 80% of the project. In the event that this resource number is not achieved, then the Company's investment in that project would have no residual value.

- **Risks associated with the expiration of Prospecting Licences in Ireland and other associated approvals**

The prospecting licences held were granted to Erris Resources over the course of 2013, for a period of six years and were renewed in 2019 for a further six years. Each prospecting licence carries with it certain conditions that must be fulfilled over the term of the licence in order to allow them to continue in force and/or be renewed upon expiry. The licensor may revoke the licences at any time if there are reasonable grounds for doing so, or if the licensee fails to comply with its various obligations under the terms of the licence agreement.

- **Risks associated with the expiration of or failure to obtain Exploration Permits in Sweden and other associated approvals**

The exploration permitting process in Sweden is straightforward and to date the Company has not had any issues with renewing permits where exploration work has shown progress of the permits. Erris has renewed permits previously after 3 years with minimal work although subsequent renewals after 6 years require substantial works such as drilling or geophysical survey. There is no guarantee that a second renewal after six years will be granted if significant works are not undertaken to show progress of a permit. There is no fixed sum of exploration expenditure recommended for renewal and the definition of 'progress' is somewhat subjective.

- **Personnel retention and recruitment**

The Group's ability to compete in the competitive resource sector depends upon its ability to retain and attract highly qualified management, geological, technical and industry experienced personnel. Such personnel are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

- **Environmental laws and regulations**

The Group's operations are subject to various state and foreign environmental laws concerning, among other things, water discharges, air emissions, waste management, toxic use reduction and environmental clean-up. Environmental laws and regulations continue to evolve, and it is likely the environmental laws and standards that regulate the operations will continue to be increasingly stringent in the future. Any violation of, litigation relating to or liabilities under these laws and regulations could have a material adverse effect on the Group.

- **Potential Acquisitions**

As part of its business strategy, the Group may make acquisitions of, or significant investments in, complementary companies or prospects. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions including risks associated with operating in foreign jurisdictions.

- **Market perception**

Market perception of exploration and extraction companies may change in a way which could impact adversely the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Ordinary Shares or otherwise.

- **Economic risk and world commodity price volatility**

Commodity prices are subject to fluctuations. These fluctuations could adversely affect the Group's operations and financial condition once it commences production.

3 Operational review & outlook

3.1 Ireland

Erris holds five prospecting licences ("PLs") at its 100% owned brownfield Lead-Zinc Abbeytown Project in Ireland covering a total of 136 km². The licences have been held since 2013 and were successfully renewed in Q3 2019 following the end of the first six-year term. The licences have been renewed for a further six years. Minimum expenditure commitments had been met on all five PLs. One PL north of Ballysadare Bay was not renewed as it was not deemed prospective for shallow base metal mineralisation. The licences are reviewed by the Exploration and Mining Division every two years to ensure compliance with minimum expenditure commitments. The next expenditure commitment on the five PLs is €30,000 per PL for a total of €150,000 in expenditure by late Q3 2021 prior to submission of a review report for each PL. The Company anticipates that it will be able to meet these commitments with a small drill programme and further soil sampling.

In January 2019, the Company reported the final results from underground drilling and sampling which were reported in the previous annual report. The underground work involving mapping, channel sampling and drilling resulted in a much better understanding of the controls and distribution of mineralisation in the project area and has confirmed that mineralisation is continuous between the mine and the location of surface drilling south of the mine. The best intersection in surface drilling was located furthest from the mine where hole ERAB005 intersected 15.63% Zn+Pb combined and 90.68 g/t Ag over 4.1m. Mineralisation is open to the south. East-west orientated normal faults are now recognised as important for controlling mineralisation and results have demonstrated that where these intersect north-northeast trending structures is typically where the highest-grade mineralisation is developed. With these new observations, the Company expanded tight-spaced soil sampling and has identified new target areas extending the possible footprint of mineralisation further south from the workings and the area drilled 300m south of the mine.

Close-spaced soil sampling confirmed the presence of strong anomalies over interpreted structures visible in the airborne geophysics data close to the Ox Mountains Fault. Results for 527 closely spaced samples were released on the 26th March 2019. One sample yielded 10.65ppm silver (Ag), 1,585 ppm lead (Pb) and 2,530ppm zinc (Zn) and represents a priority drill target. A total of 470 samples including QAQC samples were also taken along seven lines at Skreen to meet expenditure commitments. The sample spacing was 10m. Some low order anomalies were detected, and a strong Pb-Zn-Ag anomaly was also detected on the Ox Mountains Fault with a maximum of 500 ppm Pb, 1,145 ppm Zn and 0.72 g/t Ag in one sample. Adjacent samples were highly anomalous. These results confirm the importance of the Ox Mountains Fault as a first order control on mineralisation in the district, which is also evident south of Abbeytown itself.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Results of a preliminary metallurgical study involving a bench flotation test and bond mill test on material collected from the underground pillars and western workings was reported on 13 March 2019.

Highlights of the study are as follows:

- Study indicated that production of a good quality, saleable concentrate can be achieved
- Flotation rougher test work indicated that good results could be achieved over a broad range of primary grind sizes, even as coarse as 80% passing 212µm
- Results demonstrated excellent recoveries including 96.2% lead and 95.8% zinc
- High silver credits identified with 448ppm silver in the lead concentrate and 340ppm in the zinc concentrate with no significant deleterious elements
- The Bond Ball Mill Work Index was 8.76kWh/t, classifying the sample as being soft with respect to grindability indicating that any potential development could enjoy favourable processing costs as it would require relatively low primary milling power requirements
- Straightforward standard flotation process can be utilised for the recovery of concentrates.

The results for all work to date at Abbeytown have been positive and a high level of success has been achieved with drilling. Further drilling is required to outline the potential of new targets south of the mine and near the Ox Mountains Fault. As there are no immediate expenditure commitments, the Company has been attempting to attract a partner to advance the Abbeytown project. In the current zinc market, third party interest in such projects has been weak. The Company will continue to market the project through 2020.

Erris Resources was granted 18 PLs in Co. Galway in August 2018 covering an area of 673 km². These were all open incentive licences meaning that the minimum expenditure to retain the PLs is only €2,500 per licence for the first two years until August 2020. During 2019, the Company conducted data reviews, reprocessed the new free regional aeromagnetic and EM data released by the Geological Survey and digitised historic soil and drill data for the project area. The data review allowed Erris Resources to identify areas favourable for Irish-type zinc-lead mineralisation. Several historic untested soil anomalies are associated with major structures inferred from the new aeromagnetic and EM data. Preliminary prospecting and soil sampling was carried out to confirm two of these higher priority historic soil anomalies. A soil sample line with a northwest-southeast orientation, 1,135m long and with sample spacing of 10m for 102 samples located 2.7km northeast of Athenry confirmed low order anomalism in base metals coincident with an inferred structural zone. Values of 35 ppm Pb and 84 ppm Zn were returned over the structure and, although these are reasonably low values, they are considerably higher than those further from the fault. The Athenry Fault is known to have been active during deposition of the limestones with significant extension inferred from previous academic work and drilling by the geological survey. The Athenry Fault is interpreted as the northwest edge of the Tynagh basin; the Tynagh deposit which lies 27 km to the southeast and is now mined out contained approximately 9.2Mt @ 5.0% Zn, 6.0% Pb, 0.5% Cu and >1 oz/ton Ag. Shallow drilling in the area by the GSI intersected trace amounts of copper mineralisation associated with carbonate veining and dissolution breccia suggesting the presence of a mineralising system along the Athenry Fault Zone. A second sample line consisting of 78 samples with a spacing of 10m located 4.4km northeast of Craughwell, in the south of the project area, confirmed zinc anomalism directly over an inferred structure with a high of 252 ppm Zn. The adjacent samples were elevated in lead and zinc compared to samples taken further from the structure. The results suggest that there is good potential in this secondary target area for undiscovered mineralisation related to major extensional structures.

While the results of the historic data review combined with new regional aeromagnetic data and soil results are very encouraging, the targets are likely at depths of greater than 300-400m and drill testing such early stage targets would be considered risky for Erris in the current market. Erris has been marketing the project to major companies and will continue to do so. Boliden in JV with Minco Exploration have recently carried out a seismic survey on adjacent contiguous PLs to the north which represents a major investment while a new major entrant into Ireland, South32, has recently signed an earn-in agreement for early stage zinc-lead exploration projects with Adventus in the south of Ireland.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3.2 Sweden

In Sweden, the Company currently has seven permits of which five make up the Brännberg Gold Project in the Skellefte Mining District of North Sweden. The other permits for gold are Enåsen and Storkullen in Central Sweden. The Brännberg number 1 permit, with a reduced area, has been renewed with confirmation of the renewal received post period end on 10 February 2020. The Brännberg number 2 permit was not renewed as it did not cover any known mineralisation. The combined area of the Brännberg project is now 3,469 Ha. The permits are 100% owned by Erris Resources. In 2018, Centerra funded drilling of 14 holes totalling 2,681.7m to test the down dip and along-strike continuations of mineralisation intersected in historic drilling by Beowulf Mining. The project reverted to Erris Resources following the termination of the earn-in by Centerra Gold for the Brännberg Designated Project Area in December 2018. The project has some significant intersections of gold mineralisation, which remain open at depth including hole BB004 with 17.2m @ 1.93g/t Au and 0.26% Cu. Drilling to date has only tested approximately 900m along a single corridor within the 3,469Ha permit block. Drill results confirm that there is a gold system at Brännberg that warrants further work. The project is only 10.8km from the active Maurliden Mine (Boliden) and 6.2km from a closed mine (Mensträsk). Erris Resources has decided to retain the project and seek investment from other parties.

Erris Resources was granted two exploration permits in Northern Sweden, Maunuvorra and Korpilovaara, on the 1st March 2019. The permits were fully funded as part of the strategic alliance with Centerra. Prospecting work carried out during the field season did not identify significant mineralisation or exploration targets within the permits and they were subsequently relinquished to obtain the maximum refund prior to the first anniversary. The Storklinton permit was allowed to expire without renewal in August 2019 as no significant exploration targets were identified during earlier work funded by Centerra which included a ground magnetic survey and an ionic leach soil geochemical survey consisting of 152 soil samples.

3.3 The Centerra Gold Strategic Alliance / Finland

Erris continued its strategic alliance with Centerra through 2019 with a focus on Finland. Centerra committed to spend US\$250,000 on generative exploration work in 2019. In January 2019, the Company expanded into Finland with applications for two reservation permits submitted and the purchase of a local subsidiary (Tulivouri Exploration Oy). Erris Resources was granted the Sakatieva reservation permit (99sq km) in the Central Lapland Greenstone belt (North Finland) in February 2019 and the Pirunkoukku reservation permit (641.9sq km) in Central Finland in April 2019. The priority project was Sakatieva and work involved compilation of historic data, purchase and reprocessing of airborne magnetic and EM data, a remote sensing and structural interpretation study, a drone magnetic survey, mapping, prospecting, a soil survey and re-logging of historic drill core. The work was fully funded by Centerra. The work identified low priority targets for gold exploration however the footprint and style of mineralisation suggested that the target would be too small for Centerra to justify further exploration on the project. Prospecting was also carried out across the larger Pirunkoukku reservation permit, but no targets were identified to warrant further exploration.

Following four years of identifying and testing targets, Centerra announced on 1 December 2019 that it had terminated its strategic alliance with Erris Resources. During this time, the total expenditure on Centerra projects was approximately US\$3.4 million on which Erris Resources earned consultancy fees of 10% for managing this exploration work. The work resulted in the discovery of several new mineralised zones in outcrop and some significant intersections in drilling. However, drilling did not outline exploration targets meeting the minimum criteria for Centerra to continue funding. In addition, Erris Resources and Centerra reviewed several third-party opportunities, however, none were attractive to either party while prospective ground in Finland is tightly held making new applications difficult. Post period end, Erris Resources has taken action to close down the Finnish subsidiary and surrender the reservation permits as it does not envisage converting the reservation permits to exploration permits due to the cost involved and absence of compelling drill targets.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3.4 Wholly owned projects in Norway

In line with the corporate objective of identifying low-cost opportunities with the potential to create shareholder value, Erris Resources was granted a number of exploration licences in Norway in 2019. Of these, the Gautelis permits in northern Norway are the most prospective and were renewed on 31 December 2019 following ground truthing work which confirmed the gold mineralisation potential. At Gautelis, several mineralised occurrences are known including intersections in carbonates of 3m grading 6.66g/t Au from 50-53m and 3m grading 3.3 g/t Au from 44-47m in hole 2-85. The upper 26m of hole 4-84 returned 26m grading 0.58 g/t Au suggesting potential for broad zones of mineralisation in the carbonates. During a ground truthing visit, Erris Resources confirmed the location of several drill collars and took ten rock samples. Results from the samples include 5.7g/t Au from arsenopyrite-rich mineralisation adjacent to the portal of a small historic arsenic mine. A sample of chips from various pieces of dump material outside the mine returned 2.7g/t Au. A sample of schist with pyritic stringers taken 900m south of the historic mine returned 9.7g/t Au while a sample of gossanous bedrock 2.3km to the northeast returned 2.2g/t. Four other samples returned between 18 and 55ppb Au with only two samples returning non-detectable gold.

Results from initial samples taken at the Mauken Project in Northern Norway were disappointing and therefore the permit was surrendered on 31 December 2019. Ongoing target evaluation identified another project (Varden) 45km north of Gautelis where high-grade zinc was sampled historically, and limited drilling encountered sporadic low grades of zinc and gold mineralisation. Three styles of mineralisation are known in the area. Bedding parallel Fe and Zn-Pb sulphide mineralization, shear-zone-hosted Cu-Au-As mineralisation, including remobilisation of Zn-Pb and quartz-vein-hosted Cu-Au mineralisation. The style of mineralisation and setting has been compared to that at the Cobar ore field in Australia by a well-respected geologist, Dave Collier, who wrote a historic exploration report on the project in 2004. Post period end, in February 2020, three 10 km² permits (total 30km²) covering the Haugfjell and Varden Ridge prospects were granted to Erris. The data is currently being compiled and ground truthing visits will be warranted to assess the true potential of the project. Erris Resources will continue to evaluate and prioritise projects of potential value to shareholders.

As of the date of publication, Erris has a portfolio of three highly prospective gold projects in Scandinavia which may be of interest to other mid-tier or junior explorers and which can be retained at low cost. These are Brannberg, Gautelis and Varden. The Company will market this portfolio to identify a partner for JV or vend.

3.5 Scotland

On 10 December 2019, Erris Resources entered into an option agreement with GreenOre Gold plc giving Erris Resources the option to acquire 80% of the Loch Tay gold and associated base metals project (the "Loch Tay Project") in Perthshire, Scotland. The project area comprises 237 km² of highly prospective ground within the Grampian Gold Belt. During the due diligence period, two priority target areas, Ardtalnaig (subsequently renamed Lead Trial) and Glen Almond, were identified as having excellent gold potential based on the presence of historic workings, mineralised outcrops and alluvial gold occurrences. A ten-gram gold nugget was found in the Glen Almond river within the Glen Almond target area in July 2019 by a team from the University of Leeds confirming the potential of the targets.

The main terms of the Option Agreement are as follows:

- Following the issue of the Option Notice on 15 January 2020, Erris Resources has the option to earn 80% of the Loch Tay Project consisting of the Loch Tay Mines Royal Option from GreenOre by defining a minimum inferred resource of 250,000 ounces gold, to be defined by an Independent Competent Person, within four years of the date of the Option Notice.
- Upon defining 250,000 ounces within the required time frame, the ownership of the licence shall be allocated as to 80% Erris Resources and 20% GreenOre and any subsequent funding shall be on a pro-rata basis.
- In the event of either party failing to fund their respective portion, they will be diluted according to a standard industry formula. If either party shall dilute to less than 10% then that party shall forfeit all ownership and be entitled to a 2% Net Smelter Return Royalty ("NSR").
- Erris Resources shall have the option to purchase 50% of the NSR for US\$1M at any time prior to a production decision on the project.
- Erris Resources will be the operator and will manage the exploration programme.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Lead Trial Target:

In the Ardtalnaig/Lead Trial area, mapping has expanded the area of felsites which are a favourable host for structurally controlled mineralisation while new mineralised outcrops and float occurrences have been sampled. A sample taken during an Erris Resources due diligence trip returned 9.39g/t Au, 8.37g/t Ag, 1.75% Pb and 8.98% Zn from sphalerite and galena bearing granular quartz in a dump next to the main historic working. Mineralised boulders containing galena in quartz vein stockworks have been located high on the mountain well above the outcropping historic workings suggesting that there is significant vertical extent to the mineralised structures while other mineralised boulders 2km to the east of the main workings returned up to 4.67g/t Au and 6.4% Pb. The Company has successfully located mineralised structures along trend of the main workings 2km south-southeast of the Ardtalnaig workings.

Glen Almond Target:

The Glen Almond target, located 6.6km south of Ardtalnaig, also returned encouraging results and the area warrants further exploration especially when considering that outcrop is generally confined to stream beds or burns. Up to 15 January 2020, post period end, results have been received for 13 samples taken in the Glen Almond area. A selective first pass grab sample from a 5-10cm quartz vein within a 1m altered zone returned 10.25g/t Au by fire assay. The aqua regia digest with ICP-MS analysis gave a result of 15.1g/t Au suggesting the presence of coarse gold. A second sample from another 5-10cm extensional quartz vein returned an initial result of >10g/t Au, a fire assay result of 2.32g/t Au and a result of 19.4g/t from aqua regia digest with ICP-MS analysis. This again suggests the presence of coarse gold which is consistent with the presence of alluvial gold grains and nuggets in the Almond River. At another location in the stream bed, a sample consisting of chips across a 1.5m zone of silicified and weakly pyritised schist with quartz veinlets returned 0.12g/t Au suggesting that there are more mineralised structures in the area. Such veins could be a source for the 10-gram nugget and the 77 fine gold grains which were panned at a downstream site in July 2019 by a research team from the University of Leeds. The early success in locating new outcropping high-grade gold mineralisation is very encouraging as the Company prepares to explore the area.

The Company intends to commence aggressive prospecting and mapping followed by soil sampling at the Lead Trial prospect as the weather improves from March 2020. The aim of the work will be to outline future drill targets and identify other gold targets within the large licence area. Scotgold is expected to commence production at the nearby Cononish Gold Mine around June 2020. In general, the activities of Erris Resources in Scotland have been well received and generated significant media and investor interest.

3.6 Advanced Project Search

The Board and management continue to review projects in low risk jurisdictions internationally that fit its investment criteria in order to identify new valuable assets for the Company. This is an ongoing process and management have concluded several project reviews over the past year. Project reviews and discussions with other parties are ongoing with a focus on trying to acquire an advanced gold or copper-gold asset with acceptable deal terms however other non-gold-copper opportunities that have the potential to generate significant value for shareholders will be considered. The Company hopes that progress on this front can be made in 2020, however, macro-economic factors and commodity markets may affect the timing.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Financial Review

Notwithstanding that the Company is a UK Plc admitted to trading on AIM, the Company presents its accounts in its functional currency of Euros, since the majority of exploration expenditure is denominated in this currency.

The Group is still at an exploration stage and not yet producing minerals, which would generate commercial income. Under the terms of the Centerra Strategic Alliance Agreement, which came to an end after four years in December 2019, the Group earned a 10% Management Fee on all committed expenditures, which amounted to €0.02m in the year compared with €0.17m in the year ended 31 December 2018. Erris continues to pursue this type of consultancy partnership with other mining partners having demonstrated its expertise in delivering cost-effective exploration. However, the Group is not expected to report overall profits until it disposes of or is able to profitably commercialise its exploration and development projects.

During the year, the Group made an operating loss of €0.5m compared with a loss of €1.1m for the 12 months to 31 December 2018. This is primarily due to keeping a tight control over the administrative costs of being a fully operational listed company and a reduction in headcount. A project impairment charge of €0.3m was taken in 2018 following non-renewal or relinquishment of certain Swedish licenses. The prior period also includes a non-cash accounting charge of €0.12m related to the expensing of share options issued at the time of the IPO and valued under the Black-Scholes method.

Total Net assets of the Group decreased to €3.5m at 31 December 2019 from €4.0m at 31 December 2018 due to the Company continuing to execute the exploration plans detailed at the time of its IPO. Intangible assets increased to €2.0m from €1.7m due to ongoing exploration at the Group's Ireland and Sweden projects. Other current liabilities decreased from €0.11m to €0.04m and relate primarily to accrued audit fees at the year end.

The closing cash balance for the Group at the end of the period was €1.5m, a decrease from €2.4m at last year end. The Group's latest cash balance as at the date of this report was €1.2m.

5 Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Company operates as a gold and base metals exploration business, which is inherently speculative in nature and, without regular income, is dependent upon fund-raising for its continued operation. The pre-revenue nature of the business is important to the understanding of the Company by its members, employees and suppliers, and the Directors are as transparent about the cash position and funding requirements as is allowed under AIM regulations.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

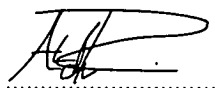
FOR THE YEAR ENDED 31 DECEMBER 2019

The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during 2019:

- **Entering into the Joint Venture agreement with GreenOre:** having been looking for new prospective projects in established jurisdictions, the opportunity to earn into 80% of the Loch Tay Project met all the criteria the Directors were looking for. The well-established gold trend in the region together with ease of access and attractive geology, combined with a four-year timescale, allows sufficient time to develop the project in as cost-efficient way as possible. The existing licence partners, GreenOre, have been working in the area for a number of years and have good relationships with local stakeholders.
- **Not undertaking further extensive drilling campaigns in Ireland:** having completed an extensive drilling programme both above and underground in 2018, Erris completed its metallurgical study in 2019. The Directors elected not to do further drilling in 2019 to preserve cash for the benefit of its shareholders and employees. Erris has maintained good relationships with the authorities, which culminated in the renewal of its licences for another 6 years. Erris has also maintained good relations with the local community, especially with the local quarry-owners on whose property the entrance to the Abbeytown workings lie.
- **Refocussing the Group's efforts in Scandinavia:** the cessation of the Centerra Strategic Agreement has led the Directors to refine the focus of its activities in Scandinavia and focus solely on its existing Brannberg project and also to examine potential licence areas in Norway rather than Finland. The Directors are currently looking for a joint venture partner to finance further development at Brannberg and preserve the Group's cash for the benefit of its shareholders and employees. The Group has no employees in the region and has always maintained good relations with local mining authorities and the communities it operates in.
- **Reorganising the Board (post year-end):** having reviewed its plans for 2020 and its primary area of focus being on early-stage exploration in Scotland and Norway, the Directors decided to optimise the Board structure. David Hall has extensive expertise in the exploration industry, which makes him the best candidate for CEO and Anton Du Plessis's expertise in the wider equity markets make him the appropriate choice for the Non-Executive Chairman role.

As a mining exploration Company operating in Ireland, Scotland, Sweden and Norway, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. We abide by the local and relevant UK laws on anti-corruption & bribery. Wherever possible, local communities are engaged in the geological operations & support functions required for field operations, providing much needed employment and wider economic benefits to the local communities. In addition, we follow international best practise on environmental aspects of our work. Our goal is to meet or exceed standards, in order to ensure we obtain and maintain our social licence to operate from the communities with which we interact. The interests of our employees are a primary consideration for the Board. An inclusive share-option programme allows them to share in the future success of the company, personal development opportunities are supported and a health and security support network is in place to assist with any issues that may arise on field expeditions.

On behalf of the board



Mr A Du Plessis

Director

4 April 2020

ERRIS RESOURCES PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS, as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company is compliant with AIM rule 26 regarding the Company's website.

ERRIS RESOURCES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company and Group continued to be that of the exploration of viable sites for the purpose of extracting natural resources. Details of future developments are included in the Strategic Report.

Results and dividends

The results for the year are set out on page 29.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Martin
Mr O C Rifaat
Mr A du Plessis
Mr G Brown
Mr J D Taylor-Firth
Mr A J Partington (Resigned 28 February 2019)

Directors' interests

The directors' interests in the shares of the company were as stated below:

As at 31 December 2019	No of shares	% of issued share capital	Share Options
Jeremy Martin	27,000	0.09%	250,000
Cherif Rifaat	120,000	0.39%	800,000
Anton du Plessis	-	-	-
Jeremy Taylor-Firth	40,000	0.13%	100,000
Graham Brown	-	-	100,000
As at 31 December 2018	No of shares	% of issued share capital	Share Options
Jeremy Martin	27,000	0.09%	250,000
Cherif Rifaat	120,000	0.39%	800,000
Anton du Plessis	-	-	-
Jeremy Taylor-Firth	40,000	0.13%	100,000
Graham Brown	-	-	100,000
Andrew Partington	-	-	100,000

ERRIS RESOURCES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Substantial shareholdings

The directors are aware of the following substantial interests or holdings in 3% or more of the company's ordinary called up share capital as at 31 March 2020:

Major shareholder	No of shares	% of issued share capital
David Hall	6,827,000	21.97%
Osisko Gold Royalties	5,876,000	18.91%
Archean Capital Corporation	960,000	3.09%

Directors' insurance

The Group has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the period and remain in force at the reporting date.

EIS Status

On 18 September 2018, Erris announced that it had received notice from HMRC that its Enterprise Investment Scheme ("EIS") status had been confirmed and that any individual investors who had participated in the IPO and who wished to take advantage of the EIS tax relief benefits should contact the Company. Since that date, the Company has issued certificates to 65 shareholders who acquired a total of 3,743,000 shares in the IPO.

Supplier payment policy

The Group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

Working capital and liquidity risk

Cashflow and working capital forecasting is performed in the operating entities of the Group and consolidated at a Group level basis for monthly reporting to the Board. The Directors monitor these reports and rolling forecasts to ensure the Group has sufficient cash to meet its operational needs. The Board has an amended policy of maintaining at least a GBP 0.5m cash reserve headroom. The Group has no other material fixed cost overheads other than Director and employee costs, all of whom are on three-month notice period contracts to ensure the Group has maximum flexibility in its operational expenditure.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, namely GBP for its Head Office costs, the costs for developing its new project in Scotland and the value of its shares for fund-raising; Euros for a material part of its expenditure and, historically, the US\$ in relation to its agreement with Centerra Gold for the recovery of costs and management fees. The Group's Treasury risk management policy is to hold most of its cash reserves in GBPs and to match as promptly as possible its Euro expenditures on its work programmes in Ireland and Scandinavia.

Credit and Interest Rate Risk

The Company has no borrowings and a low level of trade creditors and has minimal credit or interest rate risk exposure.

Auditor

PKF Littlejohn LLP has expressed its willingness to continue in office and a resolution proposing that they be re-appointed will be put at a General Meeting.

ERRIS RESOURCES PLC

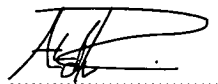
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the Company is aware of that information.

On behalf of the board



.....
Mr A Du Plessis

Director

4 April 2020

ERRIS RESOURCES PLC

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

Erris Resources adheres to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in April 2018) to meet the requirements of AIM Rule 26. The Company includes below the material disclosures required under these QCA guidelines. The Company also publishes a more detailed QCA Statement on its website, which is updated annually and last published in June 2019. This statement includes more comprehensive disclosures considered to be more appropriate in that format.

Board Composition

As at 31 December 2019, the Board comprised two Executive Directors, a Non-Executive Chairman and two other Non- executive Directors. Details of the current Directors are set out within the List of Directors below. The Board will continue to review its structure in order to provide what it considers to be an appropriate balance of executive and non-executive experience and skills. In March 2020, the Board reorganised itself such that it now comprises one Executive Director, a Non-Executive Chairman and three other Non- executive Directors.

The Board considers the following Non-Executive Directors to be independent – Graham Brown and Jeremy Taylor-Firth. Neither of these directors have been employees, have a significant business relationship or close family ties with related parties or represent significant shareholders. Whilst both of these directors has received Options under the company's Share Option Scheme, these are non-material in nature and do not compromise their independence.

Board Terms of Reference and Powers

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

Whilst the Board has delegated the normal operational management of the Company to the Executive Director and other senior management, there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, joint ventures and investments and projects of a capital nature.

The Non-Executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and the Executive Director; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to the Executive Director and other senior members of the management team. The Executive Director enjoys open access to the Non-Executive Directors with or without the Chairman being present.

Director Commitments

The Executive Director, Cherif Rifaat, was employed on a part-time contract in 2017. From March 2020, the new Chief Executive Officer, David Hall, is employed in a non-Board role on a consultancy contract.

All Non-Executive Directors acknowledge in their letter of appointment that the nature of the role makes it impossible to be specific on maximum time commitment and that at certain times of increased activity, then preparation and attendance at meetings will increase. All Directors are expected to attend all Board meetings (either in person or by phone), the AGM, one annual Board strategy meeting a year and committee meetings.

Board Meetings

The Board looks to meet in a formal manner on a quarterly basis, with additional meetings held as required to review the corporate and operational performance of the Group. Each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

ERRIS RESOURCES PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to Directors well in advance of all meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

A summary of Board meetings attended in the 12 months to 31 December 2018 is set out below:

	26th Mar 19	27th Jun 19	17th Oct 19
Jeremy Martin	✓	✓	✓
Cherif Rifaat	✓	✓	✓
Anton Du Plessis	✓	✓	✓
Graham Brown	X	✓	✓
Jeremy Taylor-Firth	✓	✓	✓

Board Committees

The Board has delegated specific responsibilities to the Audit and Remuneration Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best- practice.

There is currently no internal audit function, given the size of the Group, although the Audit Committee keeps this under annual review.

The Board considers that, at this stage in the Company's development, it is not necessary to establish either a formal nominations or corporate governance committee and that these processes shall be carried out by the Board. This decision will be kept under review by the Directors on an on-going basis.

Audit Committee

The Audit Committee meets at least three times a year and is responsible for ensuring that the financial performance of the Group is properly reported and monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. The external auditors may attend all meetings and the Audit Committee has discussions with the external auditors at least once a year without any executive Directors being present. The Audit Committee comprises Jeremy Taylor-Firth as Chairman (in replacement of Andrew Partington who stepped down in February 2019) and Graham Brown.

The Audit Committee has met three times since 31 December 2018 and all members at the relevant time attended all meetings. The Committee has unrestricted access to the Group's Auditor. The CFO attends the Committee meeting by invitation.

Remuneration Committee

The Remuneration Committee reviews the performance of the executive Directors and sets and reviews the scale and structure of their remuneration, the terms of their service agreements and the granting of share options with due regard to the interests of the Shareholders. In determining the remuneration of executive Directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of high calibre. No director is permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee meets as and when necessary. The Remuneration Committee comprises Graham Brown as Chairman and Jeremy Martin.

ERRIS RESOURCES PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Board as a whole

The skills and experience of the Board are set out in their biographical details below. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. The Board believes it has a mix of technical skills (e.g. geologists), sector experience (exploration through to production with resources companies), public company experience and financial expertise to enable it to deliver on its strategy. Whilst there is not currently a balance of genders on the Board, the Company's directors look to appoint individuals with complementary skills and experience to fulfil the Company's strategy, regardless of gender.

The Board do not believe that any of the Directors have too many directorship roles at other listed companies and are hence at risk of "over-boarding" as defined by ISS voting guidelines but will continue to monitor this on an ongoing basis. The Board is satisfied that the Chairman and each of the non-executive Directors is able to devote sufficient time to the Group's business.

Andrew Partington resigned from the Board during the period to 31 December 2019.

The directors keep their skillsets up to date by attending industry and qualification relevant seminars and training sessions.

List of Directors in 2019

Jeremy Martin. Non-Executive Chairman (now Non-Executive Director)

Jeremy is a founding director of Erris Resources. Mr. Martin holds a degree in mining geology from the Camborne School of Mines, and a MSc. in mineral exploration from the University of Leicester. He 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. He is currently Chief Executive of Horizonte Minerals and holds BSc (Hons), MSc, ACSM, MSEG.

Anton du Plessis. Chief Executive Officer (now Non-Executive Chairman)

Anton has over 20 years' experience in the finance sector. During this time, he has held senior positions at several international investment banks including CIBC (The Canadian Imperial Bank of Commerce), Bank of America Merrill Lynch and Morgan Stanley with a focus on advising natural resources companies on the execution of strategic and financing transactions. He has worked on transactions across a range of commodities and for a number of leading global players including AngloGold Ashanti, Rio Tinto and BHP Billiton. Prior to embarking on his investment banking career, Mr du Plessis worked for the Anglo American group in a corporate finance and business development capacity.

Cherif Rifaat. Chief Financial Officer

Cherif is a UK chartered accountant who has more than 20 years of venture capital, corporate finance, operational turnaround and investor relations experience since his qualification with KPMG. He has primarily worked with technology, mining and real estate companies, with an emphasis on those in a start-up, pre-IPO or restructuring phase. He has been a corporate and financial adviser to the lithium mining company, Bacanora Minerals, since it listed on AIM in 2014. Cherif is a graduate from the University of St Andrews, Scotland. He holds MA (Hons) in modern history and has been a member of the ICAEW since 1998.

ERRIS RESOURCES PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Graham Brown. Non-Executive Director

Graham holds a BSc. from the University of Strathclyde, Glasgow. He has been a Fellow of the Society of Economic Geologists ("SEG") since 1999, participated in the Colombia Senior Executives programme in 2004 and the Duke Business Leaders programme in 2007. He is a past councillor of the SEG and current British Geological Survey industry adviser and Natural History Museum honorary research fellow. In 2011, he was the co-recipient of the PDAC Thayer Lindsley Award and from 2013 attained both Chartered Geologist and European Geologist professional status. Mr. Brown joined Amax as an exploration geologist in 1980 and worked on a variety of exploration and mining operations in the Circum-Pacific region. For almost a decade Mr. Brown worked as a consultant involved with the exploration and evaluation of a number of major discoveries in both Asia and Europe. In 1994, he joined Minorco as Chief Geologist. Subsequently he became the Europe-Asia region's Vice President Exploration and following the Minorco-Anglo American plc merger in 1999, he served as Vice President Geology. In 2003 he was appointed Senior Vice President Exploration and managed geosciences, technical services, and R&D programs. In 2005 he was promoted to Head of Base Metals Exploration and in 2010 he took up the position of Group Head of Geosciences for the Anglo American Group.

Jeremy Taylor-Firth. Non-Executive Director

Jeremy has worked in investment management since 1996. He initially worked at Matheson Securities, which was acquired by Prudential-Bache Ltd and subsequently renamed Dryden Wealth Management. In June 2006, he joined Singer & Friedlander Investment Management as an Investment Director. This business was then acquired by Williams de Broe where he worked until October 2010. Jeremy is currently an Investment Manager with Hanson Asset Management, where he has worked for the last six years. He is also the non-executive chairman of Primorus Investments plc. Jeremy holds CISI Level 6 PCIAM.

Andrew Partington. Non-Executive Director (resigned 28 February 2019)

Andrew is a partner with Toronto based investment bank Paradigm Capital Inc. specialising in corporate advisory, M&A, and equity raising for mining and metals companies. Andrew holds a B.Sc. (Hons) Engineering Geology from the University of Portsmouth and an MBA from York University's Schulich School of Business as well as MIMMM and FGS.

Key Management and Technical Adviser

Aiden Lavelle Chief Operating Officer

Aiden is an experienced exploration manager who played a key role in the discovery of the Pandora prospect in Djibouti. His international work also includes target generation, project management and resource definition. He holds BSc (Hons), MSc, MIGI, P.Geo and is based in Ireland.

David Hall Technical Adviser (now CEO)

David was a founding director of Erris Resources. He is a graduate in geology from Trinity College Dublin and holds a Masters Degree in Mineral Exploration from Queens University, Kingston, Ontario. He has 29 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in over 50 countries. From 1992, David 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 is also founder and former Executive Director of Stratex International Plc, an AIM traded company with exploration assets in Turkey and in which Teck Resources Limited is an equity shareholder. He is a fellow of the Society of Economic Geologists and EuroGeol. He is currently CEO of Thani-Stratex Resources and non-executive chairman of Horizonte Minerals. He holds BA (Hons), MSc, FSEG, MIGI, P. Geo.

Board Advice during the year

During the year, the Board did not commission any external advice for its own matters.

ERRIS RESOURCES PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Internal Advisory roles

Senior Independent Director

Due to the size of the company, the Board does not feel it necessary to appoint a Senior Independent Director.

Company Secretary

The CFO undertakes the joint role of company secretary, as the Board does not feel the size of the company warrants an independent person.

Annual Board appraisal

In accordance with current best practice and the Code, the Board conducts an annual formal evaluation of its performance and effectiveness and that of each Director and its Committees. This is conducted during the year by way of interviews with the Chairman. In addition, the Non-Executive Directors will meet, informally, without the Chairman present and evaluate his performance. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

Ongoing Board Development

The Executive Director is subject to the Company's annual review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered.

Non-executive Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process.

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate.

Succession Planning

The Board has a minuted emergency succession plan for the Senior Management Team. On an ongoing basis, board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members.

Audit Committee Report

During 2019, the Audit Committee's agenda has continued to be built around the usual key recommendations to the Board being the Annual Budget, Review and Approval of the Audited Annual Financial Statements and the review of the half year results. As well as the reporting requirements, the Audit Committee has also paid close attention to the cash flow requirements of the Group to ensure that the Company maintains a tight control on expenditure and remains well financed.

The Audit Committee is responsible for assuring accountability and effective corporate governance over the Company's financial reporting, including the adequacy of related disclosures, the internal financial control environment and the processes in place to monitor this.

In respect of financial reporting activities, the Audit Committee reviews and recommends to the Board for its approval all half-year and full-year financial results announcements. In considering the financial results contained in the 2019 Annual Report and Financial Statements, the Audit Committee reviewed the significant issues and judgements made by management in determining those results. A key element of the work going forward will be the continued development of the control of risk within the business.

Jeremy Taylor-Firth

Audit Committee Chairman 4 April 2020

ERRIS RESOURCES PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Remuneration Committee report

In determining the remuneration of the Executive Director and senior management, the Remuneration Committee seeks to enable the Company to attract, retain and motivate high calibre talent in order for the Company to pursue its strategy and achieve its annual business plan and budgets as approved by the Board.

For details of Directors' emoluments, please refer to note 29 of the Consolidated Financial Statements. The Remuneration Committee met after the year end to review performance for 2019 and consider future remuneration options going forward. The Remuneration Committee acknowledged the progress made in finding the new exploration project in Scotland, continuing the relationship with Centerra and generally keeping strong financial controls over the Company's cash. But in the light of the poor share price performance in the period, which was itself in large part due to external market related factors, it was decided that no bonuses or options would be awarded in relation to 2019 performance, and salary and director fee levels would not be increased. The Remuneration Committee will continue to review performance on an ongoing basis and will recommend Option awards, if individual circumstances warrant it. The Committee is considering the introduction of a new type of incentive scheme linked to future performance, which will be put to shareholders for approval before introduction.

Jeremy Martin

Remuneration Committee Chairman 4 April 2020.

Engagement with all shareholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. General communication with shareholders is co-ordinated by the Chairman, CEO and CFO.

The Company publishes on its website the following information, which the Board believes plays an important part in presenting all shareholders with an assessment of the Group's position and prospects:

- The Company's latest Investor presentation
- The Company's most up to date technical reports on each of its projects;
- Annual and Half-Yearly Financial Statements;
- All company press releases issued under the RNS service;
- Details on the results of all resolutions put to a vote at the most recent AGM;
- Contact details including a dedicated email address info@errisresources.com through which investors can contact the Company.

The Company's Annual General Meeting (AGM) will generally be held in London in June following the publication of its annual results and all shareholders are invited to attend. There will be an open question and answer session during which shareholders may ask questions both on the proposed resolutions and the business in general.

Institutional Investors

In general, the Board maintains a regular dialogue with its institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, MAR and requirements of the relevant legislation. The Company typically holds meetings with institutional investors and other large shareholders following the release of interim and financial results.

Private Investors

The Company is committed to engaging with all shareholders and not just institutional shareholders. As the company is too small to have a dedicated investor relations department, the CEO is responsible for reviewing all communications received from shareholders and determining the most appropriate response. The CEO works in conjunction with the Company's PR Advisers, St Brides Partners, to facilitate engagement with its shareholders.

Board review

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the CEO, Chairman and the Company's Broker.

ERRIS RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ERRIS RESOURCES PLC

Opinion

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

In our opinion :

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

Basis for opinion

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

Emphasis of matter

We draw your attention to note 1.3 of the financial statements, which describes the Group's and Company's assessment of the COVID-19 impact on its ability to continue as a going concern. The Group and Company have explained that the events arising from the COVID-19 outbreak do not impact its use of the going concern basis of preparation nor do they cast significant doubt about the Group's and Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our opinion is not modified in this respect.

ERRIS RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ERRIS RESOURCES PLC

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Group and parent company materiality was €70,000 (2018: €70,000) and €44,000 (2018: €58,500) respectively, based on 2% of gross assets for the group and 10% of loss before tax for the period for the parent company. We believe assets to be the main driver of the business as the Group is still in the exploration stage and therefore no revenues are currently being generated. From a group perspective the key benchmark is gross assets, given that current and potential investors will be most interested in the recoverability of the exploration and evaluation assets. From a company perspective, the key benchmark will be the loss figure in demonstrating effective working capital and cost management in the early exploration phase.

Component materiality for all entities within the group was set lower than our overall group materiality and ranged from €44,000 to €17,000. Performance materiality for the Group, and all significant components, was set at 75% of overall materiality.

We agreed with the audit committee that we would report to the committee all audit differences identified during the course of our audit in excess of £3,500 (2018: £3,500). There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors, including the carrying value of assets, and considered future events that are inherently uncertain.

We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of the Group's significant operating components located in United Kingdom, Ireland and Sweden, with the Group's key accounting function for all being based in the United Kingdom. The audit work on each significant component was performed by us as Group auditor to component materiality.

The key balance held within all significant components are the exploration and evaluation intangible assets. The significant risk and key audit matter is in relation to the recoverability of these assets, to confirm that no impairment is required in line with IFRS 6.

ERRIS RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ERRIS RESOURCES PLC

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How the scope of our audit responded to the key audit matter

Recoverability of intangible assets (refer note 12)

The group holds significant intangible assets, comprising exploration and evaluation costs, with a carrying value at 31 December 2019 of €2,002,334. The exploration projects are at an early stage of development and independent resource and reserve estimates are not currently available to enable value in use calculations. In addition, there is a risk that the amounts capitalised do not meet the recognition criteria in accordance with IFRS 6.

We performed the following procedures:

- Agreeing additions during the year to invoices and other supporting documentation, ensuring the expenditure has been capitalised in accordance with IFRS 6;
- Assessing management's impairment review, taking into account both internal and external indicators;
- Verifying good title to project licenses;
- Obtaining an understanding of the status of projects, together with progress on the licenses based upon drilling, sampling results and other exploration and evaluation work during the year;
- For licences obtained in previous periods, ensuring that these are still valid and that any performance conditions were met during the year or are expected to be met going forward; and
- Discussed with management the scope of their future budgeted and planned expenditure on each licence area.

As disclosed in note 12 to the financial statements, the Group recognised no project impairment charges during the year.

ERRIS RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ERRIS RESOURCES PLC

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

ERRIS RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ERRIS RESOURCES PLC

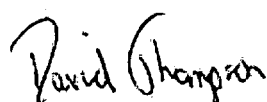
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



David Thompson (Senior Statutory Auditor)
for and on behalf of PKF Littlejohn LLP

Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

Date : 4 April 2020

ERRIS RESOURCES PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		31 December 2019 €	31 December 2018 €
Continuing operations	Notes		
Revenue	4	17,527	165,216
Cost of sales		(104,102)	(129,569)
Gross (loss)/profit		(86,575)	35,647
Exploration projects impairment		-	(317,396)
Administrative expenses		(475,592)	(696,083)
Share based payments charge	23	-	(124,901)
Operating loss	6	(562,167)	(1,102,733)
Finance income	9	-	1,289
Loss before taxation		(562,167)	(1,101,444)
Tax on loss	10	30,648	-
Loss for the financial year	26	(531,519)	(1,101,444)
Other comprehensive income		-	-
Total comprehensive loss for the year		(531,519)	(1,101,444)
Earnings per share from continuing operations attributable to the owners of the parent company	11		
Basic (cents per share)		(1.71)	(3.54)
Diluted (cents per share)		(1.71)	(3.54)

Total loss and comprehensive loss for the year is attributable to the owners of the parent company.

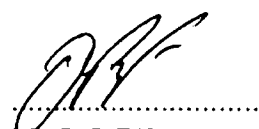
ERRIS RESOURCES PLC

GROUP STATEMENT OF FINANCIAL POSITION

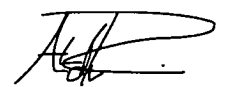
AS AT 31 DECEMBER 2019

	Notes	31 December 2019 €	31 December 2018 €
Non-current assets			
Intangible assets	12	2,002,334	1,745,118
Current assets			
Trade and other receivables	17	36,030	59,334
Cash and cash equivalents		1,497,277	2,366,893
		1,533,307	2,426,227
Total assets		3,535,641	4,171,345
Current liabilities			
Current tax liabilities		-	30,648
Trade and other payables	19	43,130	112,873
Amounts owed to Strategic Alliance partner	20	-	3,794
		43,130	147,315
Net current assets		1,490,177	2,278,912
Total liabilities		43,130	147,315
Net assets		3,492,511	4,024,030
Equity			
Share capital	24	351,133	351,133
Share premium		4,151,045	4,151,045
Other reserves	25	811,077	827,376
Retained earnings	26	(1,820,744)	(1,305,524)
Total equity		3,492,511	4,024,030

The financial statements were approved by the board of directors and authorised for issue on 4 April 2020 and are signed on its behalf by:



Mr O C Rifaat
Director



Mr A Du Plessis
Director

ERRIS RESOURCES PLC

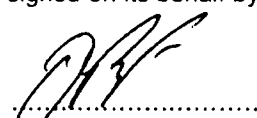
COMPANY STATEMENT OF FINANCIAL POSITION

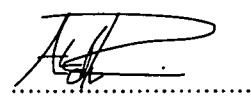
AS AT 31 DECEMBER 2019

		31 December 2019	31 December 2018
	Notes	€	€
Non-current assets			
Intangible assets	12	134,378	92,985
Investments	14	169,090	169,090
		<u>303,468</u>	<u>262,075</u>
Current assets			
Trade and other receivables	17	1,457,929	1,294,319
Cash and cash equivalents		1,453,687	2,109,313
		<u>2,911,616</u>	<u>3,403,632</u>
Total assets		<u>3,215,084</u>	<u>3,665,707</u>
Current liabilities			
Trade and other payables	19	38,404	51,449
		<u>38,404</u>	<u>51,449</u>
Net current assets		<u>2,873,212</u>	<u>3,352,183</u>
Total liabilities		<u>38,404</u>	<u>51,449</u>
Net assets		<u>3,176,680</u>	<u>3,614,258</u>
Equity			
Share capital	24	351,133	351,133
Share premium		4,151,045	4,151,045
Other reserves		122,345	138,644
Retained earnings	26	(1,447,843)	(1,026,564)
Total equity		<u>3,176,680</u>	<u>3,614,258</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement. The company's loss for the period was €437,578 (2018: €647,187).

The financial statements were approved by the board of directors and authorised for issue on 4 April 2020 and are signed on its behalf by:


.....
Mr O C Rifaat
Director


.....
Mr A Du Plessis
Director

Company Registration No. 10829496

ERRIS RESOURCES PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Share capital	Share premium account	Other reserves	Retained earnings	Total
	Notes	€	€	€	€	€
Balance at 1 January 2018		351,133	4,151,045	759,687	(261,292)	5,000,573
Year ended 31 December 2018:						
Loss and total comprehensive income for the year		-	-	-	(1,101,444)	(1,101,444)
Total comprehensive income for the year		-	-	-	(1,101,444)	(1,101,444)
Credit to equity for equity settled share-based payments	23	-	-	124,901	-	124,901
Transfer of lapsed share options		-	-	(57,212)	57,212	-
Total transactions with owners recognised directly in equity		-	-	67,689	57,212	124,901
Balance at 31 December 2018 and 1 January 2019		351,133	4,151,045	827,376	(1,305,524)	4,024,030
Year ended 31 December 2019:						
Loss and total comprehensive income for the year		-	-	-	(531,519)	(531,519)
Total comprehensive income for the year		-	-	-	(531,519)	(531,519)
Transfer of lapsed share options		-	-	(16,299)	16,299	-
Total transactions with owners recognised directly in equity		-	-	(16,299)	16,299	-
Balance at 31 December 2019		351,133	4,151,045	811,077	(1,820,744)	3,492,511

ERRIS RESOURCES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital €	Share premium €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2018		351,133	4,151,045	70,955	(436,589)	4,136,544
Year ended 31 December 2018:						
Loss and total other comprehensive income for the year		-	-	-	(647,187)	(647,187)
Total comprehensive income for the year		-	-	-	(647,187)	(647,187)
Credit to equity for equity settled share-based payments	23	-	-	124,901	-	124,901
Transfer of lapsed share options		-	-	(57,212)	57,212	-
Total transactions with owners recognised directly in equity		-	-	67,689	57,212	124,901
Balance at 31 December 2018 and 1 January 2019		351,133	4,151,045	138,644	(1,026,564)	3,614,258
Year ended 31 December 2019:						
Loss and total other comprehensive income for the year		-	-	-	(437,578)	(437,578)
Total comprehensive income for the year		-	-	-	(437,578)	(437,578)
Transfer of lapsed share options		-	-	(16,299)	16,299	-
Total transactions with owners recognised directly in equity		-	-	(16,299)	16,299	-
Balance at 31 December 2019		351,133	4,151,045	122,345	(1,447,843)	3,176,680

ERRIS RESOURCES PLC

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019		Year ended 31 December 2018	
	Notes	€	€	€	€
Cash flows from operating activities					
Cash used in operations	31		(607,875)		(704,956)
Net cash outflow from operating activities			(607,875)		(704,956)
Cash flows from investing activities					
Exploration expenditure		(257,214)		(1,014,729)	
Exploration expenditure utilising funds from Strategic Alliance Agreement		(222,154)		(1,493,877)	
Interest received		-		1,289	
Net cash used in investing activities			(479,368)		(2,507,317)
Cash flows from financing activities					
Proceeds from issue of shares		-		56,319	
Funds received from Strategic Alliance Agreements		217,627		1,432,704	
Net cash generated from financing activities			217,627		1,489,023
Net decrease in cash and cash equivalents			(869,616)		(1,723,250)
Cash and cash equivalents at beginning of year			2,366,893		4,090,143
Cash and cash equivalents at end of year			1,497,277		2,366,893

ERRIS RESOURCES PLC

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019	Year ended 31 December 2018
	Notes	€	€
Cash flows from operating activities			
Cash used in operations	32	(614,233)	(1,821,189)
Net cash used in operating activities		(614,233)	(1,821,189)
Cash flows from investing activities			
Exploration expenditure		(41,393)	(138,801)
Interest received		-	1,289
Net cash used in investing activities		(41,393)	(137,512)
Cash flows from financing activities			
Proceeds from issue of shares		-	56,319
Net cash generated from financing activities		-	56,319
Net decrease in cash and cash equivalents		(655,626)	(1,902,382)
Cash and cash equivalents at beginning of year		2,109,313	4,011,695
Cash and cash equivalents at end of year		1,453,687	2,109,313

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Erris Resources Plc ("the Company") is a public limited company which is listed on the AIM Market of the London Stock Exchange domiciled and incorporated in England and Wales. The registered office address is 29-31 Castle Street, High Wycombe, Buckinghamshire, United Kingdom, HP13 6RU.

The group consists of Erris Resources Plc and its subsidiaries as detailed in Note 15.

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The financial statements are prepared in euros, which is the functional currency of the Company and the Group's presentation currency, since the majority of exploration expenditure is denominated in this currency. Monetary amounts in these financial statements are rounded to the nearest €.

The consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Erris Resources Plc and all of its subsidiaries (i.e. entities that the group controls when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity).

Erris Resources Plc was incorporated on 21 June 2017. On 1 December 2017, Erris Resources Plc acquired the entire issued share capital of Erris Resources (Exploration) Ltd by way of a share for share exchange. This transaction was treated as a group reconstruction and accounted for using the reverse merger accounting method.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. The Centerra relationship has now ceased and for the time being, the Company will finance its projects purely from internal resources until new joint venture partners can be found. Dependent on the nature and scope of any future drill programmes at its Gold project in Scotland, the Company may seek to raise funds in the form of additional equity from new or existing investors. This will be dependent on general investor sentiment at the time. While equity market conditions are currently challenging, gold is traditionally seen as a safe-haven commodity as is illustrated by the recent strong performance of the gold price and many gold-related equities. The Company had a cash balance of €1.4m at the year end and keeps a tight control over all expenditure. The Board has also identified areas and measures it can take to further curtail costs if required in the future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided over time in the normal course of business and is shown net of VAT and other sales related taxes.

Recognised in revenue are charges that are invoiced to the group's joint venture partner. These are based upon costs together with management fees incurred in connection with exploration programmes carried out under joint venture arrangements and in which the group acts as principal. Revenue from providing services is recognised in the accounting period in which the services are rendered. The execution of exploration programmes under joint venture funding arrangements is a key component of the strategy of the group.

1.5 Intangible fixed assets other than goodwill

Capitalised Exploration and Evaluation costs

Capitalised Exploration and Evaluation Costs consist of direct costs, licence payments and fixed salary/consultant costs, capitalised in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". The group and company recognises expenditure in Exploration and Evaluation assets when it determines that those assets will be successful in finding specific mineral assets. Exploration and Evaluation assets are initially measured at cost. Exploration and Evaluation Costs are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Any impairment is recognised directly in profit or loss.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% on cost
Fixtures and fittings	25% on cost
Computers	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.7 Non-current investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet ready to use and not yet subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.10 Financial assets

Financial assets are recognised in the group's and company's statement of financial position when the group and company become party to the contractual provisions of the instrument.

Financial assets are classified into specified categories at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition that are debt instruments depends on the financial assets cash flow characteristics and the business model for managing them.

Financial assets are initially measured at fair value plus transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are "solely payments of principal and interest SPPI" on the principal amount outstanding.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. The group's and company's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

1.12 Taxation

Income tax represents the sum of current and deferred tax.

Current tax

The tax currently payable is based on taxable profit or loss for the period. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's and company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the 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 goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is charged or credited in the income statement, 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 the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group and company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.15 Equity

Share capital

Ordinary shares are classified as equity.

Share premium

Share premium represents the excess of the issue price over the par value on shares issued. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Merger reserve

A merger reserve was created on purchase of the entire share capital of Erris Resources (Exploration) Ltd which was completed by way of a share for share exchange and which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of equity-settled share-based payment transactions.

1.16 Share-based payments

Equity-settled share-based payments with employees and others providing services are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of an appropriate pricing model. Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services, except where the fair value cannot be estimated reliably, in which case they are valued at the fair value of the equity instrument granted.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.17 Foreign exchange

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in administrative expenses in the income statement for the period.

The financial statements are presented in the functional currency of Euros, since the majority of exploration expenditure is denominated in this currency.

1.18 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, who is considered to be the group's chief operating decision-maker ('CODM').

1.19 New standards, amendments and interpretations not yet adopted

The following standards and amendments were adopted by the group and company during the year, none of which had a material impact:

- IFRS 16 - Leases
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions; and
- Annual improvements to IFRS Standards 2015-2017 Cycle

At the date of approval of these financial statements, the following standards and amendments were in issue but not yet effective, and have not been early adopted:

- IFRS 3 amendments - Business Combinations*,
- IAS 1 amendments - Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*,
- IAS 1 & IAS 8 amendments - Definition of Material; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

*subject to EU endorsement

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group or company.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Share-based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity settled transactions with employees at the grant date, the group and company uses the Black Scholes model.

Impairment of Capitalised Exploration Costs

Group capitalised exploration costs had a carrying value as at 31 December 2019 of €2,002,334 (2018: €1,745,118). Management tests annually whether capitalised exploration costs have a carrying value in accordance with the accounting policy stated in note 1.5. Each exploration project is subject to an annual review either by a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure as well as the likelihood of on-going funding from joint venture partners. In the event that a project does not represent an economic exploration target and results indicate that there is no additional upside, or that future funding from joint venture partners is unlikely, a decision will be made to discontinue exploration.

In 2018, the Directors reviewed the estimated value of each project prepared by management and decided to impair the value of the Swedish assets to €100,000 in light of Centerra's decision not to continue with the three projects under current DPAs. The Directors do believe there remains value in these Swedish assets and are looking for an appropriate partner to take them forward. The Directors believe that this retained value is appropriate and accordingly have not impaired the non-material additional costs capitalised during the year to leave a year end value of these Swedish assets at €107,002 as at 31 December 2019.

The Directors do not believe there is any impairment to the value of the Abbeytown assets in Ireland.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial Risk and Capital Risk Management

The Group's and Company's activities expose it to a variety of financial risks: market risk (primarily currency risks), credit risk and liquidity risk. The overall risk management programme focusses on currency and working capital management.

Foreign Exchange Risk

The Group and Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, namely GBP for its Head Office costs and the value of its shares for fund-raising, Euros for the majority of its expenditure and the US\$ in relation to its agreement with Centerra Gold for the recovery of costs and management fees. The Group's Treasury risk management policy is to hold part of its cash reserves in Euros and to match as promptly as possible its Euro expenditures on Centerra work programmes to the fund recovery from Centerra that is denominated in US dollars. The balance of funds are held in GBP to match to its Head Office costs and those incurred on its new Scottish assets.

Credit and Interest Rate Risk

The Group and Company have no borrowings and a low level of trade creditors and have minimal credit or interest rate risk exposure.

Working Capital and Liquidity Risk

Cashflow and working capital forecasting is performed in the operating entities of the Group and consolidated at a Group level basis for monthly reporting to the Board. The Directors monitor these reports and rolling forecasts to ensure the Group has sufficient cash to meet its operational needs. The Board has amended its policy on cash reserves to maintaining at least a GBP0.5m headroom. The Group has no other material fixed cost overheads other than Director and employee costs, all of whom are on three month notice period contracts to ensure the Group has maximum flexibility to amend its operational expenditure.

4 Revenue

An analysis of the Group's revenue is as follows:

	Group	
	2019	2018
	€	€
Revenue analysed by class of business		
Management fees	17,527	165,216

All the management fees are received from Centerra Gold under the terms of the Strategic Alliance Agreement, which was terminated in December 2019. There were no unsatisfied performance obligations at 31 December 2019 (2018 : none).

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Segmental reporting

The Group operates principally in the UK, Ireland, Scotland and Scandinavia, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities in Ireland and Scandinavia relate to exploration and evaluation work. The reports used by the Board and management are based on these geographical segments.

	Ireland 2019 €	Scandinavia 2019 €	Others 2019 €	UK 2019 €	Total 2019 €
Revenues	-	17,527	-	-	17,527
Cost of sales and administrative expenses	(63,326)	-	(19,698)	(616,940)	(699,964)
Share based payments charge	-	-	-	-	-
Project Impairment	-	-	-	-	-
Gain/loss on foreign exchange	11,527	3,043	-	105,700	120,270
Profit/(loss) from operations per reportable segment	(51,799)	20,570	(19,698)	(511,240)	(562,167)
Reportable segment assets	1,912,320	128,077	-	1,495,244	3,535,641
Reportable segment liabilities	-	-	-	73,778	73,778

	Ireland 2018 €	Scandinavia 2018 €	Others 2018 €	UK 2018 €	Total 2018 €
Revenues	-	165,216	-	1,289	166,505
Cost of sales and administrative expenses	(124,680)	-	-	(660,882)	(785,562)
Share based payments charge	-	-	-	(124,901)	(124,901)
Project Impairment	-	(317,396)	-	-	(317,396)
Gain/loss on foreign exchange	(11,425)	(1,912)	-	(26,753)	(40,090)
Profit/(loss) from operations per reportable segment	(136,105)	(154,092)	-	(811,247)	(1,101,444)
Reportable segment assets	1,914,392	111,951	-	2,145,002	4,171,345
Reportable segment liabilities	27	3,813	-	143,475	147,315

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Operating loss

	Group	
	2019	2018
	€	€
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(120,270)	40,090
Share-based payments	-	124,901
Operating lease charges	36,598	22,477
Exploration costs expensed	83,024	124,680
Exploration projects impairment	-	317,396
	<u></u>	<u></u>

7 Auditor's remuneration

	Group	
	2019	2018
	€	€
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	27,913	22,500
Total audit services	<u>27,913</u>	<u>22,500</u>
For other services		
Tax	-	16,843
Corporate tax compliance (parent and subsidiaries)	5,292	4,000
Total non-audit services	<u>5,292</u>	<u>20,843</u>
Total audit and non-audit costs	<u>33,205</u>	<u>43,343</u>

8 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Directors	5	6	5	6
Employees	3	8	-	-
	<u>8</u>	<u>14</u>	<u>5</u>	<u>6</u>

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Employees

Their aggregate remuneration comprised:

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Wages and salaries	403,081	858,784	322,173	467,649
Social security costs	45,907	66,508	37,007	34,470
Pension costs	6,023	7,556	5,635	4,067
	<u>455,011</u>	<u>306,413</u>	<u>364,815</u>	<u>506,186</u>

Aggregate remuneration expenses of the group include €41,781 (2018: €348,678) of costs capitalised and included within non-current assets. In 2019, €89,808 (2018: €178,495) aggregate remuneration expenses of the group have been reimbursed by joint venture partners.

Aggregate remuneration expenses of the company include €41,393 (2018: €100,553) of costs capitalised and included within non-current assets.

Directors remuneration is disclosed in note 29.

9 Finance income

	Group	
	2019	2018
	€	€
Interest income		
Interest on bank deposits	<u>-</u>	<u>1,289</u>

10 Taxation

	2019	2018
	€	€
Current tax		
Adjustments in respect of prior periods	<u>30,648</u>	<u>-</u>

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	Group	
	2019	2018
	€	€
Loss before taxation	<u>(562,167)</u>	<u>(1,101,444)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(106,812)	(209,274)
Tax effect of expenses that are not deductible in determining taxable profit	-	23,731
Adjustments in respect of prior periods	30,648	-
Unutilised tax losses carried forward	106,812	185,543
	<u> </u>	<u> </u>
Taxation credit for the year	<u>30,648</u>	<u>-</u>

Losses available to carry forward amount to approximately €1,434,000 (2018: €992,000).

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Earnings per share	2019 Number	2018 Number
Weighted average number of ordinary shares for basic earnings per share	31,069,430	31,069,430
Effect of dilutive potential ordinary shares:		
- Weighted average number of outstanding share options	3,416,667	4,462,500
Weighted average number of ordinary shares for diluted earnings per share	34,486,097	35,531,930
Earnings	€	€
Continuing operations		
Loss for the period from continuing operations	(562,167)	(1,101,444)
Earnings for basic and diluted earnings per share attributable to equity shareholders of the company	(562,167)	(1,101,444)
Earnings per share for continuing operations		
Basic and diluted earnings per share (cents)	-	-
Basic earnings per share	(1.71)	(3.54)
Diluted earnings per share	(1.71)	(3.54)

There is no difference between the basic and diluted earnings per share for the period ended 31 December 2019 or 2018 as the effect of the exercise of options would be anti-dilutive.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Intangible fixed assets

Group	Ireland Exploration and Evaluation costs €	Sweden Exploration and Evaluation costs €	Total €
Cost			
At 1 January 2018	750,752	296,956	1,047,708
Additions - group funded	894,366	120,440	1,014,806
Project impairment	-	-	-
At 31 December 2018	1,645,118	417,396	2,062,514
Additions - group funded	250,214	7,002	257,216
At 31 December 2019	1,895,332	424,398	2,319,730
Amortisation and impairment			
At 1 January 2019	-	-	-
Project impairment	-	(317,396)	(317,396)
At 31 December 2019	-	(317,396)	(317,396)
Carrying amount			
At 31 December 2019	1,895,332	107,002	2,002,334
At 31 December 2018	1,645,118	100,000	1,745,118

Intangible assets comprise capitalised exploration and evaluation costs (direct costs, licence fees and fixed salary / consultant costs) of the Ireland Zinc Projects and the Sweden Gold Projects (excluding the amounts recovered from Centerra Gold as per note 21).

Company	Ireland Exploration and Evaluation costs €	Sweden Exploration and Evaluation costs €	Total €
Cost			
At 1 January 2018	-	-	-
Additions - group funded	92,985	45,816	138,801
At 31 December 2018	92,985	(45,816)	92,985
Additions - group funded	23,902	17,491	41,393
At 31 December 2019	116,887	63,307	180,194
Amortisation and impairment			
At 21 June 2017 and 1 January 2019	-	-	-
Project impairment	-	(45,816)	(45,816)
At 31 December 2019	-	(45,816)	(45,816)

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Intangible fixed assets

Carrying amount

At 31 December 2019	116,887	17,491	134,378
At 31 December 2018	92,985	-	92,985

13 Property, plant and equipment

Group	Plant and equipment €	Fixtures and fittings €	Computers €	Total €
Cost				
At 1 January 2019 and 31 December 2019	2,605	3,307	4,951	10,863
Depreciation and impairment				
At 1 January 2019 and 31 December 2019	2,605	3,307	4,951	10,863
Carrying amount				
At 31 December 2019	-	-	-	-

The company had no property, plant and equipment at 31 December 2019 or 31 December 2018.

Depreciation charges of €nil (2018 : €77) have been capitalised and included within intangible exploration and evaluation costs asset additions for the year.

14 Fixed asset investments

	Notes	Group 2019 €	2018 €	Company 2019 €	2018 €
Investments in subsidiaries	15	-	-	169,090	169,090

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments

Movements in non-current investments

Company

Shares in group undertakings

€

Cost or valuation

At 1 January 2019 and 31 December 2019

169,090

At 31 December 2019

169,090

Carrying amount

At 31 December 2019

169,090

At 31 December 2018

169,090

15 Subsidiaries

Details of the company's subsidiary at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Erris Resources (Exploration) Ltd	United Kingdom	Exploration	Ordinary	100.00	-
Erris Zinc Limited	Ireland	Exploration	Ordinary	100.00	-
Tulivuori Exploration OY	Finland	Exploration	Ordinary	100.00	-

On 1 December 2017, Erris Resources Plc acquired the entire issued share capital of Erris Resources (Exploration) Ltd by way of a share for share exchange. This transaction has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

The registered office address of Erris Resources (Exploration) Ltd is 29-31 Castle Street, High Wycombe, Bucks, HP13 6RU.

On 26 February 2018, Erris Resources Plc acquired the entire issued share capital of Erris Zinc Limited on incorporation. Erris Zinc Limited is a company registered in Ireland.

The registered office address of Erris Zinc Limited is The Bungalow, Newport Road, Castlebar, Co. Mayo. F23YF24.

On 12 December 2018, Erris Resources (Exploration) Ltd acquired the entire issued share capital of Tulivuori Exploration OY shortly after incorporation. Tulivuori Exploration OY is a company registered in Finland and was renamed Erris Finland. In January 2020, the directors of Erris decided to cease exploration in Finland and accordingly have started the process of winding up this company.

The registered office address of Tulivuori Exploration OY is c/o Bokforingsbyra Mattans AB, Storalangatan 57 A 11, 65100 Vasa, Finland,

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Financial instruments

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Financial assets at amortised cost				
Trade and other receivables	36,030	59,334	1,457,929	1,294,319
Cash and bank balances	1,497,277	2,366,893	1,453,687	2,109,313
	<u>1,533,307</u>	<u>2,426,227</u>	<u>2,911,616</u>	<u>3,403,632</u>
Financial liabilities at amortised cost				
Borrowings	-	-	-	-
Trade and other payables	43,130	116,667	38,404	51,449
	<u>43,130</u>	<u>116,667</u>	<u>38,404</u>	<u>51,449</u>

17 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Amounts falling due within one year:				
Amounts owed by group undertakings	-	-	1,430,110	1,261,369
Other receivables	14,340	39,884	6,129	13,500
Prepayments and accrued income	21,690	19,450	21,690	19,450
	<u>36,030</u>	<u>59,334</u>	<u>1,457,929</u>	<u>1,294,319</u>

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2019	2018	2019	2018
Euros	6,903	23,645	-	-
Other currencies	29,127	35,689	1,457,929	1,294,319
	<u>36,030</u>	<u>59,334</u>	<u>1,457,929</u>	<u>1,294,319</u>

18 Trade and other receivables - credit risk

Fair value of trade and other receivables

The directors consider that the carrying amount of trade and other receivables is equal to their fair value.

No significant balances are impaired at the reporting end date.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Trade payables	2,666	14,635	2,666	13,909
Other payables	-	687	-	-
Accruals and deferred income	40,464	97,551	35,738	37,540
	<u>43,130</u>	<u>112,873</u>	<u>38,404</u>	<u>51,449</u>

In the previous period, the majority of the accruals related to work done on the underground drilling at Abbeytown, but only invoiced in January 2019.

The carrying amounts of the Group and Company's current liabilities are denominated in the following currencies:

	Group		Company	
	2019	2018	2019	2018
Euros	200	56,244	-	-
Other currencies	42,930	56,629	38,404	51,449
	<u>43,130</u>	<u>112,873</u>	<u>38,404</u>	<u>51,449</u>

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Amounts owed to Strategic Alliance partner

	Group 2019 €	2018 €	Company 2019 €	2018 €
Amounts owing to Centerra Gold Inc	-	3,794	-	-

On 1 January 2016, the company entered into a strategic alliance with Centerra Gold to explore for gold in Sweden and subsequently expanded into Finland in 2019. Under the terms of this agreement, Centerra had the right to make an election ("Election") in respect of any or all of the designated project areas ("DPA" or "DPAs") in the AOI and on any rights subsequently acquired by Erris during the first two years after initial grant of the permit. Over the course of the agreement, Centerra funded generative exploration on more than 30 exploration permits and drilling on three DPAs at Brännberg, Klippen and Karingberget. During this time, the total expenditure on Centerra Gold projects was approximately US\$3.4M on which Erris earned consultancy fees of 10% for managing this exploration work. In the year to 31 December 2018, Centerra made the decision not to proceed further with any of the three DPAs. In the year to 31 December, Centerra continued with its generative exploration in Sweden and Finland. In December 2019, Centerra decided to terminate this Strategic Alliance and both parties agreed that no amounts remain outstanding by either side. All rights and information relating to this exploration work remains the property of Erris.

During the period, Centerra has spent a total of €222,155 (2018: €1,496,375), comprising reimbursed costs of €204,628 (2018: €1,331,159) and paid management fees of €17,527 (2018: €165,216).

A summary of the funding received from and costs incurred on behalf of Centerra is analysed as follows:

Year ended 31 December 2019	Funding from Centerra	Exploration expenditure	Management and consultancy fees	Net
	€	€	€	€
Generative Sweden	42,245	40,813	2,728	(1,296)
Generative Finland	175,382	163,081	14,799	(2,498)
Klippen	-	-	-	-
Karingberget	-	-	-	-
Brännberg	-	-	-	-
	<u>217,627</u>	<u>203,894</u>	<u>17,527</u>	<u>(3,794)</u>

Year ended 31 December 2018	Funding from Centerra	Exploration expenditure	Management and consultancy fees	Net
	€	€	€	€
Generative Sweden	175,445	202,566	51,129	(78,250)
Generative Finland	2,498	-	-	2,498
Klippen	516,384	464,585	46,403	5,396
Karingberget	161,341	139,490	15,522	6,329
Brännberg	577,036	522,020	52,162	2,854
	<u>1,432,704</u>	<u>1,328,661</u>	<u>165,216</u>	<u>(61,173)</u>

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Retirement benefit schemes

	2019	2018
	€	€
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	6,268	4,113

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share Options

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Year ended 31 December 2019		Year ended 31 December 2018	
	Average Exercise Price in £ per Share	Options Number	Average Exercise Price in £ per Share	Options Number
At beginning of the period	£0.094	3,550,000	£0.084	4,500,000
Granted	-	-	-	-
Lapsed	£0.085	(400,000)	£0.092	(950,000)
At end of period	£0.094	3,150,000	£0.094	3,550,000
Exerciseable at the period end		3,150,000		3,550,000
Weighted average remaining exercise period, years		2.96		3.48

No new options were issued during the year and included within the lapsed number for the year were 100,000 Options due to Andrew Partington. Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Issue Date	No of options	Exercise Price	Expiry Date
01/03/2014	950,000	£0.08	21/12/2022
18/05/2015	300,000	£0.10	21/12/2022
01/02/2017	800,000	£0.10	21/12/2022
21/12/2017	1,100,000	£0.10	21/12/2022
	3,150,000	£0.094	

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Share-based payment transactions

The Directors believe that the success of the Group will depend to a significant degree on the performance of the Group's senior management team. The Directors also recognise the importance of ensuring that the management team are well motivated and identify closely with the success of the Group.

Accordingly, the Company has adopted the Share Option Plan which includes Options granted on admission and which replace the options in the capital of the subsidiary held by certain Existing Shareholders and others. The Options will expire after a maximum period of 5 years.

The Share Option Plan also includes Options which have been granted to the Directors as part of the terms of their appointment.

	Group 2019 €	2018 €	Company 2019 €	2018 €
Expenses recognised in the year				
Arising from equity settled share-based payment transactions	-	124,901	-	124,901

24 Share capital

	Group and company	
	2019 €	2018 €
Ordinary share capital		
Issued and fully paid		
31,069,430 ordinary shares of 1p each	351,133	351,133
	<u>351,133</u>	<u>351,133</u>

The Group's share capital is issued in £ but is converted into the functional currency of the Group (Euros) at the date of issue of the shares.

25 Other reserves

	Merger reserve €	Share based payment reserve €	Total €
Group			
At 1 January 2018	688,732	138,644	827,376
Additions	-	-	-
At 31 December 2018	688,732	138,644	827,376
Additions	-	-	-
Transfer of lapsed share options	-	(16,299)	(16,299)
At 31 December 2019	<u>688,732</u>	<u>122,345</u>	<u>811,077</u>

A merger reserve was created on purchase of the entire share capital of Erris Resources (Exploration) Ltd which was completed by way of a share for share exchange and which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Retained earnings

	Group 2019	2018	Company 2019	2018
	€	€	€	€
At the beginning of the year	(1,305,524)	(261,292)	(1,026,564)	(436,589)
Loss for the year	(531,519)	(1,101,444)	(437,578)	(647,187)
Share based payment transactions (net)	16,299	57,212	-	57,212
At the end of the year	<u>(1,820,744)</u>	<u>(1,305,524)</u>	<u>(1,464,142)</u>	<u>(1,026,564)</u>

27 Financial commitments, guarantees and contingent liabilities

On 13 October 2016, the Company entered into an asset purchase agreement with Beowulf Mining Sweden AB ("Beowulf") pursuant to which the Company purchased exploration rights for the areas known as Grundträsk nr 6 and Grundträsk nr 7 (together with all information relating thereto) from Beowulf. The consideration of US\$200,000 will become payable subject to the Company announcing JORC indicated resource of 100,000 troy ounces of gold, together with a further amount of \$2 per troy ounce on the announcement of indicated resource subject to a JORC indicated resource of at least 1 million troy ounces. Pursuant to this agreement, the Company is obliged to grant to Beowulf a royalty under which it is paid 1 per cent. of the net smelting revenue generated by the Company on any gold produced from the property. This royalty shall continue indefinitely unless the Company "buys out" the royalty by payment of US\$2,000,000 to Beowulf. Whilst the Directors acknowledge this contingent liability, at this stage, it is not considered that the outcome can be considered probable or reasonably estimable and hence no provision has been made in the financial statements.

In addition, the Company was obliged to abide by the terms of the "2003 Data Access Agreement" which was entered into between Beowulf, the Scanex Group ("Scanex") and Mirab Mineral Resources AB ("Mirab") on 14 November 2003 for a period of 15 years. Pursuant to the terms of this agreement, Scanex and Mirab provided Beowulf with data relating to past mining exploration in return for the granting by Beowulf of a royalty to Scanex and Mirab for 1 per cent. of the net smelting revenue generated by Beowulf in relation to the area known as Grundträsk. Since the 15 years of this agreement has now expired, the Company considers that its requirement to honour this royalty has also expired.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

28 Events after the reporting date

On 15 January 2020, the Company announced that it had successfully completed its due diligence on the Loch Tay Project and issued the required Option Notice to GreenOre Plc to exercise its Option Agreement.

On 18 March 2020, the Company decided to put its Finnish subsidiary, Tulivouri, into liquidation as the Company no longer intends to continue with exploration in that country.

The assessment of the COVID-19 situation will need continued attention and will evolve over time. In our view, COVID-19 is considered to be a non-adjusting post statement of financial position event and no adjustment is made in the financial statements as a result. The rapid development and fluidity of the COVID-19 virus make it difficult to predict the ultimate impact at this stage. Undoubtedly, this will have some implications for the operations of the Group in the future, for example through restricting travel movements internationally and domestically and therefore delaying exploration activities. Due to the nature of present activities, the impact has been minimal. Management will continue to assess the impact of COVID-19 on the Group and Company, however, it is not possible to quantify the impact, if any, at this stage.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019		2018	
	Remuneration	Share Option Charge	Remuneration	Share Option Charge
	€	€	€	€
M A Du Plessis	152,688	-	4,707	-
Mr O C Rifaat	68,710	-	67,778	48,836
Mr J Martin	41,226	-	46,315	10,853
Mr G Brown	27,484	-	32,759	10,853
Mr J D Taylor-Firth	27,484	-	27,111	10,853
Mr A J Partington	4,581	-	28,522	10,853
Mr M A Marr-Johnson	-	-	135,555	32,653
	<u>322,173</u>	<u>-</u>	<u>342,747</u>	<u>124,901</u>

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Consultancy and expenses		Management fees	
	2019	2018	2019	2018
	€	€	€	€
Group				
Strategic Alliance partner	-	-	17,256	165,216
Key management personnel	<u>71,690</u>	<u>77,404</u>	<u>-</u>	<u>-</u>
Company				
Key management personnel	<u>69,364</u>	<u>70,140</u>	<u>-</u>	<u>-</u>

Aggregate consultancy and expenses include €4,640 (2018: €42,421) of costs capitalised and included within non-current assets and €24,435 (2018: €24,424) of costs reimbursed by joint venture partners. There were no amounts outstanding at the year end.

Strategic Alliance arrangements with Centerra Gold are disclosed in note 11. During the period, Centerra reimbursed costs of €222,155 (2018 : €1,331,159) and paid management fees of € 17,527 (2018 : €165,2016). As at 31 December 2019, there were no outstanding debtor or creditor balances with Centerra Gold (2018: liability of £3,794) as the joint venture relationship has terminated.

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

29 Related party transactions (continued)

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2019 €	2018 €
Group		
Strategic Alliance partner	-	3,794
	<u>-</u>	<u>3,794</u>
Company		
Strategic Alliance partner	-	-
Key management personnel	-	-
	<u>-</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2019 Balance €	2018 Balance €
Group		
	<u></u>	<u></u>

30 Cash (used in)/generated from group operations

	2019 €	2018 €
Loss for the year after tax	(531,519)	(1,101,444)
Adjustments for:		
Taxation credited	(30,648)	-
Investment income	-	(1,289)
Amortisation and impairment of intangible assets	-	317,396
Equity-settled share-based payment expense	-	124,901
Movements in working capital:		
Decrease in trade and other receivables	24,035	84,440
(Decrease) in trade and other payables	(69,743)	(128,960)
Cash used in operations	<u>(607,875)</u>	<u>(704,956)</u>

ERRIS RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

31 Cash (used in) / generated from operations - company

	2019	2018
	€	€
Loss for the year after tax	(437,578)	(647,187)
Adjustments for:		
Investment income	-	(1,289)
Equity-settled share-based payment expense	-	124,901
Movements in working capital:		
(Increase) in trade and other receivables	(163,611)	(1,127,254)
(Decrease) in trade and other payables	(13,044)	(170,360)
Cash used in operations	(614,233)	(1,821,189)