Registered number: 1570939

GEORGIAN MINING CORPORATION (formerly NORICUM GOLD LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

GEORGIAN MINING CORPORATION

CONTENTS

	Page
Company Information	**2**
Chairman's Report	**3**
Directors' Report	**5**
Statement of Directors' Responsibilities	**9**
Corporate Governance Report	**10**
Independent Auditor's Report	**11**
Consolidated Statement of Financial Position	**12**
Consolidated Statement of Comprehensive Income	**13**
Consolidated Statement of Changes in Shareholders' Equity	**14**
Consolidated Statement of Cash flows	**15**
Notes to the Financial Statements	**16**

COMPANY INFORMATION

Directors	Anthony Frizelle (Non-Executive Chairman) appointed 1 March 2017 Neil O'Brien (Non-Executive Director) appointed 5 September 2016 Peter Damouni (Non-Executive Director) appointed 5 September 2016 Laurence Mutch (Non-Executive Director) appointed 1 March 2017 Gregory Kuenzel (Executive Director) Martyn Churchouse (Executive Director)
Registered Office	Craigmuir Chambers PO Box 71 Road Town Tortola British Virgin Islands
Company Number	1570939
Bankers	HSBC Bank plc 70 Pall Mall London SW1Y 5EZ
Nominated Adviser and Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Hill Dickinson 105 Jermyn Street St James's London SW1Y 6EE
Solicitors (BVI)	Harney Westwood & Riegels Craigmuir Chambers PO Box 71 Road Town, Tortola British Virgin Islands VG1110

GEORGIAN MINING CORPORATION

CHAIRMAN'S REPORT

Chairman's Statement
In July 2015, we secured an option to earn into a 50% interest in Georgian Copper & Gold ("GCG"), the holder of an 860 sq km mining licence in Georgia. This gave us access to an under-explored copper-gold region along the highly prospective Tethyan Belt with the potential to host significant mineral deposits similar to our Joint Venture partner's nearby Madneuli mine, which has to date produced an estimated 80Mt of copper - gold ore at a reported average grade of circa 1.0% Cu and 1g/t Au. Almost two years and 10,450 metres of drilling later, our initial assessment of the potential of our project has been validated and we now believe that the JV licence area has the potential to host large scale epithermal gold-copper mineralisation with a number of exciting identified targets. Our first priority is to realise the full potential of our initial discovery Kvemo Bolnisi ("KB"), as a combined gold oxide and copper-gold sulphide deposit and then the remainder of the JV license area.

To date, $5 million has been contributed by the Company to the equity of GCG, thereby financing exploration activities and the Georgian based operations. We expect to meet our full $6 million obligation in the coming weeks effectively earning our 50% interest in the operations.

Large Scale, High Grade Epithermal Geological Model
As our geological model for KB and the Bolnisi District evolves, our strategy must adapt to realise the project's full potential. When we first commenced work at KB, we hoped to deliver small scale production by the end of 2016. But our access to an extensive database of historic work and drilling carried out in the Soviet era, enabled us to identify several starter pits capable of providing feedstock for processing at nearby plants owned by our JV partner. As our exploration drilling got underway the drill results at KB East exceeded our expectations by repeatedly intersecting significant copper and gold mineralisation. Resource drilling has exposed a suite of mineralisation styles typical of epithermal systems, beginning at surface with outcropping heap leachable oxide gold mineralisation overlying an enriched (supergene) high-grade chalcocite copper blanket. This extends into copper-gold sulphide mineralisation hosted in breccia pipes that are surrounded by lower grade bulk tonnage potential copper-gold sulphides and high-grade sheeted pyrite-gold epithermal vein-type mineralisation. Breccia-type sulphide mineralisation with grades in excess of 20% Cu now extend down to a drill-indicated 200m and remains open at depth.

Our exploration activities increasingly demonstrate that KB has the characteristics of a large epithermal copper-gold system with high-grade areas, as well as lower grade bulk tonnage potential. This enables us to build a geological model for KB which includes an exploration target in excess of 50Mt of copper and gold ores such as exists nearby at Madneuli. The size of this opportunity has grown over the last eighteen months of exploration work. Other analogues along the Tethyan Belt encourage our ambition.

We intend to prove up the model and build a new copper and gold producer
We are developing a three-phase program to test our 50Mt exploration target. In Phase 1, KB will deliver 'proof of concept' copper and gold production using our JV Partner's existing processing infrastructure. This has multiple benefits: it de-risks the project as it enhances the processing route, provides non-dilutive cash flow to fund additional exploration, and strengthens our relationship with our partner. We set a Phase 1 objective to delineate a minimum of 1 to 2Mt of copper-gold ore feedstock to provide for this initial production.

In April 2017 we announced an initial JORC resource of 2.22 Mt @ 0.8% Cu and 0.1 g/t Au, which achieved our initial objective for Phase 1 and we plan to commence the negotiation of a processing agreement with our JV partner in the near future. An MoU has previously been agreed with JSC RMG Gold and JSC RMG Copper (together 'RMG'), our partner's production company, for mining and processing arrangements for the future production of precious and base metal ores mined from our licence area. Access to RMG's processing facilities will significantly reduce capital expenditure requirements, fast track production and provide known and agreed contract mining and processing costs.

Phase 2 is now underway, and on track to be completed in 2017. In Phase 2 our objective is to delineate 3 to 5Mt of combined copper-gold sulphide and gold oxide mineralisation and at the same time test the epithermal characteristics of the deposit. As part of Phase 2, resource development drilling is ongoing across three zones. At Gold Zone 1 a maiden resource of 52,000t @ 1.92g/t Au has already been delineated, however only the top 10m of the zone has to date been tested. Both the base of the oxide and the extent of the gold mineralisation are yet to be established. Similarly, only a small part of the large target that we have identified at Gold Zone 2 has so far been defined. Current drilling at Gold Zone 2 is focused on establishing a first resource of 1Mt @ >1g/t Au. An updated resource including both gold zones is expected in the near term but importantly gold and copper mineralisation remains open in all directions. Our Phase 2 exploration program is fully funded.

At Gold Zone 2, in addition to the gold mineralisation from surface, recent drilling has intercepted continuous copper mineralisation from the base of the gold oxide zone to a depth of 200 m. There is continuous gold oxide mineralisation from surface to the base of the weathering at depths ranging from 20 to 80m, included an intersection of 24m @1.58 g/t Au from 1m depth, and further intersections of copper mineralisation. The high-grade copper sulphide found at the base of the oxides returned 16m @ 15.4% Cu from 47m, including 4.95m @ 40.50% Cu, 0.46g/t Au and 55.6 g/t Ag (Drill hole TGD-044). Resource development drilling is underway principally to extend the gold oxide Resource which remains open in all directions. This programme is also testing extensions to copper-gold sulphide mineralisation both at depth beneath the Gold Zone 2 oxides and the expected link between the two copper-gold sulphide breccia bodies that have now been drill defined. 65 drill holes have been completed to date with depths varying from 20 metres to 120 metres at Gold Zone 2 and a follow up programme of a further 30 holes for circa 3,250 metres is already well advanced and generating positive results. As most holes drilled in the first programme ended in mineralisation, this new copper-gold zone remains open at depth. The

CHAIRMAN'S REPORT

Company's consultants are preparing the initial JORC (2012) Resource for Gold Zone 2 which should be finalised in July 2017.

The third zone where work is ongoing is Copper Zone 1 which includes a JORC (2012) optimised in-pit Resource of 1.2Mt @1.03% Cu @ a 0.4% Cu cut-off within the unconfined estimate of 2.22Mt @ 0.8% Cu and 0.1 g/t Au @ a 0.3% Cu cut-off. These initial resources launched discussions with our JV partner for delivery of an initial 1Mt @ 1% Cu-Au sulphide ore for toll treatment at the float plant at our partner's Madneuli mine. Although work to date has focused on the three zones as separate areas, results now indicate that they may either coalesce or blow out at depth to form a large epithermal copper-gold system which provides the basis for our new KB geological model and support for our Phase 3 exploration target of a 50Mt copper-gold deposit.

The Phase 3 exploration will commence immediately upon completion of Phase 2, and if successful is designed to allow for the opportunity of the KB project to grow into a stand-alone mine operation able to support its own plant and associated infrastructure. This requires us to delineate a 50Mt+ Resource at KB. While KB is of course our first priority to grow the company, our large JV license area offers significant scope for additional gold and copper discoveries. Work on several identified targets has commenced as part of a wider exploration strategy and we anticipate further positive news-flow as we explore our portfolio of exciting projects in Georgia.

Management
We have assembled an experienced Management Team which will be expanded as further skills and resources are required.

The appointment of Dr. Neil O'Brien and Mr. Peter Damouni as Non-Executive Directors has significantly strengthened our Board. They bring wide and deep experience in developing and financing mining projects. Dr. O'Brien is also a leading authority on geology of the Tethyan Belt.

In March 2017, I joined the Board as Non-Executive Chairman and Mr. Laurence Mutch was appointed as a Non-Executive Director. At this time, Non-Executive Director Roderick McIllree stepped down from the board to pursue his other business interests and Non-Executive Chairman Michael Hutchinson retired. We would like to thank them both for their stalwart efforts over the years and wish them the best for their future endeavors.

In addition to the above, the Company is able to access highly experienced outside consultants specialised in geology, Resource estimation, mining and metallurgy to further strengthen our technical capabilities.

Financial Results
As an exploration and development group which has no revenue we are reporting a loss for the twelve months ended 31 December 2016 of £5,645,734 (2015: £653,854), which is in line with our budget. The loss includes a one-off charge related to the impairment of the Company's Austrian projects of £3,937,375.

The Group's cash position at the end of the period was £1,659,314. Post period end, the Company successfully raised £5,463,942 million by way of a placing of 34,149,638 new ordinary shares of no par value in the capital of the Company. The funds raised will enable the Company to expand the resource development at the Kvemo Bolnisi copper and gold project in Georgia.

Outlook
We have met several major milestones at both project and corporate levels during the year under review. As our three-phase plan has been developed and is now in place, GEO's exploration momentum should build in the year ahead and beyond. We are on track to complete the $6 million obligation for our 50% interest in GCG, and to achieve our resource development objectives at KB. Drill results consistently reaffirm and strengthen our confidence that we have a large copper-gold epithermal deposit on our hands, which should join the ranks of the many profitable copper-gold mine operations along the Tethyan Belt.

Our twin objectives for 2017 are to report a 3 to 5 Mt copper and gold resource and to commence low cost production to be processed at our JV partner's neighbouring operations. We are on course to meet both objectives and with £5.5m raised via the recently oversubscribed private placement and expected revenues from ore sales, we are well funded for additional drilling, follow-up work and initial investigation of new targets. This is proving an active and productive year as we work towards our 50Mt+ target to transform Georgian into a major European copper and gold Developer and Producer.

Finally, I would like to thank the Board and Advisors for all their hard work and commitment during what has been a very successful year. We are excited by the opportunity for Georgian to play a key role in developing the highly prospective mineral potential of Georgia to the benefit our Shareholders, the local community and the country as a whole. I look forward to providing regular updates on our progress as we evolve from early stage Exploration to significant mineral Production.

Anthony Frizelle
Chairman
21 June 2017

GEORGIAN MINING CORPORATION

DIRECTORS' REPORT

The Directors present their Report, together with the Group Financial Statements and Auditor's Report, for the year ended 31 December 2016.

On 10 October 2016, the Company changed its name from Noricum Gold Limited to Georgian Mining Corporation.

Principal Activities and Business Review

The principal activity of the Group is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production.

A detailed review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Report on pages 3 and 4.

Principal risks and uncertainties are discussed on page 6.

Results and Dividends

The loss of the Group for the year ended 31 December 2016 before taxation amounts to £5,645,735 (31 December 2015: loss of £653,854).

The Directors do not recommend the payment of a dividend for the year (31 December 2015: £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2016 had the following beneficial interests in the shares of the Company at year end and as at the date of this Report:

	21 June 2017		31 December 2016		31 December 2015	
Director	**Ordinary Shares**	**Options**	**Ordinary Shares**	**Options**	**Ordinary Shares**	**Options**
Michael Hutchinson[1]	361,280	nil	361,280	nil	48,780	nil
Marcus Edwards-Jones[2]	-	200,000	77,978	200,000	27,978	nil
Gregory Kuenzel	347,467	1,000,000	247,467	1,000,000	184,967	nil
Jeremy Whybrow[2]	-	nil	110,140	nil	47,639	nil
Roderick McIllree[1]	1,543,764	nil	674,390	nil	674,390	nil
Martyn Churchouse	2,600,000	nil	2,600,000	nil	2,537,500	nil
Peter Damouni[3]	187,500	1,000,000	187,500	1,000,000	nil	nil
Neil O'Brien[3]	1,400,000	300,000	1,400,000	300,000	nil	nil

[1] Resigned 1 March 2017

[2] Resigned 5 September 2016

[3] Appointed 5 September 2016

On 5 October 2016, a consolidation of shares occurred where 100 shares was consolidated to 1 share. Further details on the consolidation can be found in Note 12 to the Financial Statements.

Further details on options can be found in Note 14 to the Financial Statements.

Key Performance Indicators ("KPIs")

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2017.

The three main KPIs for the Group are as follows. These allow the Board to monitor costs and plan future exploration and development activities:

	2016	**2015**
Cash and cash equivalents	£1,659,314	£281,671
Administrative expenses as a percentage of total assets	15.9%	6.1%
Exploration costs capitalised	£1,500,746	£433,061

This is the fourth complete year of corporate and exploration activity.

Corporate responsibility

Environmental

Georgian Mining undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. At present, Georgian Mining is a mineral explorer and developer, not a mining company. Hence, the environmental impact associated with its activities is minimal. To ensure proper environmental stewardship on its projects, Georgian Mining conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

Health and safety

Georgian Mining operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The principal business risks affecting the Group are set out below.

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Environmental risk

In relation to many of the Group's drilling projects, the environmental impact to date is largely limited to activities associated with exploration activities. The ultimate development of any project will inevitably impact considerably on the local landscape and communities. These projects sit in an area of considerable natural beauty and therefore there is likely to be opposition to mining by some parties. This may impact on the cost and/or Group's ability to sell or move these projects into production.

While the Group believes that its operations and future projects are currently, and will be, in substantial compliance with all relevant material environmental and health and safety laws and regulations, there can be no assurance that new laws and regulations, or amendments to, or stringent enforcement of, existing laws and regulations will not be introduced.

Exploration and mining risks

Whilst the Directors endeavour to apply what they consider to be the latest technology to assess potential projects, the business of exploration for and identification of minerals and metals, in particular gold, is speculative and involves a high degree of risk. The mineral and metal deposits of any projects acquired by the Group may not contain economically recoverable volumes of minerals, base metals, precious metals or hydrocarbons of sufficient quality or quantity. Even if there are economically recoverable deposits, delays in the construction and commissioning of mining projects or other technical difficulties may make the deposits difficult to exploit.

The exploration and development of any project may be disrupted, damaged or delayed by a variety of risks and hazards which are beyond the control of the Group. These include (without limitation) geological, geotechnical and seismic factors, environmental hazards, technical failures, adverse weather conditions, acts of God and government regulations or delays.

Exploration is also subject to general industrial operating risks, such as equipment failure, explosions, fires and industrial accidents, which may result in potential delays or liabilities, loss of life, injury, environmental damage, damage to or destruction of property and regulatory investigations. The Group may also be liable for the mining activities of previous miners and previous exploration works. Although the Group intends, itself or through its operators, to maintain insurance in accordance with industry practice, no assurance can be given that the Group or the operator of an exploration project will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims. The Group may elect not to become insured because of high premium costs or may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

Reserve and resource estimates

The Group's future reported reserves and resources are only estimates. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral and metal reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral and metal reserve and resource estimates may require revision (either up or down) based on actual production experience.

Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Group may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover.

Volatility of gold, copper and other commodity prices

Historically, commodity prices (including in particular the price of gold and copper) have fluctuated and are affected by numerous factors beyond the Group's control, including global demand and supply, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices, over the long term, may adversely impact the returns of the Group's exploration projects.

A significant reduction in global demand for gold, leading to a fall in gold or copper prices, could lead to a significant fall in the cash flow of the Group and/or a delay in exploration and production or even abandonment of a project should it prove uneconomical to develop, which may have a material adverse impact on the operating results and financial condition of the Group.

Financing

The successful exploration of natural resources on any project will require significant capital investment. The only sources of financing currently available to the Group are through the issue of additional equity capital in the Company or through bringing in partners to fund exploration and development costs, however, this is expected to change once the production of gold and copper ore commences at theGroup's main site in Georgia, the Kvemo Bolnisi site, which is expected to be H2 2017. The Group's ability to raise further funds will depend on the success of their investment strategy and acquired operations. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its investments or anticipated expansion.

Political, economic and regulatory regime

The licences and operations of the Group are in jurisdictions outside the United Kingdom and accordingly there will be a number of risks which the Group will be unable to control. Whilst the Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences and changes to the laws governing mineral exploration and operations.

The Group's activities will be dependent upon the grant of appropriate licences, concessions, leases, permits, and regulatory consents that may be withdrawn or made subject to limitations. There can be no assurance that they will be granted or renewed or if so, on what terms. There is also the possibility that the terms of any licence may be changed other than as represented or expected.

Georgia, the current focus of the Group's activity, offers a stable political framework and actively supports foreign investment. The country has a well-developed exploration and mining code and proactive support for foreign companies.

Dependence on key personnel

The Group is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Dependence on JV Partner

The Group's short term production plans are based on utilising its JV Partner's exisintg plant and other infrastructure. The ability of the to move into production in the short term is dependent on being granted access to this infrastructure and entering into a production and processing agreement with the JV Partner.

DIRECTORS' REPORT

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in foreign currency exchange rates, funding risk, credit risk, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments to manage foreign currency risk and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Going Concern

The Directors have a reasonable expectation that the Group has and will have future access to adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern in Note 2.4 of the Financial Statements.

Directors' and Officers' Indemnity Insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the period and remain in force at the date of this report.

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 21 June 2017 and signed on its behalf.

Gregory Kuenzel
Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the applicable law and regulations including the AIM Rules for Companies.

The Directors are required to prepare financial statements for each financial year. The Directors have elected to prepare the Group's Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs 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 Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website, www.georgianmining.com. The Group is compliant with AIM Rule 26 regarding the Group's website.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

This statement was approved by the Board on 21 June 2017 and signed on its behalf.

CORPORATE GOVERNANCE REPORT

The Board of Directors currently comprises two Executive and four Non-Executive Directors, one of whom is the Chairman. The Directors have responsibility for the overall corporate governance of the Group and recognise the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and, whilst they do not comply with the principles of the UK Corporate Governance Code as they are not required to do so, they have considered and implemented several of the requirements as they consider appropriate for a group of its size and nature. The Board has a wide range of experience directly related to the Group and its activities and its structure ensures that no one individual or group dominates the decision making process.

Board Meetings
The Board meets regularly throughout the year and is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

Board Committees
The Group has established an Audit Committee, a Remuneration Committee and an AIM Compliance Committee. In light of the size of the Board, the Directors do not consider it necessary to establish a Nomination Committee. However, this will be kept under review.

Audit Committee
The Audit Committee, comprising Neil O'Brien, Laurence Mutch, Anthony Frizelle and Peter Damouni, reviews the Group's annual and interim financial statements before submission to the Board for approval. The Committee also reviews regular reports from management and external auditors on accounting and internal control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment, and reviews the fees, of the external auditor. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

Remuneration Committee
The Remuneration Committee, comprising Neil O'Brien, Peter Damouni and Laurence Mutch, is responsible for reviewing the performance of the Executive Directors and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share, and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

AIM Compliance Committee
The AIM Compliance Committee has the primary responsibility for ensuring compliance with the AIM Rules for Companies concerning the disclosure of information, in particular Rules 11, 17, 18 and 19. The compliance committee works closely with the Board to ensure that the Company's Nominated Adviser is provided with any information it reasonably requests or requires in order for it to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers. Members of the compliance committee are Peter Damouni, Laurence Mutch and Anthony Frizelle.

Internal Controls
The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management
The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

Securities Trading
The Group has adopted a share dealing code for dealings in shares by directors and senior employees which is appropriate for an AIM-listed company. The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and take all reasonable steps to ensure compliance by the Group's applicable employees.

Relations with Shareholders
The Board is committed to providing effective communication with the Shareholders of the Company. Significant developments are disseminated through Stock Exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEORGIAN MINING CORPORATION

We have audited the Financial Statements of Georgian Mining Corporation for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity, the Consoldiated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body. 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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable laws and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Alastair Roberts (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

		Group	
	Note	**2016**	2015
		£	£
Non-Current Assets			
Property, plant and equipment	7	**131,968**	7,154
Intangible assets	8	**8,612,883**	10,399,265
		8,744,851	10,406,419
Current Assets			
Trade and other receivables	9	**416,206**	54,497
Cash and cash equivalents	10	**1,659,314**	281,671
		2,075,520	336,168
Total Assets		**10,820,371**	10,742,587
Current Liabilities			
Trade and other payables	11	**306,118**	167,940
Total Liabilities		**306,118**	167,940
Net Assets		**10,514,253**	10,574,647
Equity attributable to owners of the Parent			
Share capital	12	**-**	-
Share premium	12	**33,653,273**	29,090,348
Reverse acquisition reserve		**(18,845,147)**	(18,845,147)
Other reserves	13	**838,470**	(442,370)
Retained losses		**(8,772,601)**	(3,274,475)
Total equity attributable to owners of the Parent		**6,873,995**	6,528,356
Non-controlling interest		**3,640,258**	4,046,291
Total Equity		**10,514,253**	10,574,647

The Financial Statements were approved and authorised for issue by the Board of Directors on 21 June 2017 and were signed on its behalf by:

Gregory Kuenzel
Managing Director

The Notes on pages 16 to 35 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	Group	
		Year ended 31 December 2016	Year ended 31 December 2015
Continuing Operations		**£**	£
Revenue		**3,758**	339
Cost of sales		**-**	-
Gross profit		**3,758**	339
Administration expenses	6	**(1,716,301)**	(654,277)
Other gains / (losses) - net	15	**4,022**	(232)
Operating Loss		**(1,708,521)**	(654,170)
Impairment of intangible assets	0	**(3,937,375)**	-
Finance income	18	**162**	316
Loss before Taxation		**(5,645,734)**	(653,854)
Income tax	19	**-**	-
Loss for the year		**(5,645,734)**	(653,854)
Loss attributable to:			
- owners of the Parent		**(5,498,126)**	(646,789)
- non-controlling interests		**(147,608)**	(7,065)
Loss for the year		**(5,645,734)**	(653,854)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		**763,910**	(107,269)
Total Comprehensive Income		**(4,881,824)**	(761,123)
Attributable to:			
- owners of the Parent		**(4,475,791)**	(753,908)
- non-controlling interests		**(406,033)**	(7,215)
Total Comprehensive Income		**(4,881,824)**	(761,123)
Earnings per share (pence) from continuing operations attributable to owners of the Parent – Basic & Diluted	20	**(9.895)**	(3.343)

The Notes on pages 16 to 35 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2016

	Attributable to Equity Shareholders						
	Share premium	Reverse acquisition reserve	Other reserves	Retained losses	Total	Non-controlling interest	Total equity
	£	£	£	£	£	£	£
As at 1 January 2015	**25,664,551**	**(18,845,147)**	**(335,251)**	**(2,627,686)**	**3,856,467**	**-**	**3,856,467**
Loss for the year	-	-	-	(646,789)	(646,789)	(7,065)	(653,854)
Other comprehensive income							
Exchange differences on translating foreign operations	-	-	(107,119)	-	(107,119)	(150)	(107,269)
Total comprehensive income for the year	**-**	**-**	**(107,119)**	**(646,789)**	**(753,908)**	**(7,215)**	**(761,123)**
Transactions with owners							
Issue of ordinary shares	3,100,000	-	-	-	3,100,000	-	3,100,000
Issue costs	(24,203)	-	-	-	(24,203)	-	(24,203)
Share based payments	350,000	-	-	-	350,000	-	350,000
Non-controlling interest arising on business combination	-	-	-	-	-	4,053,506	4,053,506
Total transactions with owners	**3,425,797**	**-**	**-**	**-**	**3,425,797**	**4,053,506**	**7,479,303**
As at 31 December 2015	**29,090,348**	**(18,845,147)**	**(442,370)**	**(3,274,475)**	**6,528,356**	**4,046,291**	**10,574,647**
As at 1 January 2016	**29,090,348**	**(18,845,147)**	**(442,370)**	**(3,274,475)**	**6,528,356**	**4,046,291**	**10,574,647**
Loss for the year	-	-	-	(5,498,126)	(5,498,126)	(147,608)	(5,645,734)
Other comprehensive income							
Exchange differences on translating foreign operations	-	-	1,022,335	-	1,022,335	(258,425)	763,910
Total comprehensive income for the year	**-**	**-**	**1,022,335**	**(5,498,126)**	**(4,475,791)**	**(406,033)**	**(4,881,824)**
Transactions with owners							
Issue of ordinary shares	4,750,400	-	-	-	4,750,400	-	4,750,400
Issue costs	(187,475)	-	-	-	(187,475)	-	(187,475)
Share Option charge	-	-	258,505	-	258,505	-	258,505
Total transactions with owners	**4,562,925**	**-**	**258,505**	**-**	**4,821,430**	**-**	**4,821,430**
As at 31 December 2016	**33,653,273**	**(18,845,147)**	**838,470**	**(8,772,601)**	**6,873,995**	**3,640,258**	**10,514,253**

The Notes on pages 16 to 35 form part of these Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2016

	Note	Group 2016 £	2015 £
Cash flows from operating activities			
Loss before taxation		**(5,645,734)**	(653,854)
Adjustments for:			
Finance Income		**(166)**	(316)
Share option expenses		**258,505**	-
Share based payments		**50,400**	-
Depreciation		**21,092**	2,498
Impairment of intangible asset		**3,937,375**	
Increase in trade and other receivables		**(361,710)**	(564)
Increase in trade and other payables		**138,176**	59,366
Foreign exchange		**113,666**	(25,284)
Net cash used in operating activities		**(1,488,396)**	(618,154)
Cash flows from investing activities			
Interest received		**166**	316
Purchase of property, plant & equipment		**(145,906)**	(5,992)
Purchase of Intangible assets		**(1,500,746)**	(433,061)
Net cash used in investing activities		**(1,646,486)**	(438,737)
Cash flows from financing activities			
Proceeds from issue of shares		**4,700,000**	498,500
Cost of share issue		**(187,475)**	(24,204)
Net cash generated from financing activities		**4,512,525**	474,296
Net increase / (decrease) in cash and cash equivalents		**1,377,643**	(582,595)
Cash and cash equivalents at beginning of year		**281,671**	863,801
Exchange differences on cash and cash equivalents		**-**	465
Cash and cash equivalents at end of year	10	**1,659,314**	281,671

Major non-cash transactions

On 21 January 2016 the Company issued and allotted 63,000,000 new ordinary pre-consolidation shares with no par value at a price of 0.08p each as consideration for consultants fees.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

ACCOUNTING POLICIES

1. General Information

On 3 October 2016, Noricum Gold Limited was renamed Georgian Mining Corportation.

The principal activity of Georgian Mining Corporation ("the Company") and its subsidiaries (together "the Group") is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production.

The Company's shares are traded on AIM, a market operated by the London Stock Exchange. The Company is incorporated in the British Virgin Islands and domiciled in the United Kingdom.

The address of its registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, BVI.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union applicable to companies under IFRS. The Group Financial Statements have been prepared under the historical cost convention.

The Financial Statements are presented in UK Pounds Sterling rounded to the nearest pound.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 4.

2.2 Changes in accounting policy and disclosures

(a) New and amended standards mandatory for the first time for the financial period beginning 1 January 2016

A number of new standards and amendments to standards and interpretations are effective for the financial period beginning on or after 1 January 2016 and have been applied in preparing these Financial Statements.

Amendments to IAS 1 Disclosure Initiative.

Amendments to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the Financial Statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation.

2.2 Changes in accounting policy and disclosures (continued)

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to IAS 27 Equity Method in Separate Financial Statements.

Amendments to IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations.

Amendments to IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11; and
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

Annual Improvements 2012-2014 Cycle.

Makes amendments to the following standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

None of the amended standards adopted have had a material impact on the Financial Statements of the Group.

There are no other new standards and amendments to standards and interpretations effective for the financial period beginning on or after 1 January 2016 that are material to the Company and therefore not applied in preparing these Financial Statements.

(b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective.

2.2 Changes in accounting policy and disclosures (continued)

Standard	Impact on initial application	Effective date
IAS 7 (Amendments)	Disclosure Initiative	*1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax	*1 January 2017
IFRS 2 (Amendments)	Classification and Measurement of Share-based payments	*1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	*1 January 2019

* Subject to EU endorsement

The Group is evaluating the impact of the new and amended standards above. The Directors believe that these new and amended standards are not expected to have a material impact on the Group's results or shareholders' funds.

The Group does not expect to be significantly affected by the introduction of IFRS 15 as there is currently immaterial revenue being generated in the Group. The Directors will continue to assess this as revenue increases.

2.3 Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Georgian Mining Corporation and the financial statements of all of its subsidiary undertakings made up to 31 December 2016.

Subsidiaries are entities over which the Group has control. The Group controls an entity 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. Where an entity does not have returns, the Group's power over the investee is assessed as to whether control is held. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Below is a summary of subsidiaries of the Group:

Name of subsidiary	Place of business	Parent company	Registered capital	Share capital held	Principal activities
Kibe Investments No.2 Limited	British Virgin Islands	Georgian Mining Corporation	Ordinary shares US$12	100%	Dormant
Noricum Gold AT GmbH	Austria	Kibe Investments No.2 Limited	Ordinary shares €35,000	100%	Exploration
GMC Investments Limited	British Virgin Islands	Georgian Mining Corporation	Ordinary shares US$1	100%	Dormant
JSC Georgian Copper & Gold	Georgia	GMC Investments Limited	Ordinary shares US$12,000,000	50%	Exploration
European Mining Services Limited	United Kingdom	Georgian Mining Corporation	Ordinary shares £1	100%	Mining Services

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. JSC Georgian Copper and Gold is considered as being controlled by the Company because two of the three directors are appointed by the Company and GMC Investments Limited has operational and management control of the entity.

2.4 Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Report from page 3. In addition, Note 3 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and details of its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating steady revenue streams, an operating loss has been reported and an operating loss is expected in the year ended 31 December 2017, the Directors believe that the Group has sufficient funds to meet its immediate working capital requirements and undertake its targeted operating activities over the next 12 months from the date of approval of these Financial Statements. In May 2017, the Group raised £5.5m as a result of an issue of ordinary shares in the Company. As a result, the Group has financial resources which, the Directors believe, will be sufficient to fund the Group's committed expenditure both operationally and on various exploration projects for this time period. However, in order to complete other exploration work over the life of existing projects and as additional projects are identified and also to meet minimum spend requirements for existing projects after 12 months from the date of approval of these Financial Statements, additional funding will be required. The amount of funding cannot be reliability estimated at the point of approval of these Financial Statements and the Group will be required to raise additional funds either via an issue of equity or through the issuance of debt. The Directors are confident that funds will be forthcoming if and when they are required. In addition, the Group will be able to significantly reduce its working capital requirements and will not authorise expenditure on exploration if funds are not sufficient.

The Directors have, in the light of all the above circumstances, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Group Financial Statements.

2.5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Segment results, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2.6 Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Sterling, the functional currency of the BVI subsidiaries is US Dollars, the functional currency of the Austrian subsidiary is Euros and the functional currency of the Georgian subsidiary is Lari. The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

2.6 Foreign Currencies (continued)

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income where material.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.7 Intangible Assets

Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets, relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost.

Exploration and evaluation assets are assessed for impairment annually or when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Income Statement.

2.8 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Computer equipment – 20 to 50% straight line
Field equipment - 20 to 50% straight line
Vehicles – 20% straight line

All assets are subject to annual impairment reviews. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

The asset's residual value and useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains / (losses)' in the income statement.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment (except goodwill) are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial Assets

Classification

The Group has classified all of its financial assets as loans and receivables including cash and cash equivalents. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Recognition and measurement

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the Statament of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

2.12 Taxation

Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

There has been no tax credit or expense for the period relating to current or deferred tax.

2.13 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Reverse acquisition reserve

The reverse acquisition reserve arose on the acquisition of Kibe Investments No. 2 Limited in 2010. There has been no movements in the reserve since acquisition.

2.15 Share Based Payments

The Group operates a number of equity-settled, share-based schemes, under which the entity receives services from employees or third party suppliers as consideration for equity instruments (shares, options and warrants) of the Group. The Group may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised as an expense in the income statement or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged in the case of options is determined by reference to the fair value of the options or warrants granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of shares and warrants the amount charged to the share premium account is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable the shares are valued by reference to the market price and the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement or equity as appropriate, with a corresponding adjustment to an other reserve in equity.

When the warrants or options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the warrants or options are exercised.

2.16 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

2.17 Operating Leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

2.18 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods or services supplied in the course of ordinary business, stated net of discounts, returns and value added taxes. The

Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the Group's activities described below.

Revenue is recognised in respect of amounts recharged to project strategic partners in accordance with their contractual terms. Revenue is also generated from management and consulting services to third parties.

2.19 Finance Income

Finance income consists of bank interest on cash and cash equivalents which is recognised using the effective interest rate method.

2.20 Trade and Other Receivables

Trade and other receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not they are presented as non-current assets.

3. Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks being market risk (including, interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market Risk

(a) Foreign currency risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and Georgian Lari against the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group negotiates all material contracts for activities in relation to its subsidiary in USD. The Directors will continue to assess the effect of movements in exchange rates on the Group's financial operations and initiate suitable risk management measures where necessary.

(b) Price risk

The Group is not exposed to commodity price risk as a result of its operations, which are still in the exploration phase. Other than insignificant consulting revenue, the only revenue relates to intra group revenue in respect of recharges which are eliminated on consolidation. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

The Group has no exposure to equity securities price risk, as it has no listed equity investments.

(c) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit, which is not significant.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

3.1 Financial Risk Factors (continued)

Liquidity Risk

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities. The Group has no debt at 31 December 2016 and defines capital based on the total equity of the Company being £6,431,708. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

4. Critical Accounting Estimates and Judgements

The preparation of the Group Financial Statements in conformity with IFRSs requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2016 of £8,612,883 (2015: £10,399,265): refer to Note 8 for more information. The Group has a right to renew exploration licences and the asset is only depreciated once extraction of the resource commences. Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration the expected costs of extraction, long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and have concluded that an impairment of £3,937,375 is required and provided against the exploration assets.

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and to suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 14.

4. Critical Accounting Estimates and Judgements (continued)

Control of Georgian Copper and Gold

Judgement is required to determine whether the Group has control over it's subsidiaries. Georgian Copper and Gold is 50% owned but management are of the opinion that they control the entity and have consolidated this entity. The Company is considered to control Georgian Copper and Gold as a result of the fact that:

- 2 out of 3 board seats are held by Directors of Georgian Mining Corporation; and
- GMC Investments Limited has operational and management control of the entity and has ability to approve expenditure.

5. Segmental Information

The Group operates in three geographical areas, the UK, Georgia and Austria. The Company operates in one geographical area, the UK. Activities in the UK are mainly administrative in nature whilst activities in Austria and Georgia relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

The Group generated revenue of £3,758 during the year ended 31 December 2016 (2015: £339).

2016	**Georgia £**	**Austria £**	**UK £**	**Total £**
Revenue	-	1,606	2,152	3,758
Administrative expenses	(233,904)	(40,338)	(1,183,554)	(1,457,796)
Foreign exchange	61,313	-	(315,796)	(254,483)
Loss from operations per reportable segment	(172,591)	(38,732)	(1,497,198)	(1,708,521)
Depreciation	7,112	-	13,980	21,092
Additions to non-current assets	1,500,746	-	-	1,500,746
Impairment to non-current assets	-	(3,937,375)	-	(3,937,375)
Reportable segment assets	8,805,070	11,630	2,003,671	10,820,371
Reportable segment liabilities	156,576	10,787	138,755	306,118

Segment assets and liabilities are allocated based on geographical location.

2015	**Georgia £**	**Austria £**	**UK £**	**Total £**
Revenue	-	339	-	339
Administrative expenses	(14,447)	(30,542)	(609,288)	(654,277)
Other (losses)/gains – net	(458)	4	-	(454)
Foreign exchange	-	-	222	222
Loss from operations per reportable segment	(14,905)	(30,199)	(609,066)	(654,170)
Depreciation	-	-	2,498	2,498
Additions to non-current assets	6,874,808	482,218	586	7,357,612
Reportable segment assets	6,978,251	3,481,323	283,013	10,742,587
Reportable segment liabilities	2,032	25,434	140,474	167,940

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

5. Segmental Information (continued)

A reconciliation of adjusted loss from operations per reportable segment to loss before tax is provided as follows:

	2016 £	2015 £
Loss from operation per reportable segment	**(1,708,521)**	(654,170)
- Finance Income	**162**	316
- Impairment	**(3,937,375)**	-
Loss for the year before taxation	**(5,645,734)**	(653,854)

6. Expenses by Nature

	2016 £	2015 £
Directors' fees	**107,252**	111,088
Employee salaries	**158,000**	12,569
Fees payable to the Company's auditors for the audit of the Parent Company and group financial statements	**22,550**	19,250
Fees payable to the Company's auditors for tax and other services	**17,646**	1,000
Professional, legal and consulting fees	**337,388**	172,207
Accounting related services	**60,458**	-
Insurance	**41,139**	34,759
Office and administrative expenses	**163,405**	45,303
Depreciation	**21,092**	2,498
Travel and subsistence	**109,476**	46,028
AIM related costs including investor relations	**225,841**	153,059
Share option expense	**258,505**	-
Operations related costs	**95,950**	-
Other expenses	**97,600**	56,516
Total administrative expenses	**1,716,301**	654,277

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

7. Property, Plant and Equipment

	Motor Vehicles £	Field equipment £	Computer equipment £	Total £
Cost				
As at 1 January 2015	-	-	16,939	16,939
Additions	-	5,410	583	5,993
As at 31 December 2015	-	5,410	17,522	22,932
Additions	46,942	60,843	38,121	145,906
As at 31 December 2016	46,942	66,253	55,643	168,838
Depreciation				
As at 1 January 2015	-	-	13,280	13,280
Charge for the year	-	-	2,498	2,498
As at 31 December 2015	-	-	15,778	15,778
Charge for the year	4,798	11,032	5,262	21,092
As at 31 December 2016	4,798	11,032	21,040	36,870
Net book value as at 31 December 2015	**-**	**5,410**	**1,744**	**7,154**
Net book value as at 31 December 2016	**42,144**	**55,221**	**34,603**	**131,968**

8. Intangible Assets

Exploration & Evaluation Assets at Cost and Net Book Value	**2016** **£**	2015 £
Balance as at 1 January	**10,399,265**	3,045,148
Additions	**1,500,746**	433,061
Acquired through issue of equity	**-**	350,000
Acquired on acquisition of subsidiary	**-**	2,600,000
Acquired as part of the Shareholder Agreement (see below)	**-**	4,161,143
Impairment	**(3,937,375)**	-
Foreign currency differences	**650,247**	(190,087)
As at 31 December	**8,612,883**	10,399,265

As part of the acquisition of GMC Investments Limited, the Group entered into a Shareholder Agreement with Caucasian Mining Group Limited (“CMG”), the partner in JSC Georgian Copper and Gold. The details of the agreement were such that CMG would transfer the exploration and mining licenses for the Georgian sites into Georgian Copper and Gold, which were considered to have a fair value of US$6m, while the Group would commit to paying the expenditure requirements on the operations over a two year period from the date of the licence transfer date of December 2015, which is also US$6m. As a result, the Group has recognised the fair value of the licenses of US$6m, which translate to £4.2m, as an exploration and evaluation asset.

Exploration projects Georgia are at an early stage of development and as at 31 December 2016, no JORC (Joint Ore Reserves Committee) or non-JORC compliant resource estimates are available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

8. Intangible Assets (continued)

- The Group's right to explore in an area has expired, or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

After carrying out the above review and analysis, the board have decided to fully impair the carried forward costs related to the Austrian projects. Although the board believe that these assets still hold value, no expenditure is expected in the near future therefore the assets have been fully impaired, resulting in a charge of £3,937,375 to profit or loss. The Group is in early stage discussions with two groups in relation to an earn in, JV or other type of structure that may see value being obtained however, none of these discussions are currently at a stage where a value could be attributable to the sale or development of the asset. As a result, the asset's carrying value has been fully impaired as at 31 December 2016.

No impairment charge is required at 31 December 2016 in relation to the exploration activities in Georgia.

9. Trade and Other Receivables

	2016	2015
	£	£
VAT receivable	**54,196**	17,963
Prepayments	**16,575**	25,062
Other receivables	**345,435**	11,472
	416,206	54,497

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above. These assets, excluding prepayments, are the only form of financial asset within the Group. Together with cash and cash equivalents.

Other receivables relates to amounts owing from the issue of shares.

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

	2016	2015
	£	£
UK Pounds	**399,619**	44,444
Euros	**3,580**	8,188
Georgian Lari	**13,007**	1,865
	416,206	54,497

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

10. Cash and Cash Equivalents

	2016 £	2015 £
Cash at bank and in hand	**1,659,314**	281,671

All of the Group's cash at bank is held with institutions with an AA credit rating.

11. Trade and Other Payables

	2016 £	2015 £
Trade payables	**253,006**	142,582
Other payables	**7,385**	-
Accrued expenses	**45,727**	25,358
	306,118	167,940

12. Share Capital and Share Premium

On 15 December 2010 the shareholders approved the removal of the Company's authorised share capital and so there is no limit on the number of shares the Company is authorised to issue. On that date the shareholders also approved the removal of the nominal value of the shares, as permitted under local company legislation. As such all amounts raised are considered to be share premium.

Issued share capital

Group	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2015	**969,039,377**	**-**	**25,664,551**	**25,664,551**
Issue of new shares – 23 March 2015	239,000,000	-	453,797	453,797
Issue of new shares – 24 March 2015	10,731,707	-	22,000	22,000
Issue of new shares – 31 March 2015	175,000,000	-	350,000	350,000
Issue of new shares – 14 July 2015	1,299,999,980	-	2,600,000	2,600,000
At 31 December 2015	**2,693,771,064**	**-**	**29,090,348**	**29,090,348**
Issue of new shares – 21 January 2016 (1)	1,250,000,000	-	942,500	942,500
Issue of new shares – 21 January 2016	63,000,000	-	50,400	50,400
Issue of new shares – 1 July 2016 (2)	785,714,286	-	1,036,025	1,036,025
5 October 2016 - Consolidation of shares, 100 shares consolidated to 1 share	(4,744,560,497)	-	-	-
Issue of new shares – 16 December 2016 (3)	32,500,000	-	2,534,000	2,534,000
At 31 December 2016	**80,424,854**	**-**	**33,653,273**	**33,653,273**

(1) Includes issue costs of £57,500
(2) Includes issue costs of £63,975
(3) Includes issue costs of £66,000

12. Share capital and Share Premium (continued)

On 21 January 2016 the Company raised £1,000,000 via the issue and allotment of 1,250,000,000 new ordinary shares with no par value at a price of 0.08p each. On the same date the Company issued and allotted 63,000,000 new ordinary shares with no par value at a price of 0.08p each as consideration for consultants fees.

On 1 July 2016 the Company raised £1,100,000 via the issue and allotment of 785,714,286 new ordinary shares with no par value at a price of 0.14p each.

On 16 December 2016 the Company raised £2.6 million via the issue and allotment of 32,500,000 new ordinary shares with no par value at a price of 8p each.

13. Other Reserves

	2016	2015
	£	£
Foreign currency translation reserve	**579,965**	(442,370)
Share option Reserve	**258,505**	-
	838,470	(442,370)

Foreign currency translation reserve – the foreign currency translation reserve represents the effect of changes in exchange rates arising from the translating the financial statements of subsidiary undertakings into the Company's presentation currency.

Share option Reserve – The share option reserve represents the fair value of share options and warrants in issue. The amounts included are recycled to retained earnings on exercise or expiry of the options and warrants.

14. Share Based Payments

Warrants outstanding at 31 December 2016 have the following expiry dates and exercise prices:

			Shares	
Grant date	Expiry date	Exercise price in £ per share	**2016**	2015
20 July 2015	20 March 2016	0.40	**-**	800,000
28 January 2016	21 January 2018	0.13	**182,500**	-
1 July 2016	1 July 2018	0.18	**55,866**	-
20 July 2016	20 July 2021	0.14	**5,000,000**	-
15 November 2016	16 November 2018	0.10	**170,000**	-
			5,408,366	800,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

14. Share Based Payments (continued)

The fair value of the warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2016 Warrants	2016 Warrants	2016 Warrants	2016 Warrants
Granted on:	28/01/2016	01/07/2016	20/07/2016	15/11/2016
Life (years)	2 years	2 years	5 years	2 years
Risk free rate	0.09%	0.09%	0.5%	0.09%
Expected volatility	16.75%	25.21%	23.29%	21.53%
Expected dividend yield	-	-	-	-
Marketability discount	20%	20%	20%	20%
Total fair value (£)	168	68,987	188,690	660

The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

The movement of options and warrants granted over the year to 31 December 2016 is shown below:

	2016		2015	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
As at 1 January	**800,000**	**0.4**	-	-
Granted	**5,408,366**	**0.14**	800,000	0.4
Expired	**(800,000)**	**0.4**	-	-
Outstanding as at 31 December	**5,408,366**	**0.14**	800,000	0.004
Exercisable at 31 December	**5,408,366**	**0.14**	800,000	0.004

	2016				2015			
Range of exercise prices (£)	**Weighted average exercise price (£)**	**Number of shares**	**Weighted average remaining life expected (years)**	**Weighted average remaining life contracted (years)**	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0.1 - 0.2	**0.14**	**5,408,366**	**4.395**	**4.395**	0.4	800,000	0.25	0.25

No options or warrants were exercised during the period. The total fair value charged to the statement of comprehensive income for the year ended 31 December 2016 and included in administrative expenses was £258,505 (2015: £ nil).

15. Other (losses)/gains - Net

	Group	
	2016	2015
	£	£
Net foreign exchange gains / (losses)	**4,213**	222
Other gains/losses	**(191)**	(454)
	4,022	(232)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

16. Employees

	Group	
	2016	2015
Staff costs (excluding Directors)	**£**	£
Salaries and wages	**126,429**	12,569
Social security costs	**31,571**	-
	158,000	12,569

The average monthly number of employees during the year was 10 (2015: 1).

17. Directors' Remuneration

	Directors' Fees		Share Options charge		Total	
	2016	2015	**2016**	2015	**2016**	2015
	£	£	**£**	£	**£**	£
Executive Directors						
Gregory Kuenzel	**30,000**	31,500	**37,738**	**-**	**30,000**	31,500
Jeremy Whybrow	**37,846**	100,000	**-**	**-**	**37,846**	100,000
Martyn Churchouse	**100,000**	46,739	**-**	**-**	**100,000**	46,739
Non-executive Directors						
Michael Hutchinson	**25,000**	25,000	**-**	-	**25,000**	25,000
Marcus Edwards-Jones	**12,000**	24,000	**7,548**	-	**12,000**	24,000
Roderick McIllree	**28,000**	20,000	**-**	-	**28,000**	20,000
Neil O'Brien	**8,000**	-	**11,321**	-	**8,000**	-
Peter Damouni	**6,462**	-	**37,738**	-	**6,482**	-
	247,308	247,239	**94,345**	-	**247,308**	247,239

No pension benefits are provided for any Director.

Of the above director fees, £140,056 (2015: £136,151) has been capitalised in accordance with IAS 38 as exploration and evaluation related costs and are shown as an intangible addition in the year.

18. Finance Income

	Group	
	2016	2015
	£	£
Finance income – bank interest	**162**	316

19. Taxation

The tax on the Group's loss differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	Group	
	2016	2015
	£	£
Loss before tax	**5,645,734**	653,854
Tax at the weighted average rate of 20.50% (2015: 20%)	**(1,157,375)**	(130,770)
Expenditure not deductible for tax purposes	**364,249**	5,733
Net tax effect of losses carried forward on which no deferred tax asset is recognised	**793,126**	125,037
Income tax for the year	**-**	-

No charge to taxation arises due to the losses incurred.

The weighted average applicable tax rate of 20.50% (2015: 20%) used is a combination of the 20% standard rate of corporation tax in the UK, 25% Austrian corporation tax, 0% Georgian corporation tax (15% charged on distributions but as no distributions made 0%) and 0% BVI corporation tax.

The Group has accumulated tax losses of approximately £2,956,000 (2015: £2,163,000) available to carry forward against future taxable profits. A deferred tax asset has not been recognised because of uncertainty over future taxable profits against which the losses may be utilised.

20. Earnings per Share

The calculation of the total basic loss per share of 9.895 pence (2015: loss 3.343 pence) is based on the loss attributable to equity owners of the group of £5,498,126 (2015: £646,789) and on the weighted average number of ordinary shares of 55,565,501 (2015:1,904,691,623) in issue during the period. The 2015 figure has been restated from 0.0034 as a result of the share consolidation in the year.

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options or warrants would be to decrease the loss per share.

21. Commitments

(a) Purchase agreement

On 14 July 2015, the Group acquired GMC Investments Limited which owns 50% of Georgian Copper & Gold Limited ("GCG"). GCG is the holder of gold, copper and silver licenses in the Republic of Georgia. The license is for a period of 30 years from December 2015 and includes commitments to pay US$6,000,000 over 2 years on exploration and development, after which the joint venture partner, Caucasian Mining Group, is required to contribute or dilute. As at 31 December 2016, US$2,000,000 has been spent under the agreement with a further US$4,000,000 budgeted in 2017.

(b) Royalty agreements

As part of the contractual arrangement with Kibe No.1 Investments Limited the Group has agreed to pay a royalty on revenue from gold sales arising from gold mines developed by Noricum Gold AT GmbH and covered by licenses acquired by Kibe No.1 Investments Limited. Under the terms of the Royalty Agreement between Kibe No.1 Investments Limited and Noricum

21. Commitments (continued)

Gold AT GmbH, the Group shall pay royalties, based on total ounces of gold sold, equal to US$1 for every US$250 of the sale price per ounce.

As part of a contractual arrangement with Ord Resources GmbH, the Group has agreed to pay a royalty on revenue from gold sales arising from gold mines developed by Noricum Gold AT GmbH and covered by the licenses acquired from Ord Resources GmbH. Under the terms of the Royalty Agreement with Ord Resources GmbH, the Group shall pay royalties based on the total ounces of gold sold, at a rate equal to US$2 for each ounce sold.

(c) Operating lease commitments

The Group leased office premises under a non-cancellable operating lease agreement. The previous lease fixed term expired during the year. The lease was renewed in October 2016 for a fixed term of 1 year. The lease expenditure charged to the income statement during the year is included in Note 6.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	**2016** **£**	2015 £
Not later than one year	**27,000**	27,000
Later than one year but not later than five years	**-**	-
Total lease commitment	**27,000**	27,000

22. Related Party Transactions

Recharges between Georgian Mining Corporation and European Mining Services Limited

During the year Georgian Mining Corporation recharged administrative costs with a total value of £334,235 (2015: £nil) to European Mining Services Limited for services rendered to European Mining Services Limited.

Services provided by European Mining Services Limited and JSC Georgian Copper & Gold Limited

During the year European Mining Services Limited provided geological, technical and other professional services with a total value of £696,929 (2015: £nil) to JSC Georgian Copper & Gold.

Loan from Georgian Mining Corporation to Noricum Gold AT GmbH

As at 31 December 2016 there were amounts receivable of £nil (2015: £3,865,928) from Noricum Gold AT GmbH and £2,557 (2015: £1,963) from Kibe No.2 Investments Limited. No interest was charged on the loans.

Loan from Georgian Mining Corporation to JSC Georgian Copper and Gold and GMC Investments Limited

As at 31 December 2016 there were amounts receivable of £nil (2015: 126,193) from JSC Georgian Copper and Gold and £1,862,618 (2015: 118,825) from GMC Investments Limited. No interest was charged on the loans.

Loan from Georgian Mining Corporation to European Mining Services Limited

As at 31 December 2016 there were amounts receivable of £423,152 (2015: £nil) from European Mining Services Limited.

All intra-group transactions are eliminated on consolidation.

22. Related Party Transactions (continued)

Other Transactions

Greenland Gas and Oil Limited, a company in which Gregory Kuenzel, Roderick McIllree, Jeremy Whybrow and Michael Hutchinson are Directors and shareholders, was paid a fee of £18,600 (2015: £9,500) for geological information systems consulting services to the Group. No balance was outstanding at the year-end.

Fairholme Consulting Services Ltd, a company in which Gregory Kuenzel is a Director and beneficial owner, was paid a fee of £69,998 (2015: £45,166) for management and corporate consulting services to the Group. No balance was outstanding at the year-end.

Silvergate Capital Partners, a company in which Peter Damouni is a Director and beneficial owner, was paid a fee of £32,500 (2015: £nil) for management and corporate consulting services to the Group. No balance was outstanding at the year-end.

23. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

24. Events after the Reporting Date

On 30 January 2017 1,900,000 options over Ordinary Shares were granted to Anthony Frizelle and Laurence Mutch upon joining the Board at an exercise price of 12 pence per share.

On 23 May 2017 £5,463,942 was raised through a placing of 34,149,638 Ordinary Shares at a price of 16 pence per share.