

ALLIED GOLD RESOURCES PLC
Consolidated Financial Statements
30 June 2018

PRITCHARD FELLOWS & CO

Chartered Certified Accountants & statutory auditor

Avery House
8 Avery Hill Road
New Eltham
London
SE9 2BD

ALLIED GOLD RESOURCES PLC

Consolidated Financial Statements

Year ended 30 June 2018

| Contents | Page |
|--|-------------|
| Officers and professional advisers | 1 |
| Chairman's statement | 2 |
| Strategic report | 3 |
| Directors' report | 5 |
| Independent auditor's report to the members | 7 |
| Consolidated statement of comprehensive income | 11 |
| Consolidated statement of financial position | 12 |
| Company statement of financial position | 13 |
| Consolidated statement of changes in equity | 14 |
| Company statement of changes in equity | 15 |
| Consolidated statement of cash flows | 16 |
| Notes to the consolidated financial statements | 17 |

ALLIED GOLD RESOURCES PLC

Chairman's Statement

Year ended 30 June 2018

| | |
|-------------------------------|--|
| The board of directors | B Denantes W A Fucilla F Fucilla M Goodrich |
| Company secretary | Mrs. A Fucilla |
| Registered office | Avery House 8 Avery Hill Road New Eltham London SE9 2BD |
| Auditor | Pritchard Fellows & Co Chartered Certified Accountants & statutory auditor Avery House 8 Avery Hill Road New Eltham London SE9 2BD |
| Registered number | 05851677 (England and Wales) |

ALLIED GOLD RESOURCES PLC

Chairman's Statement

Year ended 30 June 2018

The company has kept Shareholders informed on progress throughout the year.

During the year the Company's Directors have continued to demonstrate expenditure restraint whilst progressing with strategic development and technical work to mature the Company's interests and targets.

Yellow Energy Ltd

Allied Gold Resources Plc (AGR) has a 10% interest in Yellow Energy Ltd (YEP) group's concessions. An exploration gravity survey program and seismic were completed and the drilling revealed 6 levels of BRINE targets. However our Australian team did not collect the Brine samples at the 6 levels and send out rocks to be tested instead. We are in the process of trying to repair the damage caused.

Reids Dome (PL 231)

AGR is to participate in the Reids Dome Gas Field development. The operator has sent out tenders to drill 3 shallow wells in the next few months (on or about).

Renewable Energy projects

The European projects have been suffering a number of Difficulties. The present economic and political situation in Europe has seen huge challenges with tariffs that have blocked projects and bankrupt companies in the process.

In Romania our partner has gone out of business and in Italy desperate contractors and businessman are awaiting the new tariffs at the end of September in order to see if business is possible or not.

In the event all is well, AGR will participate in renewable energy projects in Europe & the Middle East, such as solar energy, wind energy and hydrogen fuel cells.

In recent times we have learned that the subsidiary company in Slovakia is still alive and that dormant accounts should have been filed for the last 9 years. We have appointed a local consultant firm specializing in such matters in order to put the record correctly.

The present Directors understand that all business were closed in 2009 or about and that the authorities were informed in writing that all business had terminated and appointed a local lawyer to correspond with the authorities for clarification of any kind. No correspondence was ever received by the appointed Lawyer in Bratislava.

F Fucilla
Chairman

Date: 1 October 2018

ALLIED GOLD RESOURCES PLC

Strategic Report

Year ended 30 June 2018

The Company's objective is to further its Uranium and Gold exploration within Western Australia and seek new business opportunities through joint ventures.

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the strategic report is consistent with the financial statements. The auditor's report is set out on page 6.

Objectives and investments

The company's objective is to pursue in its Uranium and Rare Earth's exploration strategy and to provide long-term returns to investors through a combination of dividend yield and investment growth.

Key performance indicators

The directors regard the following as the key indicator pertaining to the company's performance:

Ongoing exploration: the company will continue investing in the exploration joint venture when they become due.

Risks management:

Exploration risk - the Zlatno licence area: due to its inability to resolve the various tenements issues with the local authorities, the company as a result has terminated all exploration activities in Slovakia.

Competition - the mining industry is intensely competitive throughout all its phases. There is a high degree of competition for mineral properties, as well as access to funds. In relation to the acquisition of additional gold or other properties the company will, therefore, be competing for mineral properties, staff and financing with competitors that are much larger and better capitalised than it is and have greater technical and operational resources and staff.

Market risk - while the company believes that the outlook for mineral prices is good, the marketability and price of any minerals discovered will be affected by numerous factors beyond the control of the company. These factors include, in particular, market fluctuations and government regulations relating to taxation, royalties, allowable production and environmental protection.

Environmental risk - the activities of the company are subject to environmental regulations promulgated by agencies and the government from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition the cost and compliance with changes in government regulations has a potential to reduce the profitability of operations.

Uninsured risks - in the course of exploration, development and production of mineral properties, certain risks and in particular, unexpected or unusual geological conditions including rock bursts, cave ins, fire, flooding and earthquakes as well as environmental pollution may occur. It is not always possible to fully insure against such risks as a result of high premiums and other reasons. Should such liabilities arise they can reduce or eliminate any future profitability and result in increased costs, have a material adverse effect on the company's results and a decline in the value of the securities of the company.

ALLIED GOLD RESOURCES PLC

Strategic Report *(continued)*

Year ended 30 June 2018

Exploration, mining and other licences - the company's exploration and mining activities will be dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents ("authorisations"). There can be no assurance that such authorisations will be renewed following expiry (or granted as the case may be) or as to the terms of such grants or renewals.

Principal Activities - The principal activity of the group in the year under review was that of gold exploration.

This report was approved by the board of directors on 1 October 2018 and signed on behalf of the board by:

W A Fucilla
Director

Registered office:
Avery House
8 Avery Hill Road
New Eltham
London
SE9 2BD

ALLIED GOLD RESOURCES PLC

Directors' Report

Year ended 30 June 2018

The directors present their report and the consolidated financial statements of the group for the year ended 30 June 2018.

Directors

The directors who served the company during the year were as follows:

B Denantes
W A Fucilla
F Fucilla
M Goodrich

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

The company has chosen to set out in the Strategic Report information regarding its future development.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these consolidated 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALLIED GOLD RESOURCES PLC

Directors' Report *(continued)*

Year ended 30 June 2018

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 1 October 2018 and signed on behalf of the board by:

W A Fucilla
Director

Registered office:
Avery House
8 Avery Hill Road
New Eltham
London
SE9 2BD

ALLIED GOLD RESOURCES PLC

Independent Auditor's Report to the Members of ALLIED GOLD RESOURCES PLC

Year ended 30 June 2018

Opinion

We have audited the consolidated financial statements of ALLIED GOLD RESOURCES PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

ALLIED GOLD RESOURCES PLC

Independent Auditor's Report to the Members of ALLIED GOLD RESOURCES PLC *(continued)*

Year ended 30 June 2018

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

ALLIED GOLD RESOURCES PLC

Independent Auditor's Report to the Members of ALLIED GOLD RESOURCES PLC *(continued)*

Year ended 30 June 2018

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

ALLIED GOLD RESOURCES PLC

Independent Auditor's Report to the Members of ALLIED GOLD RESOURCES PLC *(continued)*

Year ended 30 June 2018

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Sunil Phakkey (Senior Statutory Auditor)

For and on behalf of
Pritchard Fellows & Co
Chartered Certified Accountants & statutory
auditor

Avery House
8 Avery Hill Road
New Eltham
London
SE9 2BD

1 October 2018

ALLIED GOLD RESOURCES PLC
Consolidated Statement of Comprehensive Income
Year ended 30 June 2018

| | Note | 2018 £ | 2017 £ |
|---|----------|-----------------------|-------------------------|
| Administrative expenses | | <u>4,503</u> | <u>105,055</u> |
| Operating loss | 4 | (4,503) | (105,055) |
| Other interest receivable and similar income | 8 | <u>—</u> | <u>626</u> |
| Loss before taxation | | (4,503) | (104,429) |
| Tax on loss | | <u>—</u> | <u>—</u> |
| Loss for the financial year and total comprehensive income | | <u>(4,503)</u> | <u>(104,429)</u> |

All the activities of the group are from continuing operations.

The notes on pages 17 to 23 form part of these consolidated financial statements.

ALLIED GOLD RESOURCES PLC
Consolidated Statement of Financial Position
30 June 2018

| | Note | 2018 £ | 2017 £ |
|---|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Investments | 9 | 5,064 | 5,064 |
| Current assets | | | |
| Debtors | 10 | 739,257 | 742,005 |
| Creditors: amounts falling due within one year | 12 | <u>4,833</u> | <u>3,078</u> |
| Net current assets | | <u>734,424</u> | <u>738,927</u> |
| Total assets less current liabilities | | <u>739,488</u> | <u>743,991</u> |
| Net assets | | <u><u>739,488</u></u> | <u><u>743,991</u></u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 76,850 | 76,850 |
| Share premium account | 14 | 1,238,031 | 1,238,031 |
| Profit and loss account | 14 | <u>(575,393)</u> | <u>(570,890)</u> |
| Shareholders funds | | <u><u>739,488</u></u> | <u><u>743,991</u></u> |

These consolidated financial statements were approved by the board of directors and authorised for issue on 1 October 2018, and are signed on behalf of the board by:

W A Fucilla
Director

Company registration number: 05851677

The notes on pages 17 to 23 form part of these consolidated financial statements.

ALLIED GOLD RESOURCES PLC

Company Statement of Financial Position

30 June 2018

| | Note | 2018 £ | 2017 £ |
|---|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Investments | 9 | 5,064 | 5,064 |
| Current assets | | | |
| Debtors | 10 | 739,256 | 742,005 |
| Creditors: amounts falling due within one year | 12 | <u>3,555</u> | <u>1,801</u> |
| Net current assets | | <u>735,701</u> | <u>740,204</u> |
| Total assets less current liabilities | | <u>740,765</u> | <u>745,268</u> |
| Net assets | | <u><u>740,765</u></u> | <u><u>745,268</u></u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 76,849 | 76,849 |
| Share premium account | 14 | 1,238,031 | 1,238,031 |
| Profit and loss account | 14 | (574,115) | (569,612) |
| Shareholders funds | | <u><u>740,765</u></u> | <u><u>745,268</u></u> |

The loss for the financial year of the parent company was £4,503 (2017: £104,352).

These consolidated financial statements were approved by the board of directors and authorised for issue on 1 October 2018, and are signed on behalf of the board by:

W A Fucilla
Director

Company registration number: 05851677

The notes on pages 17 to 23 form part of these consolidated financial statements.

ALLIED GOLD RESOURCES PLC
Consolidated Statement of Changes in Equity
Year ended 30 June 2018

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total £ |
|--|------------------------------------|----------------------------------|------------------------------------|-----------------------|
| At 1 July 2016 | 76,850 | 1,238,031 | (466,461) | 848,420 |
| Loss for the year | — | — | (104,429) | (104,429) |
| Total comprehensive income for the year | — | — | (104,429) | (104,429) |
| At 30 June 2017 | 76,850 | 1,238,031 | (570,890) | 743,991 |
| Loss for the year | — | — | (4,503) | (4,503) |
| Total comprehensive income for the year | — | — | (4,503) | (4,503) |
| At 30 June 2018 | <u>76,850</u> | <u>1,238,031</u> | <u>(575,393)</u> | <u>739,488</u> |

The notes on pages 17 to 23 form part of these consolidated financial statements.

ALLIED GOLD RESOURCES PLC
Company Statement of Changes in Equity
Year ended 30 June 2018

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total £ |
|--|------------------------------------|----------------------------------|------------------------------------|-----------------------|
| At 1 July 2016 | 76,849 | 1,238,031 | (465,260) | 849,620 |
| Loss for the year | — | — | (104,352) | (104,352) |
| Total comprehensive income for the year | — | — | (104,352) | (104,352) |
| At 30 June 2017 | 76,849 | 1,238,031 | (569,612) | 745,268 |
| Loss for the year | — | — | (4,503) | (4,503) |
| Total comprehensive income for the year | — | — | (4,503) | (4,503) |
| At 30 June 2018 | <u>76,849</u> | <u>1,238,031</u> | <u>(574,115)</u> | <u>740,765</u> |

The notes on pages 17 to 23 form part of these consolidated financial statements.

ALLIED GOLD RESOURCES PLC

Consolidated Statement of Cash Flows

Year ended 30 June 2018

| | Note | 2018 £ | 2017 £ |
|---|-----------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Loss for the financial year | | (4,503) | (104,429) |
| <i>Adjustments for:</i> | | | |
| Other interest receivable and similar income | | – | (626) |
| Accrued expenses | | 1,756 | 72 |
| <i>Changes in:</i> | | | |
| Trade and other debtors | | 2,748 | (538,389) |
| Cash generated from operations | | <u>1</u> | (643,372) |
| Interest received | | – | 626 |
| Net cash from/(used in) operating activities | | <u>1</u> | <u>(642,746)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 1 | (642,746) |
| Cash and cash equivalents at beginning of year | | (61) | 642,685 |
| Cash and cash equivalents at end of year | 11 | <u>(60)</u> | <u>(61)</u> |

The notes on pages 17 to 23 form part of these consolidated financial statements.

ALLIED GOLD RESOURCES PLC

Notes to the Consolidated Financial Statements

Year ended 30 June 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Avery House, 8 Avery Hill Road, New Eltham, London, SE9 2BD.

2. Statement of compliance

These consolidated financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The consolidated financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

After making enquiries, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

Farmin agreements

The Company is often required to enter into a Farmin Agreement on each project it undertakes with other parties, in order to secure its oil and gas exploration and production rights. Under the terms of each agreement, any expenditure incurred in providing the necessary initial funding for exploration or production work, is treated as capital expenditure and is carried forward as an intangible fixed asset, which will be amortised over its estimated economic useful life, when that life is known.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

ALLIED GOLD RESOURCES PLC

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2018

Consolidation

The consolidated financial statements consolidate the consolidated financial statements of ALLIED GOLD RESOURCES PLC and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

ALLIED GOLD RESOURCES PLC

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2018

3. Accounting policies *(continued)*

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

ALLIED GOLD RESOURCES PLC

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2018

4. Operating profit

Operating profit or loss is stated after charging:

| | 2018 | 2017 |
|------------------------------|----------|-----------|
| | £ | £ |
| Foreign exchange differences | – | 76 |
| | <u>–</u> | <u>76</u> |

5. Auditor's remuneration

| | 2018 | 2017 |
|---|--------------|--------------|
| | £ | £ |
| Fees payable for the audit of the consolidated financial statements | 1,800 | 1,800 |
| | <u>1,800</u> | <u>1,800</u> |

6. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

| | 2018 | 2017 |
|----------------------|----------|----------|
| | No. | No. |
| Administrative staff | – | 2 |
| Management staff | – | 1 |
| | <u>–</u> | <u>3</u> |

The aggregate payroll costs incurred during the year, relating to the above, were:

| | 2018 | 2017 |
|-----------------------|----------|----------------|
| | £ | £ |
| Wages and salaries | – | 94,001 |
| Social security costs | – | 9,369 |
| | <u>–</u> | <u>103,370</u> |

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

| | 2018 | 2017 |
|--------------|----------|---------------|
| | £ | £ |
| Remuneration | – | 54,790 |
| | <u>–</u> | <u>54,790</u> |

8. Other interest receivable and similar income

| | 2018 | 2017 |
|---------------------------------------|----------|------------|
| | £ | £ |
| Interest on cash and cash equivalents | – | 626 |
| | <u>–</u> | <u>626</u> |

ALLIED GOLD RESOURCES PLC

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2018

9. Investments

| Group | Other investments other than loans £ |
|---------------------------------|--|
| Cost | |
| At 1 July 2017 and 30 June 2018 | 5,064 |
| Impairment | |
| At 1 July 2017 and 30 June 2018 | – |
| Carrying amount | |
| At 1 July 2017 and 30 June 2018 | 5,064 |
| At 30 June 2017 | 5,064 |
| Company | |
| | Other investments other than loans £ |
| Cost | |
| At 1 July 2017 and 30 June 2018 | 5,064 |
| Impairment | |
| At 1 July 2017 and 30 June 2018 | – |
| Carrying amount | |
| At 1 July 2017 and 30 June 2018 | 5,064 |
| At 30 June 2017 | 5,064 |

The Company owns 1 Ordinary share in Allied Gold Resources Slovakia s.r.o. (A G R Slovakia s.r.o), being 100% of the issued share capital. The subsidiary activities were funded by way of inter-company loans.

The Company holds more than 20% of the share capital of the following companies:

| Subsidiary Undertakings | Country of Incorporation | Principal Activity | Class | % | Year End |
|--------------------------------|-----------------------------|-----------------------|-----------------------------------|-----|---------------------------------------|
| A G R Slovakia s.r.o | Slovakia | Gold Exploration | Ordinary | 100 | 30.06.18 |
| Subsidiary Undertakings | | | Capital & Reserves | | Profit/(Loss) for the year |
| A G R Slovakia s.r.o | | | £(1,277) | | £(76) |

ALLIED GOLD RESOURCES PLC

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2018

14. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs. Profit and loss account - This reserve records retained earnings and accumulated losses.

15. Ultimate controlling party

The Company is ultimately controlled by A J Eyre by virtue of his 53.7% (2017: 53.7%) holding in the Company's issued share capital.

The largest group of which the company is a member and for which group accounts are prepared is Allied Gold Resources Plc.

Copies of the accounts can be obtained from Companies House, Cardiff, CF14 3UZ, once they have been filed.