RNS Number : 2388C
Georgian Mining Corporation
28 September 2018

Georgian Mining Corporation / EPIC: GEO / Market: AIM / Sector: Natural Resources

28th September 2018

Georgian Mining Corporation

('GEO' or the 'Company')

Interim Results

Georgian Mining Corporation is pleased to provide its interim results for the six-month period ended 30 June 2018.

UPDATE ON PERMIT APPLICATION

Mike Struthers, Chief Executive Officer said:

"Regarding the Company's permit application. As noted in our news release of 25th September 2018, I had a positive meeting with the Minister of Economy and Sustainable Development Mr. Kobulia on Friday 21st September 2018 regarding the Company's application to extend our exploration permits. Following the meeting the Minister provided the below comment which reinforced our belief that this issue will get resolved very soon."

Mr. George Kobulia , Georgian Minister of Economy and Sustainable Development said:

"I appreciate the effort that Georgian Mining are putting into their projects in Georgia. The Government has ambitious plans to expand our mineral resource extraction activities in the country, and we welcome companies who are very focussed on results and delivery. I hope we can respond positively on the company's application in the very near future."

CHAIRMAN'S REPORT

While the period under review has been frustrating for our shareholders, the directors and all stakeholders of Georgian Mining, as we continue to wait for final Ministerial approval of our permitting application, the new Government appointments have now been made and we are confident the Government Resolution on our permits will be approved, and we will be able to press ahead with our 2018 drilling programme.

After a productive drilling campaign at our most advanced project Kvemo Bolnisi East ("KBE") in 2017, we completed our vesting of $6.0M into the Joint Venture in September 2017, with the result that all future expenditure is on a 50:50 basis between the partners. However, at that point our Joint Venture Partner requested certain revisions to the original Shareholders Agreement which were successfully concluded in March 2018 with the announcement of three key achievements; (i) a modified Shareholders Agreement; (ii) an agreed 2018 work programme; and (iii) a Memorandum of Understanding on Production (of gold oxides) from KBE. As a result of these changes each shareholder now has equal board representation and therefore, as of 1 March 2018, the JV Company is no longer consolidated for group accounting purposes.

The Joint Venture company holds a 30-year mining concession, whose tenure is valid until 13th October 2041. During this mining tenure there is a requirement to obtain "right-to-explore" permits through government approval of multi-year exploration work programmes and budgets. Following the revisions to the Shareholders Agreement, we re-engaged with our partner and the Georgian Mining Agency to conclude negotiations to extend the exploration permits for the various areas and the final application was agreed to in June.

The final stage, submission and approval of a Government Resolution, should now be finalised upon new Ministerial appointments following a Government re-organisation triggered by the resignation of the Prime Minister on 13th June 2018. Although the previous Minister of Economy endorsed our application just before the former minister resigned, it is necessary for the new Minister to also endorse the application before the Government Resolution can be circulated and approved. New Cabinet appointments have been made and we remain confident that the Government Resolution will be approved.

While we wait for the approval I have been delighted with the technical work being carried out at KBE in preparation for resource infill and development drilling, infrastructure sterilisation drilling, and commencement of the feasibility study. The recent work has included pit optimisations at KBE and developing new concepts for layouts of surface facilities and haulage routes to the processing facilities at the neighbouring operations. These have all been done internally and are particularly interesting as we are now starting to see what the future KBE operation will actually look like.

During this period, and whilst the process to extend the exploration licence has been ongoing, we have reduced expenditure wherever possible to preserve cash.

Management

The Company continues to strengthen its Board and Management team and on 28th March 2018, Mike Struthers, previously COO, has been appointed CEO. At the same time, I also accepted the role of Non-Executive Chairman.

The appointment of Simon Cleghorn as Technical Services Manager in Georgia commencing in June 2018 further strengthened the team's delivery ability and these, as well as the other Board changes during the period, have created a very capable team.

In June 2018 the Company appointed Hannam & Partners as its financial advisors to focus on strategic opportunities and M&A, with a view to expanding the portfolio in Georgia and within the Tethyan Belt. The Board and Management continue to develop the business, placing great emphasis on enhancing the Company's presence in Georgia in 2018.

I would like to thank our Shareholders for their continued support as well as the Board and Advisors for all their hard work. Over the next 6 months we are confident we will benefit from the significant opportunities that now lie before us.

Neil O'Brien
Non-Executive Chairman

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

****ENDS****

For further information please visit www.georgianmining.com or contact:

Mike Struthers	Georgian Mining Corporation	Company	Tel: 020 7907 9327
Ewan Leggat	S. P. Angel Corporate Finance LLP	Nomad & Broker	Tel: 020 3470 0470
Soltan Tagiev	S. P. Angel Corporate Finance LLP	Nomad & Broker	Tel: 020 3470 0470
Damon Heath	Shard Capital Partners LLP	Joint Broker	Tel: 020 7186 9950
Camilla Horsfall	Blytheweigh	PR	Tel: 020 7138 3224
Simon Woods	Blytheweigh	PR	Tel: 020 7138 3204

About Georgian Mining Corporation

Georgian Mining Corporation has 50% ownership and operational control of the Bolnisi Copper and Gold Project in Georgia, situated on the prolific Tethyan Belt, a well-known geological region and host to many high-grade copper-gold deposits and producing mines. The Bolnisi licence covers an area of over 860 sq km and has a 30-year mining licence with a variety of targets and projects ranging from greenfield exploration / target definition phase through intermediate target-testing phases to more advanced projects including Kvemo Bolnisi East which will advance to Feasibility Study in 2018. These projects are proximal to several advanced projects and existing mining operations owned by the Company's joint venture partner, and their sister production company. Georgia has an established mining code and is a jurisdiction open to direct foreign investment.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**6 months to 30 June 2018 Unaudited £**	**6 months to 30 June 2017 Unaudited £**
Continuing operations			
Revenue		**63,413**	-
Administration expenses		**(837,374)**	(699,639)
Foreign exchange		**456,816**	(223,868)
Share option expense		**-**	(160,268)
Operating Loss		**(317,145)**	(1,083,775)
Share of loss from joint venture	6	**(181,111)**	-
Loss on disposal of subsidiary	12	**(156,916)**	-
Finance income		**12**	64
Loss Before Income Tax		**(655,160)**	(1,083,711)
Income tax expense		**-**	-
Loss for the period		**(655,160)**	(1,083,711)
Loss attributable to:			
- owners of the Parent		**(643,648)**	(1,034,574)
- non-controlling interests		**(11,512)**	(49,137)
Loss for the period		**(655,160)**	(1,083,711)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**261,959**	519,593
Total comprehensive income		**(393,201)**	(564,118)
Attributable to:			
- owners of the Parent		**(599,059)**	(332,946)
- non-controlling interests		**205,858**	(231,172)
Total comprehensive income		**(393,201)**	(564,118)
Earnings per share (pence) from continuing operations attributable to owners of the Parent - Basic & diluted	8	**(0.561)**	(1.179)

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2018	**31 December 2017**

	Notes	Unaudited £	Audited £
Non-Current Assets			
Property, plant and equipment		**39,254**	162,535
Intangible assets	5	**2,981,714**	10,472,718
Investments in Joint Ventures	6	**4,158,136**	-
		7,179,104	10,635,253
Current Assets			
Trade and other receivables		**493,865**	381,555
Cash and cash equivalents		**1,397,844**	2,569,997
		1,891,709	2,951,552
Total Assets		**9,070,813**	13,586,805
Current Liabilities			
Trade and other payables		**271,467**	413,080
Total Liabilities		**271,467**	413,080
Net Assets		**8,799,346**	13,173,725
Equity Attributable to owners of the Parent			
Share premium account	7	**38,904,337**	38,880,612
Reverse acquisition reserve		**(18,845,147)**	(18,845,147)
Other Reserves		**428,520**	384,099
Retained losses		**(11,688,364)**	(11,033,204)
Total equity attributable to owners of the Parent		**8,799,346**	9,386,360
Non-controlling interest		**-**	3,787,365
Total Equity		**8,799,346**	13,173,725

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share premium £	Reverse acquisition reserve £	Other Reserves £	Retained losses £	Total £	Non-controlling interest £	Total equity £
As at 1 January 2017	**33,653,273**	**(18,845,147)**	**838,470**	**(8,772,601)**	**6,873,995**	**3,640,258**	**10,514,253**
Comprehensive income							
Loss for the period	-	-	-	(1,034,574)	(1,034,574)	(49,137)	(1,083,711)
Other comprehensive income							
Currency translation differences	-	-	701,628	-	701,628	(182,035)	519,593
Total comprehensive income	-	-	701,628	(1,034,574)	(332,946)	(231,172)	(564,118)
Issue of ordinary shares	5,463,942	-	-	-	5,463,942	-	5,463,942
Issue costs	(236,603)	-	-	-	(236,603)	-	(236,603)
Share option charge	-	-	160,268	-	160,268	-	160,268
Total transactions with owners	5,227,339	-	160,268	-	5,387,607	-	5,387,607
As at 30 June 2017	**38,880,612**	**(18,845,147)**	**1,700,366**	**(9,807,175)**	**11,928,656**	**3,409,086**	**15,337,742**

	Share premium £	Reverse acquisition reserve £	Other Reserves £	Retained losses £	Total £	Non-controlling interest £	Total equity £
As at 1 January 2018	**38,880,612**	**(18,845,147)**	**384,099**	**(11,033,204)**	**9,386,360**	**3,787,365**	**13,173,725**
Comprehensive income							
Loss for the period	-	-	-	(643,648)	(643,648)	(11,512)	(655,160)
Other comprehensive income							
Currency translation differences	-	-	44,589	-	44,589	217,370	261,959
Total							

comprehensive income	-	-	44,589	(643,648)	(599,059)	205,858	(393,201)
Issue of ordinary shares	23,725	-	-	-	23,725	-	23,725
Issue costs	-	-	-	-	-	-	-
Share option charge	-	-	(168)	-	(168)	-	(168)
Deconsolidation of Georgian Copper and Gold	-	-	-	(11,512)	(11,512)	(3,993,223)	(4,004,735)
Total transactions with owners	23,725	-	(168)	(11,512)	12,045	(3,993,223)	(3,981,178)
As at 30 June 2018	**38,904,337**	**(18,845,147)**	**428,520**	**(11,688,364)**	**8,799,346**	**-**	**8,799,346**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30 June 2018 Unaudited £	30 June 2017 Unaudited £
Cash flows from operating activities		
Loss before taxation	**(655,160)**	(1,083,711)
Adjustments for:		
Depreciation	**20,376**	17,406
Finance income	**(12)**	(64)
Share based expense	**(168)**	160,268
Share based payments	**-**	24,887
Share of loss on joint venture	**181,111**	-
Loss on deconsolidation of Georgian Copper & Gold	**156,914**	-
Foreign exchange	**(663,648)**	261,612
Increase in trade and other receivables	**(261,913)**	(393,187)
Decrease in trade and other payables	**164,513**	(72,256)
Net cash used in operations	**(1,057,987)**	(1,085,045)
Cash flows from investing activities		
Interest received	**12**	64
Loans granted to joint venture partners	**(37,974)**	-
Purchase of property, plant & equipment	**-**	(38,377)
Additions to exploration and evaluation intangibles	**(87,008)**	(1,525,242)
Net cash used in investing activities	**(124,970)**	(1,563,555)
Cash flows from financing activities		
Proceeds from issue of shares	**23,725**	5,439,055
Cost of issue	**-**	(236,603)
Net cash from financing activities	**23,725**	5,202,452
Net (decrease) / increase in cash and cash equivalents	**(1,159,232)**	2,553,852
Cash and cash equivalents at beginning of period	**2,569,997**	1,659,314
Decrease in cash on deconsolidation	**(13,180)**	-
Exchange differences on cash	**259**	44,175
Cash and cash equivalents at end of period	**1,397,844**	4,257,341

Major non-cash transactions

On 23 May 2017 the Company issued 155,545 new ordinary shares of no par value at a price of 16 pence per share as payment to consultants in lieu of cash fees.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General Information

The principal activity of Georgian Mining Corporation ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of precious and base metals. The Company's shares are listed on the AIM Market of the London Stock Exchange. The Company is incorporated in the British Virgin Islands and domiciled in the United Kingdom. The Company was incorporated on 10 February 2010 under the name Gold Mining Company Limited. On 10 October 2016 the Company changed its name from Noricum Gold Limited to Georgian Mining Corporation.

The address of the Company's registered office is Trident Chambers, PO Box 146, Road Town, Tortola BVI.

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 28 June 2018. The report of the auditors on those financial statements was unqualified.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30 June 2018. The factors that were extant at the 31 December 2017 are still relevant to this report and as such reference should be made to the going concern note and disclosures in the 2017 Annual Report.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2017 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.georgianmining.com. The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses, and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2017 Annual Report and Financial Statements. Actual amounts may differ from these estimates. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Accounting Policies

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2017 except for the impact of the adoption of the Standards and interpretations described below and new accounting policies adopted as a result of changes in the Group.

3.1 Changes in accounting policy and disclosures

Disposals of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting.

for the retained interest as an associate, joint venture or financial asset. In addition, any previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Georgian Mining Corporation has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income, When the Group's share of losses in joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) *Accounting developments during 2018*

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 30 June 2018 but did not results in any material changes to the financial statements of the Group or Company.

The following standards were adopted by the Group during the year;

- IFRS 15 - revenue from Contacts with Customers (effective 1 January 2018)
- IFRS 9 - Financial Instruments (effective 1 January 2018)
- IFRS 2 (Amendments) - Share-based payments - classification and measurement (effective 1 January 2018)
- Annual Improvements 2014-2016 Cycle
- IFRIC Interpretation 22 - Foreign currency transactions and advanced consideration (effective 1 January 2018)

The Directors believe that the adoption of these standards have not had a material impact on the financial statements other than changes to disclosures.

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

Standard	Impact on initial application	Effective date
IFRS 16	Leases	*1 January 2019
IFRS 9 (Amendments)	Prepayment features with negative compensation	*1 January 2019
IAS 28 (Amendments)	Long term interests in associates and joint ventures	*1 January 2019
Annual	2015 - 2017 Cycle	*1 January 2019

Improvements		
IAS 19 (Amendments)	Employee Benefits	*1 January 2019
IFRIC 23	Uncertainty over income tax treatments	*1 January 2019

** Subject to EU endorsement

The Directors are actively considering the effects upon the financial statements and at the time of approval do not consider that the financial statements will be subject to material changes.

4. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2018 (2017: nil).

5. Intangible fixed assets

The movement in capitalised exploration and evaluation costs during the period was as follows:

Exploration & Evaluation at Cost and Net Book Value	**£**
Balance as at 1 January 2018	10,472,718
Additions	87,008
Exchange rate variances	279,301
Deconsolidation of Georgian Copper and Gold	(7,857,313)
As at 30 June 2018	**2,981,714**

6. Joint Venture

Investment in Joint Venture	**£**
Fair value as at 1 March 2018	3,994,585
Share of loss from joint venture	(181,111)
Loan to Georgian Copper and Gold	135,275
Exchange rate variances	209,387
As at 30 June 2018	**4,158,136**

On 1 March 2018, Georgian Mining Corporation ('GMC') recognized their joint venture in Georgian Copper and Gold ('GCG'). GMC have a 50% shareholding in GCG and the fair value of the investment at this date was £3,994,585. GMC have adopted equity accounting from 1 March 2018 to 30 June 2018 to account for their share of the loss in GCG for this period which equated to £181,111.

7. Share capital and share premium

	Number of shares	**Ordinary shares £**	**Share premium £**	**Total £**
Issued and fully paid				
As at 1 January 2017	80,424,854	-	33,653,273	33,653,273
Issue of new shares - 23 May 2017 [1]	34,149,638	-	5,227,339	5,227,339
As at 31 December 2017	**114,574,492**	**-**	**38,880,612**	**38,880,612**
As at 1 January 2018	**114,574,492**	**-**	**38,880,612**	**38,880,612**
Warrant exercised - 26 January 2018	182,500	-	23,725	23,725
As at 30 June 2018	**114,756,992**	**-**	**38,904,337**	**38,904,337**

(1) Includes issue costs of £236,602

8. Loss per share

The calculation of the total basic loss per share of 0.561 pence (2017: 1.179 pence) is based on the loss attributable to equity owners of the parent company of £643,648 (2017: £1,034,574) and on the weighted average number of ordinary shares of 114,731,785 (2017: 87,783,063) in issue during the period.

No diluted earnings per share is presented as the effect on the exercise of share options would be to decrease the loss per share.

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2017.

9. Fair value estimation

There are no financial instruments carried at fair value.

10. Fair value of financial assets and liabilities measured at amortised costs

Financial assets and liabilities comprise the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The fair values of these items equate to their carrying values as at the reporting date.

11. Commitments

All commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2017.

12. Deconsolidation of Georgian Copper and Gold

On 1 March 2018, as a result of changes to the Joint Venture Agreement, Georgian Copper and Gold was, in accordance with accounting standards, no longer considered to be controlled by Georgian Mining Corporation. The following table summarises the amounts of the assets and liabilities released at the deconsolidation date.

Recognised amounts of identifiable assets and liabilities released	**Total**

	£
Cash and cash equivalents	(13,180)
Exploration assets (included within Intangible Assets)	(7,857,313)
Property, plant and equipment	(105,482)
Investment in Georgian Copper and Gold	3,994,585
Other identifiable assets and liabilities	253,821
Foreign currency translation	(312,313)
Total identifiable net assets	**(4,039,882)**
Non-controlling interest	**3,882,966**
Loss on deconsolidation	**(156,916)**

Georgian Copper and Gold ('GCG') is not a discontinued operation as it is not a component of Georgian Mining Corporation ('GMC') that has been disposed of or is classified as available for sale. GMC holds a 50% interest in the entity however both shareholders now have equal representation on the board of GCG therefore, GMC does not have control and therefore the operations have not been consolidated in the Group financial statements.

13. Events after the balance sheet date

There have been no events after the reporting date of material nature.

14. Approval of interim financial statements

The condensed interim financial statements were approved by the Board of Directors on 27 th September 2018.

END

IR QDLFLVKFLBBX