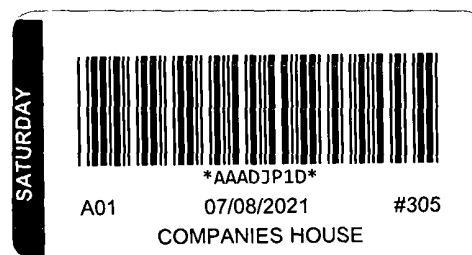


REGISTERED NUMBER: 06515287 (England and Wales)

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020  
FOR  
ANDIAMO EXPLORATION LIMITED**



Numeric Accounting Limited  
Chartered Certified Accountants  
18 New Canal  
Salisbury  
Wiltshire  
SP1 2AQ

**ANDIAMO EXPLORATION LIMITED**

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FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

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**ANDIAMO EXPLORATION LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

<b>DIRECTORS:</b>	Mr T Botoulas Dr S Berhe Mr M E Parker Mr M J C Ingwersen Mr D K Paxton Mr C R De Bruin Mr A J Turk
<b>SECRETARY:</b>	Cripps Secretaries Limited
<b>REGISTERED OFFICE:</b>	17 Grosvenor Gardens London SW1W 0BD
<b>REGISTERED NUMBER:</b>	06515287 (England and Wales)
<b>ACCOUNTANTS:</b>	Numeric Accounting Limited Chartered Certified Accountants 18 New Canal Salisbury Wiltshire SP1 2AQ
<b>LEGAL ADVISORS:</b>	Cripps Hames Hall LLP Wallside House 12 Mount Ephram Road Tunbridge Wells TN1 1EG

## ANDIAMO EXPLORATION LIMITED

### CHAIRMAN'S REPORT FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

Dear shareholder,

I am pleased to bring you up to date on the progress achieved and activities undertaken by the Company since our last Annual Report.

#### Highlights:

- Appointment of Theo Botoulas as CEO
- Completion of an NI43-101 compliant Qualified Person's Report on Yacob Dewar and the Haykota licence.
- Completion of metallurgical tests on the principal ore types at Yacob Dewar completed and a plan developed for the next stage of testwork.
- Continued progress towards a public listing.
- Application for a new exploration licence in a highly prospective area.
- New presentation made available on the Company website.

Theo Botoulas was appointed CEO in February and the Company has advanced its revised business strategy to become a mid-tier explorer and producer of gold and copper in the Arabian-Nubian Shield and North-East Africa.

Our near-term strategy remains the exploration of assets already in the portfolio, to prove and acquire additional resources within the Haykota Licence, and to pursue new opportunities in Eritrea and the Arabian-Nubian Shield. Our medium-term objective is to create a mining focal point, monetize assets to fund growth, evaluate Yacob Dewar as a cash generator by implementing a mine development process or selling the asset, and proving up additional resources in proximity to the Yacob Dewar deposit.

In spite of the challenges posed by the Covid pandemic, we have largely achieved our objectives for 2020.

#### Qualified Person's Report

The exploration data accumulated since 2014 were systematically sorted and evaluated, and an NI 43-101 compliant report produced by Minxcon. This will serve as the basis for our future exploration at Haykota.

The report identified 12 drill-ready targets on 15 km of strike in the Haykota Central, Northern and Southern Zones, with the potential of immediate resource uplift. Eight of these targets have been identified as priorities.

#### Metallurgical work

Laboratory testwork was completed by Consulmet Limited on drill core samples from Yacob Dewar. The samples were sorted for testing by the metallurgists from Consulmet and geologists from Minxcon, with significant management input.

Consulmet's conclusions were:

"In line with the results obtained it is possible to beneficiate the Au attaining recoveries of 90% and 80% via enhanced conventional cyanidation for the low and high grade ores respectively. ... the low-grade ore and high-grade ore have significantly different mineral textures, with significant cyanicides present in the high-grade ore, and that as a consequence of the metallurgical processing incompatibility of the two ores, additional mineralogy work [must] be conducted on the low and high grade composites independently to gather more information on the different ores. It is also recommended that flotation test work be conducted separately on the high-grade composite".

Hence more test-work must be done on the Yacob Dewar ores before an optimal processing solution can be developed. Further work will also be done to characterise the copper ores.

This will be run in parallel to the planned exploration programmes. Representative samples will be sourced on-site from several positions in the metallurgically diverse orebodies. Both the process engineers and management are confident that an optimal minerals processing solution will be found.

## ANDIAMO EXPLORATION LIMITED

### CHAIRMAN'S REPORT (continued) FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

#### New licence application

A new licence application has been submitted, for a highly prospective area with known gold and copper mineralization. Systematic rock sampling by a previous operator yielded gold values up to 195g/t and preliminary work by Andiamo suggests a porphyry copper-gold system. The area was not included in the Qualified Person's NI 43-101 report as the licence is yet to be granted to Andiamo.

#### Corporate

With a Qualified Person's report, a revised work programme and a promising new licence application, Andiamo plans a listing on an international exchange. A representation agreement has been signed with a broker house in London and discussions are underway with a similar firm in Toronto.

Our activities continue to be negatively affected by Covid-19 lockdowns and travel restrictions, which have made travel between the United Kingdom, South Africa and Eritrea effectively impossible.

The positive impact of improved relations between Eritrea and Ethiopia and the lifting of international sanctions against Eritrea remains intact, despite the outbreak of internal conflict in northern Ethiopia during the second half of 2020.

Tim Williams, Andiamo's founder and for more than 10 years its CEO, retired in April 2020. On behalf of the Board, I thank Tim for his hard work and the sacrifices he made to keep Andiamo going through difficult market conditions.

#### Future plans

The political developments in Eritrea, the improving gold and copper prices and continuing support from Emerald Ex / AMED should improve the outlook for the Company.

On behalf of the Board, I would like to thank our officers and employees for their hard work, dedication and many contributions to the past year's accomplishments, often well beyond the call of duty, and to thank our shareholders for their continued support.



.....  
Mark Parker

Chairman

## **ANDIAMO EXPLORATION LIMITED**

### **STRATEGIC REPORT FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

#### **BUSINESS REVIEW**

A review of the business is provided in the Chairman's statement.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

In common with other companies operating in natural resources exploration, the Company's activities are speculative and involve a high degree of risk.

The Company's exploration work involves participation in geological work programmes. Interpretations of the results of these programmes are dependent on judgements and assessments that are speculative and these interpretations are applied in designing further work programmes to which the Company can commit significant resources.

Work programmes often involve drilling and other geological work that present significant technical challenges that are subject to unexpected operational problems. Furthermore, activities generally take place in remote locations that can be subject to regulatory and social uncertainties, unexpected climate events, and possible acts of terrorism, criminal threats and potential environmental risks.

#### **FINANCIAL RISK MANAGEMENT**

The Company's operations expose it to financial risks that include credit risk, liquidity risk, and market risks. The Company does not have any debt and is not therefore required to use derivative financial instruments to manage interest rate costs nor is hedge accounting applied.

##### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In keeping with similar sized exploration companies, the Company'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.

##### **Market risks**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

##### **(i) Pricing and risks**

The directors consider there to be minimal price risk to the business.

##### **(ii) Interest rate cash flow risk**

The Company does not have interest-bearing liabilities. Interest bearing assets are only cash balances that earn interest at a floating rate.

##### **(iii) Foreign exchange risk**

The Company principally operates in US Dollars. Amounts transferred to Eritrea to fund activities in country, and amounts payable in the local currency, the Eritrean Nakfa ('ERN') can only be converted at the official rate of exchange of ERN15 per US\$1. The directors therefore believe that there would be no benefit gained from hedging these currency exposures contracts in the market. This situation is monitored on a regular basis

#### **Capital Risk Management**

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to shareholders through the optimisation of debt and equity balances. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Company may from time to time issue new shares or raise debt. The capital structure of the Company consists of equity attributable to its shareholders, comprising issued capital, reserves and retained losses as disclosed in the Statement of Changes in Equity.

## **ANDIAMO EXPLORATION LIMITED**

### **STRATEGIC REPORT**

**FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

#### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The exposure of the Company to credit risk arises from default of its counterparty, with maximum exposure equal to the carrying amount of cash and cash equivalents in the Statement of Financial Position. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are connected entities.

The Company does not hold any collateral as security.

## **CORPORATE GOVERNANCE**

#### **Corporate Policies**

Andiamo takes its health, safety, environmental and community responsibilities seriously, and has developed policies and systems to ensure that it explores in a safe, low impact and consultative manner, maximising the sustainability of its present and future operations for the benefit of all stakeholders.

#### **Health and Safety**

Andiamo takes the health and safety of its employees and contractors seriously, and strives to exceed statutory obligations and achieve best practice. To this end, a safety management system has been implemented for its exploration operations.

#### **Environment**

Andiamo operates in strict adherence to local and governmental standards with regard to environmental impact on the local community. This procedure includes pre-exploration checks and post-exploration remediation programs. Currently, no unfulfilled commitments exist to remediate land upon which the Company has conducted exploration work.

#### **Community**

The Company is committed to working consultatively and co-operatively within the communities in which it operates, which includes local subsistence farmers and pastoralists and firmly believes that future mining operations should be to the benefit of all.

To this end, the Company's personnel have forged close ties with landholders and maintain a constructive dialogue with the Ministry of Energy and Mines and local community representatives, ensuring local communities gain employment during the exploration campaigns in the Company's licence area.

Andiamo Exploration is constantly looking for practical ways to increase the local content of its projects. In addition, the Company aims constantly to train and improve the skills of its employees to ensure a sustainable future work force for the Yacob Dewar gold and copper project while creating a newly skilled generation of Eritreans to fuel the country's growing economy.

#### **Corporate Governance Code**

Although not required to comply with the requirements of the UK Corporate Governance Code ('the Code'), the directors take note of its provisions and of the QCA Corporate Governance Guidelines for Smaller Quoted Companies and follow best practice therein to the extent that they believe it is appropriate in light of the size, stage of development and resources of the Company. At present, due to the size of the Company, audit and risk management issues will be addressed by the Board. As the Company grows, the Board will consider establishing an audit and risk management committee and will consider developing further policies and procedures which reflect the principles of good governance.

The Board of Directors comprises two full-time executive directors and five part-time non-executive directors who qualify as independent non-executive directors as defined by the Code. The directors are of the opinion that the recommendations of the Code have been implemented to an appropriate level.

## ANDIAMO EXPLORATION LIMITED

### STRATEGIC REPORT FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

The Board meets as often as is necessary and practicable. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the country manager who is charged with consulting with the board on all significant financial and operational matters.

Consequently, decisions are made promptly and following consultation among directors concerned where necessary and appropriate.

All necessary information is supplied to the directors on a timely basis to enable them to discharge their duties effectively, and all directors have access to independent professional advice, at the Company's expense, as and when required.

#### KEY PERFORMANCE INDICATORS

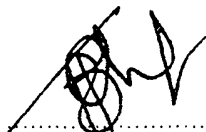
The key indicator of performance for the Company is its success in identifying, acquiring, developing and divesting investments in projects so as to create shareholder value.

Control of bank and cash balances is a priority for the Company and these are budgeted and monitored with the intention to maintain adequate liquid resources to meet financial commitments as they arise.

At this stage in its development, quantitative key performance indicators are not an effective way to measure the Company's performance.

However, a qualitative summary of performance in the year is set out in the Chairman's Statement.

Signed on behalf of the Board of Directors



Mr T Botoulas  
Director

Date: 13/07/2021



## **ANDIAMO EXPLORATION LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year 01 January 2020 to 31 December 2020.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of gold and other metallic mining concessions in the state of Eritrea.

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **DIRECTORS**

The directors shown below have held office during the whole of the year from 1 April 2019 to the date of this report.

Mr T Botoulas (Appointed 09/01/2020)  
Dr S Berhe  
Mr M E Parker  
Mr M J C Ingwersen  
Mr C R De Bruin  
Mr A J Turk  
Mr D K Paxton (Appointed 09/01/2020)  
Dr C T P Williams (Resigned on 07/04/2020)

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO ACCOUNTANTS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's accountants are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's accountants are aware of that information.

**ANDIAMO EXPLORATION LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

**ACCOUNTANTS**

The accountants, Numeric Accounting Limited, will be proposed for re-appointment.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
Mr T Botoulas - Director

Date: 13/07/2021 .....

**ANDIAMO EXPLORATION LIMITED**

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

	Notes	Year Ended 31.12.20 \$	Year Ended 31.12.19 \$
<b>CONTINUING OPERATIONS</b>			
Revenue		-	-
Administrative expenses		<u>(393,322)</u>	<u>(20,785)</u>
<b>OPERATING LOSS</b>		<u>(393,322)</u>	<u>(20,785)</u>
<b>LOSS BEFORE INCOME TAX</b>	5	(393,322)	(20,785)
Income tax	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE YEAR</b>		<u>(393,322)</u>	<u>(20,785)</u>
Earnings per share expressed in pence per share:	7		
Basic		-0.34	-0.03
Diluted		<u>-0.34</u>	<u>-0.03</u>

The notes form part of these financial statements

ANDIAMO EXPLORATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

	Year Ended 31.12.20 \$	Year Ended 31.12.19 \$
LOSS FOR THE YEAR	(393,322)	(20,785)
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(393,322)</u>	<u>(20,785)</u>

The notes form part of these financial statements

**ANDIAMO EXPLORATION LIMITED (REGISTERED NUMBER: 06515287)**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

	Notes	31.12.20 \$	31.12.19 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	12,537,581	12,429,111
Property, plant and equipment	9	<u>3,032</u>	<u>12,202</u>
		<u>12,540,613</u>	<u>12,441,313</u>
<b>CURRENT ASSETS</b>			
Inventories	10	252,105	253,215
Trade and other receivables	11	23,207	40,639
Cash and cash equivalents	12	<u>236,177</u>	<u>266,513</u>
		<u>511,489</u>	<u>560,367</u>
<b>TOTAL ASSETS</b>		<u><u>13,052,102</u></u>	<u><u>13,001,679</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	13	174,249	150,703
Share premium	14	14,263,741	13,966,921
Retained earnings	14	<u>(1,606,624)</u>	<u>(1,213,302)</u>
<b>TOTAL EQUITY</b>		<u><u>12,831,366</u></u>	<u><u>12,904,322</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<u>220,736</u>	<u>97,357</u>
		<u>220,736</u>	<u>97,357</u>
<b>TOTAL LIABILITIES</b>		<u><u>220,736</u></u>	<u><u>97,357</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>13,052,102</u></u>	<u><u>13,001,679</u></u>

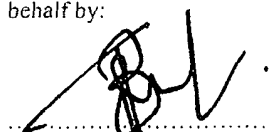
For the year ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the companies act 2006 relating to small companies.

**Directors' Responsibilities:**

1. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
2. The directors acknowledge their responsibilities for complying with the requirements of the companies act 2006 with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime of Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Directors on 13/01/2021 and were signed on its behalf by:



Mr T Botoulas - Director

The notes form part of these financial statements

**ANDIAMO EXPLORATION LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

	Called up Share Capital \$	Retained earnings \$	Share premium \$	Total equity \$
<b>Balance at 1 April 2019</b>	89,683	(1,192,518)	13,544,517	12,441,682
<b>Changes in equity</b>				
Issue of share capital	61,020	-	422,404	483,424
Total comprehensive loss	-	(20,784)	-	(20,784)
<b>Balance at 31 December 2019</b>	<u>150,703</u>	<u>(1,213,302)</u>	<u>13,966,921</u>	<u>12,904,322</u>
<b>Changes in equity</b>				
Issue of share capital	23,546	-	296,820	320,366
Total comprehensive loss	-	(393,322)	-	(393,322)
<b>Balance at 31 December 2020</b>	<u>174,249</u>	<u>(1,606,624)</u>	<u>14,263,741</u>	<u>12,831,366</u>

The notes form part of these financial statements

**ANDIAMO EXPLORATION LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

		Year Ended 31.12.20 \$	Year Ended 31.12.19 \$
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(251,301)</u>	<u>(139,141)</u>
Net cash from operating activities		<u>(251,301)</u>	<u>(139,141)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(99,400)	(96,107)
Purchase of tangible fixed assets		<u>-</u>	<u>-</u>
Net cash from investing activities		<u>(99,400)</u>	<u>(96,107)</u>
<b>Cash flows from financing activities</b>			
Share issue		<u>320,365</u>	<u>483,424</u>
Net cash from financing activities		<u>320,365</u>	<u>483,424</u>
		<u>                    </u>	<u>                    </u>
Increase/(decrease) in cash and cash equivalents		(30,336)	248,176
Cash and cash equivalents at beginning of year	2	<u>266,513</u>	<u>18,337</u>
Cash and cash equivalents at end of Year	2	<u><u>236,177</u></u>	<u><u>266,513</u></u>

The notes form part of these financial statements

**ANDIAMO EXPLORATION LIMITED**

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

**1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	<b>Year Ended 31.12.19</b>	<b>Year Ended 31.12.19</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax	<b>(393,322)</b>	<b>(20,785)</b>
Depreciation charges	<b><u>99</u></b>	<b><u>494</u></b>
	<b>(393,223)</b>	<b>(20,291)</b>
Decrease/(increase) in inventories	<b>1,110</b>	<b>252</b>
Decrease/(increase) in trade and other receivables	<b>17,432</b>	<b>(2,469)</b>
(Decrease)/increase in trade and other payables	<b><u>123,380</u></b>	<b><u>(116,633)</u></b>
<b>Cash generated from operations</b>	<b><u>(251,301)</u></b>	<b><u>(139,141)</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2020**

	<b>31.12.20</b>	<b>01.01.20</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b>236,177</b>	<b>266,513</b>
Bank overdrafts	<b><u>-</u></b>	<b><u>-</u></b>
	<b><u>236,177</u></b>	<b><u>266,513</u></b>

**Year ended 31 December 2019**

	<b>31.12.19</b>	<b>31.03.19</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b><u>266,513</u></b>	<b><u>18,337</u></b>

The notes form part of these financial statements



## ANDIAMO EXPLORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

#### 1. NATURE OF OPERATIONS

These financial statements are for Andiamo Exploration Limited ("the Company"). The Company's financial statements are presented in US Dollars (\$) which is also the functional currency of the Company.

The registered office of the Company is 18 New Canal, Salisbury, England, SP1 2AQ. The Company is domiciled in England and Wales and incorporated under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Directors Report. The principal place of business of the Company is in Eritrea.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of evaluation and exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's exploration assets are located outside of the United Kingdom and are subject to the risks of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realise assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and/or through raising equity.

#### 2. STATUTORY INFORMATION

Andiamo Exploration Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### 3. ACCOUNTING POLICIES

##### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of the standards or interpretations which have been issued by the International Accounting Standards Board, but have not been adopted, will have a material impact on the financial statements.

The financial statements comprise the financial statements of the Company and incorporate the results and balances of the Company's branch in Eritrea. The results and balances of the Eritrean branch are prepared using the same accounting policies as those of the Company and to the same reporting date.

All balances, transactions, income and expenses and profit and losses resulting from transactions between the Company and its Eritrean branch that are recognised in assets are eliminated in full.

## ANDIAMO EXPLORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

#### Going Concern

The Directors recognise that the current Covid-19 pandemic means that there is material uncertainty over future revenues and ability to trade. The directors acknowledge the uncertainty arising from the potential effects on their business of current public health restrictions both domestic and abroad, and how things may evolve during the pandemic. The directors believe that the company is well positioned to deal with the short-term consequences of the pandemic over the next 12 months from the date that the financial statements are authorised for issue, and therefore they have been prepared on the Going Concern basis.

The directors have prepared cash flow projections for the 12 months from the date of signing the financial statements and beyond. Based on those projections, the directors consider that the Company will be able to meet its essential financial obligations as they fall due during the year of the projections from the funds now available, but will require additional financial resources to enable it to undertake exploration activities in the year.

The directors will enter discussions with shareholders and other parties and expect to raise new funds through the issue of share capital in order to finance the exploration activities. The company continues to enjoy the support of its largest shareholder Emerald Ex B.V. and its parents Nurture Ex B.V. and AMED II Fund.

The directors have a reasonable expectation that a fundraising will be successfully completed so that the Company will have adequate additional resources to fund the exploration activities in due course. Based on the above, and having considered any mitigating actions that the Company is able to take to manage the future cash flows of the Company in the event of a lower than anticipated fundraising, the directors continue to adopt the going concern basis in preparing these financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

#### Exploration and evaluation and development costs

Exploration and evaluation costs related to an area of geological interest are carried forward as an intangible asset in the statement of financial position where the rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale. This expenditure will be carried at costs less accumulated amortisation and impairment. Where these conditions are not met, such costs will be written off as incurred.

Development expenditure incurred by or on behalf of the Company or acquired from a third party is also classified as an intangible asset and is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises acquisition costs and other incurred costs directly attributable to the construction of the mine and the related infrastructure. This expenditure is carried at cost less accumulated amortisation and impairment.

Exploration, evaluation and development expenditure are categorised under the deferred exploration and development costs, exploration data and prospecting rights and mining licences in the statement of financial position accordingly to the nature of the expenditure. Exploration and development costs will include all directly attributable expenditure.

Once a development decision has been taken, the carrying amount of the exploration, evaluation and development expenditure in respect of the area of interest will be aggregated with the development expenditure and classified under non-current assets as "exploration and development and mining property" within property, plant and equipment.

No amortisation will be recognised in respect of exploration, evaluation and development expenditure until it is reclassified as a development property and production commences.

Exploration, evaluation and development expenditure and mining property is tested for impairment annually if facts and circumstances indicate that impairment may exist.

Exploration, evaluation and development expenditure will also be tested for impairment once commercial reserves are found, before the assets are transferred to "mining property".

Under the Company's accounting policy net cash proceeds from any disposal or farm-out of an intangible asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement.

## ANDIAMO EXPLORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

#### 3. ACCOUNTING POLICIES - continued

##### **Licences**

Payments to acquire licence rights acquired will be amortised over the year of the licence to exploit such rights, typically three to thirty years. Provision will be made for any impairment in value, and the provision will be reviewed on an annual basis.

The carrying value of tangible fixed assets will be assessed annually and any impairment will be charged to the statement of comprehensive income. The expected useful economic life of tangible fixed assets will be reviewed annually.

##### **Impairment of non-financial assets**

The directors assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the directors estimate the asset's recoverable amount. An asset's recoverable amount will be the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset will be considered impaired and will be written down to its recoverable amount. In assessing value in use, the estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model will be used.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the directors make an estimate of the recoverable amount. A previously recognised impairment loss will be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset will be increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

##### **Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Field machinery and equipment	- at varying rates on cost
Furniture and equipment	- at varying rates on cost
Motor vehicles	- 20% on cost
Computer and accessories	- 33% on cost

Fixed assets used directly in exploration activities contribute towards the realisation of mineral deposits, and add value to the licence interest. Depreciation costs relating to these assets are not therefore written off to the Profit or Loss account, but instead capitalised as deferred exploration costs under intangible fixed assets. This also ensures that all contributing expenditure towards the minimum agreed licence spend requirement is recognised.

##### **Inventories**

Inventories comprise fuel, consumables and spares and are stated at the lower of cost of net realisable value. The cost of inventories is calculated on a first in first out basis. Net realisable value is determined with reference to current market prices.

##### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount can be reliably measured and when it is probable that future economic benefits will flow to the Company.

## ANDIAMO EXPLORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

#### 3. ACCOUNTING POLICIES - continued

##### **Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply in the year when the liability is settled or the asset is released. Deferred tax is charged or credited to the statement of comprehensive income. Deferred tax assets or liabilities are offset when the Company has a legally enforceable right to offset them and when they relate to taxes levied by the same tax authority.

##### **Foreign currencies**

The financial information of the Company is presented in the currency of the primary economic environment in which it operates (its functional currency). The US Dollar is both the functional currency and presentation currency for the Company and the Company's financial information.

The functional currency of the Company's branch in Eritrea is the Eritrean Nakfa ('ERN') which is translated into US Dollars for the presentational purposes at the fixed official rate of exchange of 15 ERN / 1 USD.

In preparing the financial statements, transactions in currencies other than the Company's functional currency ("foreign currencies") will be recorded at the rates of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary items denominated in foreign currencies will be retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items will be included in the statement of comprehensive income for the year.

For the purpose of presenting combined financial information, the assets and liabilities of the Company's Eritrean branch operations (including comparatives) will be expressed in US Dollars at the official exchange rate prevailing at the balance sheet date. Income and expense items will be translated at the average exchange rates for the year. Exchange differences arising, if any, will be held in equity and where material will be transferred to the translation reserve.

##### **Critical accounting estimates and judgements**

The directors make estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

##### **Valuation of exploration, evaluation and development expenditure, mining property and mining equipment**

The value of the Company's exploration, evaluation and development expenditure, mining property and mining equipment will be dependent upon the success of the Company in discovering economic and recoverable mineral resources, especially in the countries of operation where political, economic, legal, regulatory and social uncertainties are potential risk factors.

The estimation of future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates between the US Dollar, the UK pound and the Eritrean Nakfa, and potential new legislation and related environmental requirements.

The Company's ability to continue its exploration programs and develop its projects is dependent on future fundraising, the outcome of which is uncertain.

## ANDIAMO EXPLORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

#### 3. ACCOUNTING POLICIES - continued

The ability of the Company to continue operating within Eritrea is dependent on a stable geopolitical environment which is uncertain based on the history of the country. This may also affect the Company's legal title to assets held which would also impact on the Company.

##### Impairment testing

The recoverable amounts of cash generating units and individual assets will be determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations will require the use of estimates and assumptions. It is reasonably possible that assumptions may change which may impact the directors' estimates and may then require a material adjustment to the carrying value of goodwill, tangible assets and intangible assets.

The directors review and test the carrying value of tangible and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets will be grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates will be prepared of expected future cash flows for each group of assets.

Expected future cash flows used to determine the value in use of tangible and intangible assets will be inherently uncertain and could materially change over time.

There has been no impairment charge for the year ended 31 December 2020 (December 2019 \$Nil).

##### Events after the Balance Sheet Date

Post year-end events that provide additional information about the Company's position are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

#### 4. EMPLOYEES AND DIRECTORS

	31.12.20	31.12.19
	\$	\$
Wages and salaries	28,040	28,467
Social security costs	-	-
	<u>28,040</u>	<u>28,467</u>

The average monthly number of employees during the year was as follows:

	31.12.20	31.12.19
Directors	6	6
Employees	<u>7</u>	<u>7</u>
	<u>13</u>	<u>13</u>

	31.12.20	31.12.19
	\$	\$
Directors' remuneration	<u>275,265</u>	-

## ANDIAMO EXPLORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

#### 5. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	Year Ended 31.12.20	Year Ended 31.12.19
	\$	\$
Depreciation - owned assets	99	494
Auditors' remuneration	-	-
Foreign exchange differences	<u>1,162</u>	<u>266</u>

#### 6. INCOME TAX

##### Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the period ended 31 December 2019.

##### Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.20	Year Ended 31.12.19
	\$	\$
Loss before income tax	<u>(393,322)</u>	<u>(20,785)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (31 Dec 2020 - 19%)	(74,731)	(3,949)
Effects of: Deferred tax not provided	<u>74,731</u>	<u>3,949</u>
Tax expense	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to losses carried forward at the year end, as there is insufficient evidence that taxable profits will be available against which the deductible temporary difference can be utilised.

#### 7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

# ANDIAMO EXPLORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

	Earnings \$	31.12.20 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(393,322)	114,575,001	(0.34)
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	(390,822)	114,575,001	(0.03)
	Earnings \$	31.12.19 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(20,785)	81,732,717	(0.03)
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	(20,785)	81,732,717	-0.03

### 8. INTANGIBLE ASSETS

	Deferred exploration costs \$
<b>COST</b>	
At 1 January 2020	12,429,111
Additions	108,469
Grants & Other	-
At 31 December 2020	12,537,581
<b>NET BOOK VALUE</b>	
At 31 December 2020	12,537,581
At 31 December 2019	12,429,111

Exploration activities are deferred until a reasonable assessment can be made of the existence or otherwise of economically recoverable reserves. No amortisation has been charged in the year.

The directors have reviewed the carrying value of the exploration assets and consider them to be fairly stated and not impaired as at the balance sheet date. The recoverability of intangible assets is dependent upon the future realisation or disposal of gold, base metals or other mineral resources.

ANDIAMO EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020

9. PROPERTY, PLANT AND EQUIPMENT

	Field Machinery And Equipment \$	Furniture and Equipment \$	Motor Vehicles \$	Computer and Accessories \$	Totals \$
<b>COST</b>					
At 1 January 2020	387,693	45,982	91,585	41,264	566,524
Additions/(Disposals)	-	-	-	-	-
At 31 December 2020	<u>387,693</u>	<u>45,982</u>	<u>91,585</u>	<u>41,264</u>	<u>566,524</u>
<b>DEPRECIATION</b>					
At 1 January 2020	380,780	40,793	91,585	41,265	554,323
Charge for year	5,868	3,202	-	99	9,169
Additions/(Disposals)	-	-	-	-	-
At 31 December 2020	<u>386,647</u>	<u>43,995</u>	<u>91,585</u>	<u>41,264</u>	<u>563,492</u>
<b>NET BOOK VALUE</b>					
At 31 December 2020	<u>1,046</u>	<u>1,987</u>	-	-	<u>3,032</u>
At 31 December 2019	<u>6,913</u>	<u>5,189</u>	-	99	<u>12,202</u>

10. INVENTORIES

	31.12.20 \$	31.12.19 \$
Inventories	<u>252,105</u>	<u>253,215</u>

11. TRADE AND OTHER RECEIVABLES

	31.12.20 \$	31.12.19 \$
Current:		
Other debtors	8,387	7,101
VAT	12,935	31,896
Prepayments and accrued income	<u>1,885</u>	<u>1,642</u>
	<u>23,207</u>	<u>40,639</u>

12. CASH AND CASH EQUIVALENTS

	31.12.20 \$	31.12.19 \$
Asmara cash account	3,590	1,306
Bank accounts	<u>232,588</u>	<u>265,207</u>
	<u>236,177</u>	<u>266,513</u>



# **ANDIAMO EXPLORATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

### **13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.20	31.12.19
			\$	\$
123,246,031	Ordinary	£0.001	<u>174,249</u>	<u>150,703</u>

### **14. RESERVES**

	Retained Earnings \$	Share premium \$	Totals \$
At 1 January 2020	(1,213,302)	13,966,921	12,753,619
Deficit for the year	<u>(393,322)</u>		<u>(393,322)</u>
Premium		296,820	296,820
At 31 December 2020	<u>(1,606,624)</u>	<u>14,263,740</u>	<u>12,657,116</u>

### **15. TRADE AND OTHER PAYABLES**

	31.12.20 \$	31.12.19 \$
Current:		
Trade creditors	86,936	68,014
Other creditors	131,600	27,143
Accruals and deferred income	<u>2,200</u>	<u>2,200</u>
	<u>220,736</u>	<u>97,357</u>

### **16. EVENTS AFTER THE REPORTING YEAR**

There are no events after the year end that require disclosure in the financial statements in order that the accounts show a true and fair view.

### **17. ULTIMATE CONTROLLING PARTY**

The directors consider that the Company is not controlled by any one party.

**ANDIAMO EXPLORATION LIMITED**

**INCOME STATEMENT SUMMARIES  
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

	Year Ended 31.12.20 \$	Year Ended 31.12.19 \$
<b>REVENUE</b>		
Other Revenue Income	-	-
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Establishment costs</b>		
Purchases	-	170
Rent	1,456	8,055
Rates and water	-	751
Office costs	-	304
<b>Administrative expenses</b>		
Wages	-	819
Directors' remuneration	275,265	-
Telephone	712	2,227
Printing, post and stationery	107	-
Carriage and Freight	301	-
Travelling and subsistence	6,835	43
Computer sundries	989	-
Website Cost	1,024	-
Subscriptions	459	404
Sundry expenses	90	-
Accountancy	9,339	6,293
Entertainment	-	12
Legal and professional fees	67,964	939
Auditors' remuneration	-	-
Consultancy Fees	26,451	-
Foreign exchange (gains)/losses	1,162	266
Depreciation of tangible fixed assets	-	-
Computer equipment	99	494
<b>Finance costs</b>		
Bank charges	1,068	8
	<u>393,322</u>	<u>20,785</u>

This page does not form part of the statutory financial statements