

Red Rock Resources Plc
Annual Report and Accounts 2020

Contents

STRATEGIC REPORT	2
COMPANY INFORMATION	2
CHAIRMAN'S STATEMENT	3
STRATEGIC REVIEW	6
GOVERNANCE	9
BOARD OF DIRECTORS	9
DIRECTORS' REPORT	11
STATEMENT OF DIRECTORS' RESPONSIBILITIES	15
CORPORATE GOVERNANCE STATEMENT	16
FINANCIAL STATEMENTS	19
INDEPENDENT AUDITOR'S REPORT	19
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	23
CONSOLIDATED INCOME STATEMENT	24
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	25
CONSOLIDATED STATEMENT OF CASH FLOWS	27
COMPANY STATEMENT OF FINANCIAL POSITION	28
COMPANY STATEMENT OF CHANGES IN EQUITY	29
COMPANY STATEMENT OF CASH FLOWS	31
NOTES TO THE FINANCIAL STATEMENTS	32

Company Information

Directors

Andrew Bell	Chairman and CEO
Scott Kaintz	Non-Executive Director
Michael Nott	Non-Executive Director
Sam Quinn	Independent Non-executive Director

all of:

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London WC2B 4HN

Tel: 020 7747 9990

Company Secretary

Stephen Ronaldson

Company Number

05225394

Website

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Registered Address

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Company's Solicitors

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London Wall
London EC2M 5PS

Nominated Adviser

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Broker

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London EC3R 6AF

Independent Auditors

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15 Westferry Circus
London E14 4HD

Accountants

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Tax Advisers

Cameron & Associates Ltd.
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Registrars

Share Registrars Limited
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Bankers

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440 Strand
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Chairman's Statement

Dear Shareholders,

We last reported to you in March in announcing our interim results, when we already had to consider what the impact of the Covid-19 pandemic might be on the world's economy, on commodities, and on our activities in the various countries in which we operate. This has remained a consideration as the year progressed, but the impact on the Company has been mitigated by amending our programmes so that they fell within what was permissible and practicable for our local teams. Nowhere were we brought to a complete halt. Currently a ground geophysics field programme is under way in Congo, and in 2021, ground exploration activities will begin once again in Kenya. In both Australia and Kenya, community engagement activities have already begun in preparation for exploration activities.

Year Under Review – Financial Results

In the year to 30 June 2020, reported group profit before tax was £5.156 million after a reported loss of £1.724 million in the previous year. This reflected primarily a reduction in impairments and the writing back, as foreshadowed in the interim statement, of the £5.280 million June 2015 impairment taken to the Kenya assets upon the commencement of litigation there. Dividend income received during the year dropped from £0.750 million to £0.419 million, reflecting a reduced contribution from Jupiter Mines Ltd. This, and a small reduction in net borrowings, were offset by £0.504 million proceeds of the sale of financial assets. Diluted earnings per share are 0.64 pence for the year. Principally as a result of the write-back, shareholders' funds rose from £9.529 million to £13.965 million and total assets from £12.362 million to £18.260 million. Administrative expenses of £0.597 million were held at nearly the same level as the previous year, despite increases in compliance and accounting costs, as office and other costs were reduced, allowing an increased budget for marketing activities.

Year Under Review and Since – Operations

An exciting development during the year was that we were able to turn the first lockdown to good account by strategizing ways in which to re-energise our Australian subsidiary Red Rock Australasia Pty Ltd ("RRAL"). A small opportunity was brought to us in Victoria, which we took in joint venture with Power Metal Resources plc, reducing our risk in a new area by taking in a 49.9% partner with complementary strengths. Further analysis, when for a time we were working Melbourne rather than London hours, led us to expand considerably, and very rapidly, this bridgehead, with what later appeared to be fortunate timing as the gold price rose, stocks with Victoria exposure rose on the markets, and vacant ground, not all of it obviously prospective, saw a rush of applications. As now a 50.1% owned joint venture subsidiary, RRAL used the lockdown period to establish a strong ground position in the Victoria Gold Fields with 14 applications, the first three of which are well advanced.

We have set up a local office, carried out some preliminary site and community visits, commissioned and received new geophysical analyses and a NI 43-101 Report, and spent much time on interpretation of previous work and planning future work. Three of these license applications are well advanced, and we hope to be in a position to start work on them soon. Our plans for 2021 include seeking a stock market listing for the core tenements of this joint venture.

During the first half of the year the Company obtained the approval of the Mineral Rights Board of Kenya for the re-grant under the Mining Act 2016 ("the Act") of its licenses in that country. Unexpectedly, due to a quirk of wording of the Act, despite the grant being under a provision allowing a 'through train' for licenses held under the predecessor to the Act, it was found, or interpreted, that licenses renewed in this way required landowner consents, similar to those required for new licenses. In a country without a central land register, and where much land is held without registered title, the obtaining of these consents presented a number of challenges. This late-arising issue was dealt with during the year, as were others, but working and movement restrictions in Nairobi imposed in response to COVID-19 meant that the Company, though compliant with all requirements, only received copies of the re-grant after the period end.

The length of time it has taken to resolve this matter has been disappointing, but the targeted result has been achieved. The ability to start work again and to build on the foundation of the 1.2m oz Mineral Resource Estimate established in 2013 represents an important milestone for Red Rock and a foundation for further development.

The Company had been in advanced discussions with a Chinese enterprise in relation to a sale and joint venture in Kenya, but when the SARS COVID-2 story broke in the Spring, Chinese citizens became for a time unwelcome in Kenya, as that was the apparent source of the virus. Although this no longer applies, our Chinese counterparts are unwilling to travel until they have received a vaccination, and since the State geologists they had been using may also be reluctant to return to Kenya until vaccinated, Red Rock has indicated it is now open to discussion with other parties that have shown interest in our gold assets.

In the Democratic Republic of Congo ("Congo" or "DRC"), considerable time has been spent over the year dealing with issues relating to the VUP joint venture, comprising principally copper-cobalt properties near Kolwezi. Our local partner had an internal family dispute to resolve, which involved some complex issues where we considered that though vexing, it was necessary for us to co-operate. These internal issues have been resolved, some minor documentation matters remain, and we expect to be able to progress more rapidly with exploration and development in 2021.

In another DRC joint venture, the 80% owned Luansimba copper/cobalt license, the closing of the country's transport links for a period in response to the pandemic meant that equipment and some crew for the planned follow up programme to the earlier

Chairman's Statement

continued

geochemistry Red Rock had carried out, a ground geophysics programme, had to wait until after the end of the Company's financial year. This geophysics programme, consisting of a ground magnetics survey and six lines of induced polarization survey, has now finished its first phase and is moving into its second phase but the indications from preliminary analysis are encouraging.

A further DRC copper project with a good address and with a producing neighbour from the same structure, where we have applied for a direct grant, awaits finalisation.

The Company has devoted time and effort to developing contacts and know-how in the Congo. This has taken patience, because our view of the inviolability of contracts derives from a different historical experience, where stability is assured and so a long-term view and a deferral of reward are the norm. The Congolese experience has been more precarious, and trust needs to be earned and is not easily given. While law and contract do give a decisive advantage to the party with written evidence, that works best as a reserve power, acting in support of persistence, reliability, and persuasion.

Red Rock now has sufficient confidence in its ability to work within the predominantly francophone environment of the DRC to have become involved most recently in supporting the administrators and secured creditors of an Australian company Vector Resources Limited (In Administration) ("Vector"), in order that Vector should have time for a reconstruction and in order to assist with negotiation. Red Rock believes that it is capable of adding value to Adidi-Kanga, a substantial and high-grade gold project in the DRC where a majority interest is held by Vector, but where Vector's rights are being challenged.

Elsewhere, the Company's interests in the Tshipi é Ntle manganese deposit, held through its investment in ASX-listed Jupiter Mines Ltd, has continued to show resilience through a period where for a while it and all other mines in South Africa were forced to close, and has continued to pay dividends that offer the prospect of a double-digit yield.

The decision by Jupiter to distribute to shareholders its iron ore interests by seeking a separate listing early in the New Year appears well timed, as the iron ore price returns to levels last seen at the beginning of the decade. This development offers a double benefit to Red Rock: both as a shareholder in the new float and as the holder of a 1.3% gross revenue royalty over the 1.84 bn ton magnetite iron ore Resource, Mt Ida, held by the new company. Anglo-Pacific Group Plc has an obligation to purchase 0.45% of this royalty interest from Red Rock for \$8 million upon the achievement by Jupiter of certain milestones in relation to Mt Ida, namely (a) a definitive feasibility study and decision to proceed, and (b) commercial production.

Royalty revenues from the El Limon gold mine in Colombia have continued at a low level but improving gold prices and the implementation of a new business plan and extensive on-site expansion and shaft improvements hold out the prospect of a worthwhile contribution to our revenues in 2021 and steady state production levels beyond.

Other minor interests, in gold exploration in the Ivory Coast, and Elephant Oil in Benin, have made no significant impact during the period, though could prove material were they to see further progress.

Since year end the investment in Power Metal Resources Plc ("POW") shares and warrants, stated at a value of £0.118 million and with a book cost of £0.100 million, has increased in value to £1.096 million. POW is at an early stage of its development and we expect it to continue as an aggressive explorer and deal-maker in the coming year.

Outlook

There is much that is uncertain in the world outlook. The IMF in its October report anticipated a global GDP growth of 5.2% in 2021, after -4.4% in 2020, a year in which it is almost China alone that is showing positive growth. By now expectations may already have changed.

China has become so big a demand factor for many commodities, iron ore and copper included, that sharp recent price increases have been seen in these commodities. Chinese steel production for the first nine months of the year has run at 6.8% above 2019 levels. Demand for copper from China also reflects the recovering economy, at a time when South American production has been interrupted by the effects of the pandemic.

Longer term, the forecast for copper demand is for 2% growth p.a., and copper investment to replace consumed reserves has been insufficient in recent years. One may also wonder whether, if the world is to be converted to alternative energy and electric cars, the implications for demand for the world's best conductor have been fully thought through and reflected in projected prices. Not only do electric cars contain more copper, but the transmission network necessary to take the electricity to the point of use, substituting for all the petrol tankers in the world, will be far greater than that currently existing. Moreover, alternative power generation technologies require large amounts of copper to mitigate their inherent inefficiencies.

Turning from the industrial world to the financial, the arguments for gold as a store of value are well rehearsed, and the apparent switch from a strong to a weak dollar, combined with money creation in the world's major economies, create conditions in which gold looks at worst a defensive investment, and may at best be a very good one in 2021 and 2022.

Red Rock has a balance of gold, copper/cobalt, and manganese exposure that plays into the trends we see developing. Our aim is to exploit our strong and well-balanced project portfolio to become, in our chosen markets, an influential presence and a leading representative in the London markets.

The process of recruiting additional staff and directors has been under way for several months at the subsidiary level, and at the parent is now beginning. As we develop, our capabilities and structure have to develop to match.

We plan an active 2021, building on the years of preparation we have undertaken with dynamic exploration programmes and active engagement with potential partners.

We thank our staff, old and new, our business partners and our shareholders for their support and faith in us over the period and going forward.



Andrew Bell
Chairman and CEO

30 December 2020

Strategic Review

Overview of the Business

The Company is listed on London's AIM market (AIM:RRR) and manages a diverse portfolio of producing and exploration stage natural resources assets located around the world.

Business Strategy

The Company's strategy involves seeking out, assessing and investing in natural resource projects where it can actively add value through exploration, technical development and corporate transactions.

Principal Risks and Risk Management

Exploration and development is an inherently high-risk business, outlined here are some of the primary risks identified:

Exploration Risk

The Group's business is mineral exploration and evaluation, which are speculative activities. There is no certainty that Red Rock will proceed to the development of any of its projects or otherwise realise their full value. The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential, where there is at least some historical drilling or geological data available, and where leading exploration consultants believe there is strong evidence of world class mineral deposits.

Resource Risk

All mineral projects have risk associated with defined grade and continuity. Mineral Reserves and Resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions, which include geological projection and commodity price assumptions. This may include variations in the style of mineralisation encountered as well as the failure to achieve economic deposits.

Environmental Risk

Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Any disturbance to the environment during exploration on any of the licence areas, will be rehabilitated in accordance with the prevailing local regulations.

Financing & Liquidity Risk

The Group has an ongoing requirement to fund its activities through the equity capital markets. There is no certainty such funds will be available when needed. To date the Group has managed to raise the required funds, primarily through equity placements, despite difficult markets that currently exist for raising funding in the junior mining industry. The cost of available capital may fluctuate significantly, and can include high interest rates and the requirement to offer new equity at a discount to current prices. The Company can be affected by international markets and risk appetite, and low projections of future world GDP growth may depress commodity prices and perceived future levels of demand. Supply and demand of individual commodities may also impact valuations of current and future resources and projects in the Group portfolio.

Corporate finance planning and analysis considers multiple avenues to acquire and deploy capital, including from internal sources of cash flow. Expansion of capital reserves and ongoing cost reduction efforts provides the Company with additional resilience during sector downturns.

The Directors have prepared cash flow forecasts for at least the next 12 months from the date of this report and are confident that the Company can raise additional funds through asset sales or equity funding if required. Nevertheless, in the event that the Group is unable to secure further financial resources, it may have a detrimental impact on the Group's exploration activities and viability of its exploration licences and ability to monetise and realize value from them.

Political Risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets. The Company has working knowledge of the countries in which it holds exploration licences and has appointed experienced local operators to assist the Company in its activities in order to help reduce possible political risk.

COVID-19

The Company recognises the uncertainty and volatility caused by the ongoing COVID-19 crisis. The health and safety of our staff and associates is of major concern and we have taken steps to mitigate this risk by avoiding face to face meetings and through the greater adoption of video-conferencing services and when absolutely required, socially distanced meetings. This year's AGM format will reflect the current business environment and ongoing risks associated with the COVID-19 pandemic.

Operationally, COVID-19 has not caused significant disruptions to the Company's projects during the year, however the inability to travel to project sites and the associated slowdown in government processing of licenses has delayed progress in some instances. With the world distributing various COVID-19 vaccines in 2021, the Company looks forward to a resumption of normal level of activities over the course of the coming year.

Internal Controls & Risk Management

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial controls.

Key Performance Indicators (KPIs)

At this stage in the Company's development, the Directors regularly monitor key performance indicators associated with liquidity, primary cash flows and bank balances, general administrative expenses as well as share price performance and appreciation.

Corporate Responsibility

The Company takes its responsibilities as a corporate citizen seriously and has in place a Corporate Social Responsibility ("CSR") policy. The Board's primary goal is to create shareholder value but in a responsible way, which serves all stakeholders. The Company recognises that as a junior exploration and development business, the Company has a responsibility to local communities in which it works, ensuring that the projects it operates are undertaken with responsible behaviours. The Company's framework for CSR places emphasis on stakeholder engagement and information dissemination, ensuring that the local communities are aware of plans and activities being conducted. Where appropriate, the Company also undertakes sustainable development projects, including capacity building, scholarships and related ventures.

Governance

The Board considers sound governance as a critical component of the Company's success and the highest priority. The Company has an effective and engaged Board, with a strong non-executive presence drawn from diverse backgrounds and with well-functioning governance committees. Through the Company's compensation policies and variable components of employee remuneration, the Remuneration Committee of the Board seeks to ensure that the Company's values are reinforced in employee behaviour and that effective risk management is promoted.

Analysis by Gender

Category	Male	Female
Directors	4	0
Other Employees	0	1

Employees and Their Development

The Company is dependent upon the qualities and skills of its employees and their commitment plays a major role in the Company's business success. Employees' performance is aligned to the Company's goals through an annual performance review process and via incentive programmes. The Company provides employees with information about its activities through regular briefings and other media. The Company operates a Share Option Scheme, operated at the discretion of the Remuneration Committee and an employee Share Incentive Plan operated by the Share Incentive Plan Trustees.

Diversity and Inclusion

The Company does not discriminate on the grounds of age, gender, nationality, ethnic or racial origin, non-job-related-disability, sexual orientation or marital status. The Company gives due consideration to all applications and provides training and the opportunity for career development wherever possible. The Board does not support discrimination of any form, positive or negative, and all appointments are based solely on merit.

Health and Safety

The Company includes Health and Safety ("H&S") procedures and frameworks in all of its planning and field activities, with emphasis on top-down as well as bottom-up ownership and responsibility, quality training of all personnel and risk assessments that go beyond regulatory compliance. Comprehensive Risk Assessments of Health and Safety Systems have been developed to identify existing risks, to implement relevant mitigation measures, and to identify potential risks before they may be directly applicable to our

Strategic Review

continued

operations. Red Rock's H&S strategy includes project and location specific training and H&S inductions, Emergency Response Plans and field team reporting procedures.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and referenced herein, how the Board engages with stakeholders.

Signed by order of the Board.



Andrew Bell
Chairman and CEO

30 December 2020

Board of Directors

The Board of Directors makes decisions on shareholders' behalf. Red Rock has one Executive Director and three Non-Executive Directors.

Andrew Bell, MA, LLB

Chairman and CEO

Andrew Bell began his career as a natural resources analyst at Morgan Grenfell & Co. in the 1970s. His business experience encompasses periods in fund management and advisory work at leading financial institutions, international corporate finance work and private equity. Andrew Bell's listed company directorships are Power Metal Resources Plc (AIM), Chairman and Director, and Jupiter Mines Ltd (ASX), Non-Executive Director. Andrew Bell is also a former Director of various resource sector companies, including as former Chairman of Star Striker Ltd (now Intiger Group Ltd) (ASX), and a former Non-Executive Chairman of Greatland Gold Plc (AIM). Andrew Bell has considerable sector experience and his skills also include financial, business and legal analysis as well as experience of public markets. Andrew Bell normally attends at least one mining conference every year and attends presentations by other companies; he also sits on boards that expose him to other commodities and corporate cultures; he reads new papers in the technical and regulatory fields; he also interacts with experts at the cutting edge of geology and geophysics.

Scott Kaintz, BS, MBA

Non-Executive Director

Scott has extensive experience leading, funding and operating publicly traded natural resource exploration and development businesses on the London markets. He started his career as a US Air Force Officer working across Europe, the Middle East and Central Asia. He subsequently held managerial and technology roles in the defence sector in Europe before transitioning to corporate finance and investment positions focused primarily on capital raising and making debt and equity investments in small-cap listed companies. Scott has significant experience in emerging markets, with a particular emphasis on the countries of the former Soviet Union. Scott holds a BSLA in Russian language and Russian Area Studies from Georgetown University as well as MBA degrees from Columbia Business School and London Business School. He joined Red Rock Resources plc in 2011 as Corporate Finance Manager, became an Executive Director until May 2020, when he became a Non-Executive Director. He is also an Executive Director of Corcel Plc and Curzon Energy Plc. As an active Director of multiple entities and attendee of natural resource conferences, Scott Kaintz is continuously exposed to best practices across the natural resources sector, which allows him to apply these to operations and activities at the Red Rock Board level. Scott's exposure to capital raisings of both debt and equity give him a deep perspective on the relative cost of capital and on structures appropriate for natural resource companies at all stages of development.

Michael Nott, BSc, MSc, DIC, FIMMM, FIQ, C.Eng

Non-Executive Director

Michael Nott is a geologist and mining engineer by profession and has 40 years' experience in the oil & gas, mining, minerals and quarrying industries. His early career was based in Zambia, including nine years with Roan Consolidated Mines Ltd. He was a regional manager for Pioneer Aggregates (UK) Ltd, then an Australian company, and later a Director of Jay Minerals Services Ltd and Hills Aggregates Ltd, becoming Trading Director of ARC (Southern) Ltd and Production Director of C. White Ltd. He is a former Chairman and current Non-Executive Director of Alba Mineral Resources Plc, listed on AIM. Michael Nott has significant public markets, sector and technical experience, and is an assiduous reader of the mining news and literature, and retains a wide and active contact network in the industry.

Sam Quinn

Independent Non-Executive Director

Sam Quinn has a Bachelor of Laws and Bachelor of Arts and is a qualified lawyer in Western Australia and in England & Wales. He has served as Legal Counsel for and as part of the executive management team of several listed and non-listed gold, silver, copper, iron-ore and diamond exploration and development companies with operations in various jurisdictions. Mr Quinn is an Executive Director of Tectonic Gold Plc, listed on Aquis, and is a Non-Executive Director of Blencowe Resources Plc, listed on the LSE. He has strong legal expertise as well as significant experience in public markets, the resources sector and in corporate finance. Sam is also legal counsel to the Dragon Group, a mining finance boutique and a partner of Corporate Service Providers Silvertree Partners, a role that requires up to date knowledge of all aspects of corporate, legal, regulatory and accounting practices.

Responsibilities of the Board

- Focus on governance over management
- Formulate, review and approve the Company strategy
- Oversee financial activities and operational performance
- Approval of annual budget and periodic reviews

Board of Directors

continued

Focus Areas for 2021

- Continued exploration and development of Kenyan gold assets
- IPO or transaction involving Red Rock Australasia gold licenses
- Advancement of DRC exploration projects
- Bolstering Company's financial resources and balance sheet

Directors' Report

Red Rock Resources Plc - Company Number: 05225394
for the year ended 30 June 2020

The Directors present their fifteenth annual report on the affairs of the Group and Parent Company, together with the Group financial statements for the year ended 30 June 2020.

Results and Dividends

The Group's results are set out in the consolidated income statement on page 24. The audited financial statements for the year ended 30 June 2020 are set out on pages 23 to 66.

The Group made a post-tax profit of £5.156 million (2019: loss of £1.724 million).

The Directors do not recommend the payment of a dividend (2019: nil).

Business Review and Future Developments

The business review and future developments are dealt with in the Chairman's Statement and in the Strategic Review on pages 3 to 8.

Fundraising and Share Capital

During the year, the Company raised no new equity (2019: £0.853 million); further details are given in note 20.

Directors

The Directors who served at any time during the period to date are as follows:

Andrew R M Bell
Michael C Nott
Scott Kaintz
Sam Quinn

The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2020 were as follows:

	Ordinary shares		Total	As percentage of issued share capital	Options	Warrants
	Direct	Beneficial				
Andrew R M Bell	31,238,520	11,552,617	42,791,137	6.14%	17,760,000	3,125,000
Michael C Nott	1,471,807	11,235,652	12,707,459	1.82%	900,000	—
Scott Kaintz	2,517,807	11,552,617	14,070,424	2.02%	15,680,000	—
Sam Quinn	2,206,766	9,605,944	11,812,710	1.70%	3,900,000	—

The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2019 were as follows:

	Ordinary shares		Total	As percentage of issued share capital	Options	Warrants
	Direct	Beneficial				
Andrew R M Bell	31,238,520	7,828,480	39,067,000	5.78%	17,760,000	—
Michael C Nott	1,471,807	7,660,480	9,132,287	1.35%	900,000	—
Scott Kaintz	2,517,807	7,828,480	10,346,287	1.53%	15,680,000	—
Sam Quinn	2,206,766	5,911,600	8,118,366	1.20%	3,900,000	—

Events After the Reporting Period

The events after the reporting period are set out in note 27 to the financial statements.

Directors' Report

continued

Substantial Shareholdings

On 30 June 2020 and 1 December 2020, the following were registered as being interested in 3% or more of the Company's Ordinary share capital:

	30 June 2020		1 December 2020	
	Ordinary shares of £0.0001 each	Percentage of issued share capital	Ordinary shares of £0.0001 each	Percentage of issued share capital
HSBC Global Custody Nominee (UK) Limited – Designation 941346	121,980,634	17.51%	122,220,634	14.81%
Red Rock Resources Plc Share Incentive Plan	47,012,723	6.75%	47,012,723	5.70%
Peel Hunt Holdings Limited – Designation PMPRINC	44,827,721	6.43%	2,340,437	0.28%
Pershing Nominees Limited – Designation JGIDEAL	42,250,000	6.06%	-	-
Barclays Direct Investing Nominees Limited – Designation CLIENT1	36,053,750	5.17%	46,376,273	5.62%
Interactive Investor Services Nominees Limited – Designation SMKTNOMS	36,044,610	5.17%	73,102,705	8.86%
Vidacos Nominees Limited – Designation IGUKCLT	28,306,638	4.06%	24,088,999	2.92%
Hargreaves Lansdown (Nominees) Limited – Designation 15942	25,770,980	3.70%	41,030,310	4.97%
Alliance Trust Savings Nominees Limited – Designation GRO	25,102,982	3.60%	24,426,255	2.96%
Interactive Investor Services Nominees Limited – Designation SMKTISAS	25,090,030	3.60%	64,764,603	7.85%
Lynchwood Nominees Limited - 2006420	22,134,408	3.18%	-	-
Hargreaves Lansdown (Nominees) Limited – Designation VRA	19,524,266	2.80%	30,726,591	3.72%
Hargreaves Lansdown (Nominees) Limited – Designation HLNOM	15,028,428	2.16%	31,931,689	3.87%
JIM Nominees Limited – Designation JARVIS	11,840,751	1.70%	75,281,434	9.12%
Total number of shares in issue	696,767,452		825,338,881	

Management Incentives

In the year to 30 June 2020, the Company has not granted any options over its Ordinary shares (2019: no options were granted). As at 30 June 2020, 48,320,000 of these options were outstanding (2019: 48,320,000).

In January 2012, the Company implemented a tax efficient Share Incentive Plan, a government approved scheme, the terms of which provide for an equal reward to every employee, including Directors, who had served for three months or more at the time of issue.

The terms of the plan provide for:

- each employee to be given the right to subscribe any amount up to £150 per month with Trustees who invest the monies in the Company's shares;
- the Company to match the employee's investment by contributing an amount equal to double the employee's investment;
- the Company to award free shares to a maximum of £3,600 per employee per annum; and
- all shares awarded under the Plan are held by the Share Incentive Plan Trustees and such shares cannot be released to participants until five years after the date of award, except in specific circumstances.

The subscriptions remain free of taxation and national insurance, if held for five years.

In January 2016, the Directors approved an EMI (enterprise management incentive) Scheme, and all options granted by the Company in the year to 30 June 2020 to Executive Directors and full-time employees have been granted under the EMI Scheme.

Further details on share options and the Share Incentive Plan are set out in note 22 to the financial statements.

Directors' Remuneration Report

The remuneration of the Executive Directors, paid during the year, was fixed on the recommendation of the Remuneration Committee. The remuneration of the Non-Executive Directors, paid during the year, was fixed on the recommendation of the Executive Directors. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

When conducting annual reviews of executive and non-executive remuneration, the Company's strategy of natural resource development and investment, as well as KPIs such as Company liquidity and share price performance and overall project development are taken into consideration and directly affect ongoing remuneration levels. The Remuneration Committee may set annual targets based on these KPIs to provide additional and more specific goals by which to assess annual Executive performance.

A fee was paid to each Director for the year ended 30 June 2020. In addition, certain fees and expenses were paid to businesses with which the Directors are associated as set out in note 9 to the financial statements.

Each Director is entitled to participate in the Share Incentive Plan.

The Company also has a Group Personal Pension Scheme for all eligible employees, including the Directors. The Scheme is an insured, defined contribution arrangement with all members entitled to an employer pension contribution equivalent to 8% of basic salary, subject to the individual making contribution to the Scheme (subject to statutory and regulatory conditions). The Scheme is available on a salary sacrifice basis, with 100% of the employer's national insurance saving passed on to the member by way of an enhanced employer contribution to the Scheme of an equivalent amount.

The Company is closely associated with Power Metal Resource Plc. The Company had a 4.52% interest in Power Metal Resources Plc as at 30 June 2020 (2019: 6.89%) and is jointly invested in the Red Rock Australasia joint venture with Power Metal Resources Plc. One Director, Andrew Bell, was also a Director of and was paid by Power Metal Resources Plc as of 30 June 2020. The amount of Andrew Bell's remuneration is not required to be disclosed in the Company financial statements, but is fully disclosed in the financial statements of Power Metal Resources Plc.

The Company is closely associated with Corcel Plc, which had a nil % interest in the Company as at 30 June 2020 (2019: 0.85%). The Company had a 3.77% interest in Corcel Plc as at 30 June 2020 (2019: 2.31%). One Director, Scott Kaintz, was also a Director of and was paid by Corcel Plc at 30 June 2020. The amount of Scott Kaintz's remuneration is not required to be disclosed in the Company financial statements, but is fully disclosed in the financial statements of Corcel Plc.

Corporate Governance Statement

A corporate governance statement follows on pages 16 to 18.

Control Procedures

The Board has approved financial budgets and cash forecasts; in addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

Environmental Responsibility

The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company policy is to follow the best international practice in mitigating and minimising impacts through exploration and mining activities. The Company ensures that it and its subsidiaries comply with the local regulatory requirements, and industry standards for environmental and social risk management.

Employment Policies

The Group is committed to promoting policies, which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success of the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective, the Group provides training and support to employees and sets demanding standards for workplace safety.

Suppliers, Customers and Regulatory Authorities

The Board acknowledges that a strong business relationship with suppliers and customers is a vital part of the growth. Whilst day to day business operations are delegated to the executive management, the Board sets directions with regard to new business ventures. The Board uphold ethical behaviour across all sectors of the business and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered. In these accounts a total of £552,000 of outstanding trade and other payables was written back to profit or loss as the likelihood of settlement of these claims was considered as unlikely due to their advanced age and a lack of communication with the vendors involved.

Going Concern

The Group has recorded a profit of £5.156 million for the year ended 30 June 2020 (2019: loss of £1.723 million). At that date there were net current liabilities of £3.823m (2019: net current liabilities of £1.753 million). The profit resulted mainly from the reversal of impairment of £5.280 million, previously recognised in relation to Kenyan assets in 2015 and £0.55 million relating to the write back of creditors, which management consider are no longer due because of their age. Cash and cash equivalents were £0.053 million (2019: £0.063 million) at year end.

During the reporting year, the Company has continued to receive proceeds from the sale of its gold interests in Colombia. Payments of up to US\$2.0 million are to be paid in the form of a 3% net smelter royalty payable quarterly on gold production. The Company has earned royalties of US\$0.154 million to 30 June 2020, of which £17,000 has been received. The Company estimates that approximately US\$0.253 million will be paid out towards the US\$2 million royalty during the next four quarters based on the most recent projections from the operator in Colombia. A final royalty stream of up to US\$1.0 million will be paid following the payment in full of the initial net

Directors' Report

continued

smelter royalty in the form of a 0.5% net smelter royalty. The gold mine at El Limon on which the royalty is based has been undergoing significant upgrades during the course of 2020, which led to very low production during the reporting period, and these upgrades are expected to complete by the end of the calendar year, with substantially higher production levels projected for 2021 onward.

On 28 October 2020, Jupiter Mines, a company in which Red Rock owns 13,526,914 shares, approximately 0.69% of Jupiter, announced that it would pay an unfranked dividend of A\$0.01 per share for the half-year period to 31 August 2020. This brings the cumulative payout made by Jupiter to A\$260 million since its ASX listing with over US\$5 million going to Red Rock Resources. At 30 December 2020, the value of the Company's holdings in Jupiter Mines is £2.4 million.

Currently the Company owns 25,000,000 shares in Power Metal Resources (AIM:POW) as well as 20,000,000 warrants exercisable at a price of £0.01. The market value of these shares at 30 December 2020 sits at £0.688 million and the net value of the options at £0.350 million, giving the Company additional financial flexibility for potential disposals over the course of the year.

On 28 September 2020, the Company announced that it had raised £1.0 million by way of a placing of 125,000,000 shares at a price of £0.008 per share. This marked the first time the Company had conducted a share placement since 2017, as the Company has been largely self-funded during the period relying on a mix of convertible debt instruments and its own revenue streams.

During the course of December 2020, the Company announced the partial conversion and complete retirement of convertible loan notes totalling £0.867 million of principal and £0.104 million of interest, dramatically reducing the Company's overall debt position. The Company also retains undrawn loan facilities of US\$0.6 million.

The Group retains a lean operating structure, with only three employees and both accounting and geological services outsourced. The Company has continued to control operating costs through the use of part-time consultants and a minimal permanent footprint and cost basis in London. The COVID-19 pandemic has offered the Company the ability to further cut office and administrative costs during the course of the year through discounted office rents.

The Directors are confident in the Group and Company's ability to fund its basic operations from the ongoing stream of dividends from Jupiter Mines and potential disposals involving its interests in Power Metal Resources and Jupiter Mines. The Company further considers the potential for cash generative transactions during the year involving its Australian, Kenyan and DRC gold and copper interests to be promising, and if consummated would further contribute to both administrative and operating costs. The ongoing royalty stream from the disposal of its Colombian gold assets is also expected to increase over the course of 2021, further bolstering internal cash flows. Where additional funds are required the Group will utilise its existing debt facility or raise funds at the market. The Directors have prepared cashflow forecasts as part of their going concern assessment which anticipate that a fund raise will be required within the going concern period.

The Company has demonstrated the repeated ability to raise new finance as required, either in the form of debt or equity as deemed appropriate. The Directors have concluded that the combination of these circumstances means that preparation of the Group's financial statements on a going concern basis is appropriate. The Directors further believe that they will be able to largely fund the business internally and will be able to access external capital as required during 2020-21.

Provision of Information to Auditor

The Directors confirm that:

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

Auditor

A resolution proposing the re-appointment of PKF Littlejohn LLP as auditor is contained in the Notice of Annual General Meeting and will be put to shareholders at the Annual General Meeting.

By order of the Board

Signed by:



Andrew Bell
Chairman and CEO

30 December 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Red Rock Resources Plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

The Directors have confirmed that they have complied with the above requirements in preparing the financial statements.

Corporate Governance Statement

“Good corporate governance provides a sound framework through which we can successfully deliver our strategy and return value to our stakeholders.”

Dear Shareholders

The Board is committed to maintaining high standards of corporate governance and in this it is guided by the Quoted Companies Alliance’s Corporate Governance Code (the “QCA Code”). The QCA Code sets out 10 principles that define Red Rock’s own governance policies several of which are expanded on below.

Strategy and Risks

Business Model and Strategy for Promotion of Long-Term Value

The Board considers that the highest medium and long-term value can be delivered to its shareholders by creating a diverse portfolio of holdings with exposure to commodities across multiple stages of the natural resource cycle, from exploration to production, and with a degree of geographical and commodity diversity. The Company’s objective focusses on opportunities to add and realise value in reasonably short timeframes, and considers the generation of multiple sustainable income streams to be its prime task, as this can underpin value and underwrite the higher risk parts of its project pipeline such as exploration. Cash flows from dividends and buy-backs, royalties and operations are supplemented by the conversion of its unlisted asset interests, once they have reached a stage of maturity where this is possible, to more liquid and more fungible forms.

Role of the Board

The Board has a responsibility to govern the Company rather than to manage it and in doing so act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

Responsibilities of the Board

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 Executive Directors who are charged with consulting the Board on all significant financial and operational matters. The Board approves the annual budget and amendments to it, issues of shares or other securities and all significant acquisitions and disposals.

Board of Directors

The Board of Directors comprises four Directors, one of whom is Chairman and CEO as of the year end. In addition, there is one Independent Non-Executive Director, being Sam Quinn, and two Non-Executive Directors who have provided professional services to the Company and who therefore do not qualify as independent.

The Directors are of the opinion that the Board comprises a suitable balance of resource sector, technical, financial, accounting, legal and public markets skills as well as experience of the Board as a whole and that the recommendations of the QCA Corporate Governance Code have been implemented to an appropriate level. The Board shall review annually and when required the appropriateness of its mix of skills and experience to ensure that it meets the changing business needs.

The Board recognises that it has limited ethnic diversity and will give this factor due consideration if the Board concludes that replacement or additional directors are required.

The Board, through the Chairman and Non-Executive Directors, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

All Directors have access to the advice of the Company’s solicitors and the Company Secretary, 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.

Executive Chairman

The Board acknowledges that, in having a Chairman who is also the Chief Executive Officer, best practice, as stated in the listing rules of the Financial Services Authority applicable to the main market, is not being followed. However, it is the opinion of the Board as a whole that the current arrangements are appropriate to the Company and Group at this stage of development.

Board Meetings

The Board meets regularly throughout the year. During the year ended 30 June 2020, the Board met eight times in relation to normal operational matters.

Board Meeting Attendance

The Director's attendance at scheduled and ad hoc Board meetings and Board Committees during the year ended 30 June 2020 is detailed in the table below:

Director	Board Scheduled Meetings (1)	Board Ad Hoc Meetings (7)*	Audit Committee (1)	Remuneration Committee (1)
Andrew Bell, Chairman and CEO	1	7	1	1
Scott Kaintz, Non-Executive Director	1	7	1	-
Michael Nott, Non-Executive Director	1	7	1	1
Sam Quinn, Non-Executive Director	1	7	1	1
Total Meetings	1	7	1	1

* Ad hoc meetings: Meetings called for a specific matter generally of a more administrative or transactional nature often not requiring full Board attendance.

Board Committees

The Board has established the following committees, each of which has its own terms of reference:

Audit Committee

The Audit Committee considers the Group's financial reporting, including accounting policies, and internal financial controls. It is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Audit Committee meets as required, at least once with the auditor, and is comprised of Michael Nott, Non-executive Director, as Chairman and Sam Quinn, Independent Non-executive Director. The Chairman and senior personnel attend the Committee as requested by the Committee.

It is the responsibility of the Committee to review the annual and half-yearly financial statements, to ensure that they adequately comply with appropriate accounting policies, practices and legal requirements, to recommend to the Board their adoption, and to consider the independence of and to oversee the management's appointment of the external auditor.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on Executive Directors' remuneration. It comprises two suitably qualified Non-executive Directors: Sam Quinn as Chairman and Michael Nott. The Chairman and other senior personnel attend meetings as requested by the Committee which meets as required during the year.

Nominations Committee

The Board has not established a Nominations Committee. The Board considers that a separately established committee is not warranted at this stage of the Group's development and that the functions of such a committee are being adequately discharged by the Board as a whole.

Board Evaluation

The internal evaluation of the Board, the Committees and individual Directors, including any succession planning, is undertaken on an annual basis, to determine the effectiveness of their performance and suitability to the changing business requirements. There is also a continuous and ongoing process of evaluation, which historically has resulted in an increase and then reduction in the Board size and changes in composition, both at Executive and Non-Executive level, as the business grew to 2010 and then shrank in the ensuing poor market for commodities, and as the needs of the business evolved.

The assessment criteria are based on the need to promote the Company's Business Model, industry practices and the need for balance, the Company's immediate aspirations as well as the specific skills, knowledge and capabilities that are required to perform certain roles. The results and recommendations that come out of the appraisals of the Directors and members of the Committees, identify the required changes and actions for the Board and the Committees as units as well as individually for the Directors and members of the Committees.

Ethical Decision Making

Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and all staff have agreed to maintain confidentiality of non-public information except where disclosure is authorised or legally mandated.

Bribery

In accordance with the provisions of the Bribery Act, all Directors and staff have been informed and have acknowledged that it is an offence under the act to engage in any form of bribery. The Company has an Anti-Bribery and Whistleblowing Policy in force.

Corporate Governance Statement

continued

Internal Controls

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

Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy

The Group finances its operations through equity, loans and sales of investments. The Group holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.

Securities Trading and Share Dealing

In accordance with the AIM Rules and MAR, the Board has adopted the Share Dealing Code that applies to Directors, senior management and any employee who is in possession of "inside information". All such persons are prohibited from trading in the Company's securities if they are in possession of "inside information". Subject to this condition and trading prohibitions applying to "close periods" (30 days prior to the publication of the interim and final audited accounts), trading can occur provided the relevant individual has received the appropriate prescribed clearance. All Directors and staff are required to advise the Executive Chairman, or other designated person, of their intention to undertake a transaction in the Company's shares. Such a transaction will be prohibited if the Director or employee is considered to be in possession of non-public material information.

Culture

The Company aims to deliver long-term value to its shareholders through a diverse portfolio of revenue generating mineral exploration projects and investments, corporate transactions, JVs and partnerships. Therefore, the Company aims to ensure an open and respectful dialogue with shareholders and other interested parties for them to have the opportunity to express their views and expectations for the Company. In this dialogue the importance of sound ethical values and behaviour is emphasized, both because it is important if the Company is to successfully achieve its corporate objectives that this culture is transmitted through the whole organization, and also to set a benchmark and send a signal of what it will and will not do in some of the jurisdictions in which the Company operates.

Relations with Shareholders

The Board recognises that it is accountable to shareholders for the performance and activities of the Company and Group and to this end is committed to providing effective communication with the shareholders of the Company.

Significant developments are disseminated through stock exchange announcements and regular updates of the Company website where descriptions of the Group projects are available and updated regularly. In addition, copies of press comments, broker notes, video updates and presentations are available. On the website, shareholders may sign up to receive news releases directly by email. The Board views the Annual General Meeting as an important forum for communication between the Company and its shareholders and encourages shareholders to express their views on the Group's business activities and performance.

Independent Auditor's Report

to the members of Red Rock Resources Plc

Opinion

We have audited the financial statements of Red Rock Resources (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's and parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Group is required to raise funds within the going concern period. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our application of materiality

The materiality applied to the group financial statements was £114,000 based on thresholds of 1% of gross assets, before the adjustment to reverse an impairment charge. The performance materiality for the group was £68,400. The gross asset benchmark was concluded as most relevant to shareholders and investors for an exploration group with a number of investments and projects.

The materiality applied to the parent company financial statements was £102,600 based on a threshold of 1% of gross assets but capped at 90% of group materiality. The performance materiality of the parent company was £61,560. The gross asset benchmark was concluded as most relevant to shareholders and investors for a parent undertaking with investments and exploration assets.

Whilst materiality for the group financial statements as a whole was set at £114,000, component materiality for the two significant components in the UK was set between £102,600 and £14,500 based upon a stratified proportional allocation of the maximum aggregate component materiality level. Performance materiality was set at 60%.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £5,700 and £5,130 for the group and parent company respectively, in addition to other identified misstatements that warranted reporting on qualitative grounds.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent Auditor's Report

continued

The accounting records of the parent company and all subsidiary undertakings are centrally located and audited by us based upon materiality or risk. The key audit matters addressed, and how these were addressed are outlined below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the key audit matter
<p>Valuation and classification of exploration assets (see notes 1.5 and 13)</p>	
<p>Exploration assets have a carrying value in the financial statements of £11,858,000 at 30 June 2020 (2019: £235,000).</p> <p>During the year, the Group reversed a previously recognised impairment provision of £5.28m and reclassified non-current receivables due from Mid-Migori Mining Company Ltd (“MMM”), with a combined carrying value of £11.5m, to exploration assets.</p> <p>We identified an audit risk that exploration assets are not appropriately classified within the financial statements as at 30 June 2020 and that they are incorrectly valued because an impairment exists that has not been recognised.</p> <p>This was assessed to be a key audit matter because exploration assets represent 65% of the Group's total assets and management were required to use their judgement in assessing the classification and recoverability of the exploration assets.</p>	<p>Our work in this area included the following:</p> <ul style="list-style-type: none"> • Obtaining and challenging management's impairment review, together with subsequent announcements and progress on the license areas; • Obtaining copies of the exploration licenses to ensure good title and check, where applicable, that any specific terms or conditions therein have been adequately met; • Performed an independent assessment for indicators of impairment in accordance with the requirements of IFRS 6, including the historically declared resource estimates; • Assessing the appropriateness of the disclosures made in respect of management's judgement on whether impairment indicators exist; • Obtaining and reviewing the underlying agreements in place between the group and the other JV partner to assess the accounting treatment adopted by management to reclassify the assets as exploration assets; and • An assessment of the historic costs incurred and the amounts advanced through enquiries of management for compliance with the criteria in IFRS 6 to be classified as exploration and evaluation assets.
<p>Key observations</p> <p>The reclassification follows the approval of two exploration licences in MMM which were subject to a long term dispute with the mining authorities in Kenya. The licences were formally granted after the balance sheet date. The Group considers that the conditions that led to the grant of the exploration licences existed at the balance sheet date due to the court decision in favour of the Group and the submission of the application for the licences to the mining authorities before 30 June 2020. This constitutes an adjusting post balance sheet event and management has recognised the following adjustments as at 30 June 2020 in this respect:</p> <ul style="list-style-type: none"> • The reversal of an impairment charge of £5.28m to non-current receivables which was recognised at the time when the licences were revoked and the legal dispute commenced between the Group and the mining authorities in Kenya; • Reclassification of non-current receivables due from MMM to exploration assets; and • An accrual for the final earn-in payment due to Kansai Mining Corporation Ltd which would give the Group a 100% ownership of the exploration projects. <p>We were satisfied on the basis of our work performed that the accounting treatment adopted reflects the substance of the agreements in place.</p> <p>In forming our opinion on the financial statements, which is not modified, we draw to the users attention the disclosure in note 1.5 which states that the exploration assets were assessed by management to be recoverable through a future sale or transaction. The financial statements do not include the adjustments that would be required if the group was unable to complete such an arrangement and to fully recover the carrying value of the intangible assets.</p>	

Key Audit Matter	How the scope of our audit responded to the key audit matter
Recoverability of non-current assets (see notes 1.5 and 17)	
<p>Non-current assets has a carrying value in the financial statements of £1,432,000 at 30 June 2020 (2019: £1,347,000).</p> <p>Non-current assets represent amounts expected to be receivable through a net smelter royalty following the sale of MFP in a previous accounting period. The asset is measured at fair value based on the net present value of future cash flows expected to be received in respect of the royalty proceeds.</p> <p>We identified an audit risk that these assets are not recoverable and therefore are incorrectly valued in the financial statements.</p> <p>This was assessed to be a key audit matter because non-current assets are financially significant and management are required to use their judgement and estimation in preparing the net present value of future cash flows from the royalty stream.</p>	<p>Our work in this area included the following:</p> <ul style="list-style-type: none"> • Obtaining management's working for the valuation of the MFP sales proceeds and ensuring arithmetical accuracy of the workings; • Reviewing all model inputs and assumptions and ensuring they are reasonable and appropriate; • Considering whether management have included all possible factors which could impact the valuation; and • Considering whether there are indications of impairment in the valuation or whether there are indications that the balance is not recoverable.
<p>Key observations</p> <p>In reviewing the calculations prepared by management, we noted the following assumptions as key:</p> <ul style="list-style-type: none"> • Estimate production rate • Discount rate • Gold price <p>We noted that management has predicted significant growth rates in production from 2021 onwards which has a direct impact on the fair value of the non-current asset.</p> <p>In forming our opinion on the financial statements, which is not modified, we draw to the users attention the disclosure in note 1.5 which lists the key assumptions in the calculation of fair value of non-current assets. The financial statements do not include the adjustments that would be required if the assumptions used are not accurate.</p>	

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent Auditor's Report

continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

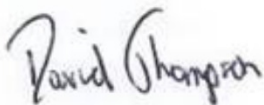
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

15 Westferry Circus
Canary Wharf
London E14 4HD

30 December 2020

Consolidated Statement of Financial Position

as at 30 June 2020

	Notes	30 June 2020 £'000	30 June 2019 £'000
ASSETS			
Non-current assets			
Investments in associates and joint ventures	12	1,584	1,584
Exploration assets	13	11,858	235
Mineral tenements		31	—
Financial instruments - fair value through other comprehensive income (FVTOCI)	14	2,755	4,210
Non-current receivables	17	1,432	5,234
Total non-current assets		17,660	11,263
Current assets			
Cash and cash equivalents	16	53	64
Financial instruments with fair value through profit and loss (FVTPL)	15	3	60
Other receivables	18	544	975
Total current assets		600	1,099
TOTAL ASSETS		18,260	12,362
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Called up share capital	20	2,783	2,781
Share premium account		26,909	26,853
Other reserves		1,460	2,563
Retained earnings		(17,187)	(22,668)
Total equity attributable to owners of the Parent		13,965	9,529
Non-controlling interest		(135)	(21)
Total equity		13,830	9,508
LIABILITIES			
Non-current liabilities			
Trade and other payables	19	7	—
Total non-current liabilities		7	—
Current liabilities			
Trade and other payables	19	3,345	1,733
Short-term borrowings	19	1,078	1,121
Total current liabilities		4,423	2,854
TOTAL EQUITY AND LIABILITIES		18,260	12,362

These financial statements on pages 23 to 66 were approved by the Board of Directors and authorised for issue on 30 December 2020 and are signed on its behalf by:



Andrew Bell
Chairman and CEO

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

for the year ended 30 June 2020

	Notes	Year to 30 June 2020 £'000	Year to 30 June 2019 £'000
<i>Continuing Operations</i>			
Administrative expenses	4	(597)	(592)
Exploration expenses		(10)	(6)
Project development	6	(42)	(303)
Other project costs	6	(319)	(159)
Impairment of financial assets carried at amortised cost	1.5	(250)	(1,593)
Reversal of previously impaired financial assets	1.5	5,280	—
Loss on revaluation of FVTPL financial assets	15	(53)	—
Currency gains		32	51
Share of profits/(losses) of associates	12	—	1
Other gains	3	562	25
Finance income, net	5	553	852
Profit/(loss) for the year before taxation		5,156	(1,724)
Tax	7	—	—
Profit/(loss) for the year		5,156	(1,724)
Profit/(loss) for the year attributable to:			
Equity holders of the Parent		5,164	(1,723)
Non-controlling interest		(8)	(1)
		5,156	(1,724)
Earnings per share attributable to owners of the Parent:			
Basic earnings per share, pence	10	0.76	(0.29)
Diluted earnings per share, pence	10	0.64	(0.29)

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2020

	Notes	30 June 2020 £'000	30 June 2019 £'000
Profit/(loss) for the year		5,156	(1,724)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
(Deficit) / surplus on revaluation of FVTOCI financial assets	14	(806)	(862)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Unrealised foreign currency (loss) / gain arising upon retranslation of foreign operations		(4)	23
Total other comprehensive income net of tax for the year		(810)	(838)
Total comprehensive income, net of tax for the year		4,346	(2,562)
Total comprehensive income net of tax attributable to:			
Owners of the Parent		4,354	(2,561)
Non-controlling interest		(8)	(1)
		4,346	(2,562)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

The movements in equity during the period were as follows:

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Other reserves £'000	Total attributable to owners of the Parent £'000	Non-controlling interest £'000	Total equity £'000
As at 1 July 2018	2,767	26,016	(20,941)	3,393	11,235	(20)	11,215
Changes in equity for 2019							
Profit for the year	—	—	(1,723)	—	(1,723)	(1)	(1,724)
Other comprehensive income for the year							
Transfer of FVTOCI reserve relating to disposals	—	—	—	9	9	—	9
Transfer of FVTOCI reserve relating to impaired FVTOCI financial assets	—	—	—	(862)	(862)	—	(862)
Losses on sale of FVTOCI taken directly to reserves	—	—	(4)	—	(4)	—	(4)
Unrealised foreign currency (loss) / gain arising upon retranslation of foreign operations	—	—	—	23	23	—	23
Total Other comprehensive income for the year	—	—	(4)	(830)	(834)	—	(834)
Transactions with owners							
Issue of shares	13	800	—	—	813	—	813
Share issue costs	—	(2)	—	—	(2)	—	(2)
Share issue in relation to SIP	1	39	—	—	39	—	39
Total transactions with owners	14	837	—	—	850	—	850
As at 30 June 2019	2,781	26,853	(22,668)	2,563	9,529	(21)	9,508
Changes in equity for 2020							
Profit for the year	—	—	5,164	—	5,164	(8)	5,156
Partial disposal of a subsidiary	—	—	106	—	106	(106)	—
Other comprehensive income for the year							
Transfer of FVTOCI reserve relating to disposals	—	—	—	(293)	(293)	—	(293)
Transfer of FVTOCI reserve relating to impaired FVTOCI financial assets	—	—	—	(806)	(806)	—	(806)
Losses on sale of FVTOCI taken directly to reserves	—	—	211	—	211	—	211
Unrealised foreign currency (loss) / gain arising upon retranslation of foreign operations	—	—	—	(4)	(4)	—	(4)
Total Other comprehensive income for the year	—	—	211	(1,103)	(892)	—	(892)
Transactions with owners							
Issue of shares	1	35	—	—	36	—	36
Share issue in relation to SIP	1	21	—	—	22	—	22
Total transactions with owners	2	56	—	—	58	—	58
As at 30 June 2020	2,783	26,909	(17,187)	1,460	13,965	(135)	13,830

Consolidated Statement of Changes in Equity

continued

	FVTOCI financial instruments revaluation reserve £'000	Foreign currency translation reserve £'000	Share-based payment reserve £'000	Total other reserves £'000
As at 1 July 2018	3,109	120	164	3,393
Changes in equity for 2019				
Other comprehensive income for the year				
Transfer of FVTOCI reserve relating to disposals	9	—	—	9
Transfer of FVTOCI reserve relating to impaired FVTOCI financial assets	(862)	—	—	(862)
Unrealised foreign currency gains on translation of foreign operations	—	23	—	23
Total Other comprehensive income for the year	(853)	23	—	(830)
As at 30 June 2019	2,256	143	164	2,563
Changes in equity for 2020				
Other comprehensive income for the year				
Transfer of FVTOCI reserve relating to disposals	(293)	—	—	(293)
Transfer of FVTOCI reserve relating to impaired FVTOCI financial assets	(806)	—	—	(806)
Unrealised foreign currency gains on translation of foreign operations	—	(4)	—	(4)
Total Other comprehensive income / (expense) for the year	(1,099)	(4)	—	(1,103)
As at 30 June 2020	1,157	139	164	1,460

See note 21 for a description of each reserve included above.

Consolidated Statement of Cash Flows

for the year ended 30 June 2020

	Notes	Year to 30 June 2020 £'000	Year to 30 June 2019 £'000
Cash flows from operating activities			
Profit/(loss) before tax		5,156	(1,724)
Increase in receivables		(24)	(74)
Increase in payables		322	96
Share of (profit)/losses in associates	12	—	(1)
Interest receivable and finance income, including income from MFP	5	(330)	(272)
Dividend income	5	(419)	(750)
Interest expense	5	196	184
Other income settled in shares		—	(25)
Share-based payments	22	—	32
Foreign exchange gain/loss		(32)	(51)
Change in value in FVTPL financial assets		53	—
Reversal of previously impaired exploration asset	1.5	(5,280)	—
Impairment of loans and other receivables	1.5	250	1,593
Write back of trade creditors	3	(552)	—
Net cash outflow from operations		(660)	(992)
Corporation tax reclaimed/(paid)		—	—
Net cash used in operations		(660)	(992)
Cash flows from investing activities			
Proceeds from sale of FVTOCI financial assets	14	504	10
Dividends received		419	750
Loans granted		—	(1,588)
Payments to acquire FVTOCI financial assets		—	(392)
Payments to acquire exploration asset		(43)	(234)
Payments for tenements		(31)	—
Payments to set up new joint ventures		(4)	(55)
Net cash (outflow) / inflow from investing activities		845	(1,509)
Cash flows from financing activities			
Proceeds from issue of shares		—	40
Transaction costs of issue of shares		—	(2)
Interest paid	24	(130)	(121)
Proceeds from new borrowings	24	103	699
Repayments of borrowings	24	(175)	(365)
Net cash inflow / (outflow) from financing activities		(202)	251
Net (decrease)/increase in cash and cash equivalents		(17)	(2,250)
Cash and cash equivalents at the beginning of period		64	2,266
Exchange (losses)/gains on cash and cash equivalents		6	48
Cash and cash equivalents at end of period	16	53	64

Major non-cash transactions are disclosed in note 24.

The accompanying notes and accounting policies form an integral part of these financial statements.

Company Statement of Financial Position

as at 30 June 2020

	Notes	30 June 2020 £'000	30 June 2019 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	11	19	19
Investments in associates and joint ventures	12	1,665	1,665
Financial instruments - fair value through other comprehensive income (FVTOCI)	14	1,771	3,163
Exploration property	13	11,507	—
Exploration assets	13	351	234
Non-current receivables	17	1,429	5,234
Total non-current assets		16,742	10,315
Current assets			
Cash and cash equivalents	16	32	43
Financial assets (FVTPL)	15	3	60
Other receivables	18	715	1,115
Total current assets		750	1,218
TOTAL ASSETS		17,492	11,533
EQUITY AND LIABILITIES			
Called up share capital	20	2,783	2,781
Share premium account		26,909	26,853
Other reserves		645	1,641
Retained earnings		(17,362)	(22,590)
Total equity		12,975	8,685
LIABILITIES			
Current liabilities			
Trade and other payables	19	3,316	1,727
Intra-group borrowings	19	276	122
Short-term external borrowings	19	925	999
Total current liabilities		4,517	2,848
TOTAL EQUITY AND LIABILITIES		17,492	11,533

Company Statement of Comprehensive Income

As permitted by Section 408 Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The Company's profit for the financial year was £5.080 million (2019: £1.708 million, loss). The Company's total comprehensive income for the financial year was £4.232 million (2019: £3.612 million, loss).

These financial statements on pages 23 to 66 were approved by the Board of Directors and authorised for issue on 30 December 2020 and are signed on its behalf by:



Andrew Bell
Chairman and CEO

The accompanying notes and accounting policies form an integral part of these financial statements.

Company Statement of Changes in Equity

for the year ended 30 June 2020

The movements in equity during the period were as follows:

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
As at 1 July 2018	2,767	26,016	(20,608)	3,272	11,446
Changes in equity for 2019					
Loss for the year	—	—	(1,708)	—	(1,708)
Other comprehensive income for the year					
Transfer of FVTOCI reserve relating to disposals	—	—	—	(485)	(485)
Transfer of FVTOCI reserve relating to impaired FVTOCI financial assets	—	—	—	(1,146)	(1,146)
Losses on sale of FVTOCI taken directly to reserves	—	—	(273)	—	(273)
Total Other comprehensive income for the year	—	—	(273)	(1,631)	(1,904)
Transactions with owners					
Issue of shares	13	800	—	—	813
Share issue costs	—	(2)	—	—	(2)
Share issues in relation to SIP	1	39	—	—	39
Total transactions with owners	14	837	—	—	850
As at 30 June 2019	2,781	26,853	(22,590)	1,641	8,685
Changes in equity for 2020					
Profit for the year	—	—	5,080	—	5,080
Other comprehensive income for the year					
Transfer of FVTOCI reserve relating to disposals	—	—	—	(312)	(312)
Transfer of FVTOCI reserve relating to impaired FVTOCI financial assets	—	—	—	(684)	(684)
Losses on sale of FVTOCI taken directly to reserves	—	—	148	—	148
Total Other comprehensive income for the year	—	—	148	(996)	(848)
Transactions with owners					
Issue of shares	1	35	—	—	36
Share issues in relation to SIP	1	21	—	—	22
Total transactions with owners	2	56	—	—	58
As at 30 June 2020	2,783	26,909	(17,362)	645	12,975

Company Statement of Changes in Equity

continued

	FVTOCI financial assets revaluation reserve £'000	Share-based payment reserve £'000	Total other reserves £'000
As at 1 July 2018	3,108	164	3,272
Changes in equity for 2019			
Other comprehensive income for the year			
Transfer of FVTOCI reserve relating to disposals	(485)	—	(485)
Transfer of FVTOCI reserve relating to impaired FVTOCI financial assets	(1,146)	—	(1,146)
Total Other comprehensive income	(1,631)	—	(1,631)
As at 30 June 2019	1,477	164	1,641
Changes in equity for 2020			
Other comprehensive income for the year			
Transfer of FVTOCI reserve relating to disposals	(312)	—	(312)
Transfer of FVTOCI reserve relating to impaired FVTOCI financial assets	(684)	—	(684)
Total Other comprehensive income	(996)	—	(996)
As at 30 June 2020	481	164	645

See note 21 for a description of each reserve included above.

Company Statement of Cash Flows

for the year ended 30 June 2020

	30 June 2020 £'000	30 June 2019 £'000
Cash flows from operating activities		
Profit/(loss) before taxation	5,080	(1,708)
Increase in receivables	(55)	(46)
Increase in payables	308	95
Dividend income	(310)	(750)
Interest income and other finance income	(330)	(286)
Interest expense	196	184
Share-based payments	—	32
Other income settled in shares	—	(25)
Reversal of previously impaired exploration asset	(5,280)	—
Income from forgiven creditors	(552)	—
Impairment of loans and receivables	250	1,593
Change in value in FVTPL financial assets	53	—
Foreign exchange loss / (gain)	(39)	(51)
Net cash outflow from operations	(679)	(962)
Corporation tax	—	—
Net cash used in operations	(679)	(962)
Cash flows from investing activities		
Dividends received	310	750
Loans granted	—	(1,588)
Proceeds from sale of FVTOCI financial assets	501	10
Payments to acquire exploration asset	(43)	(234)
Payments to set up new joint ventures	—	(55)
Payments to acquire FVTOCI financial assets	—	(392)
Net cash outflow from investing activities	768	(1,509)
Cash flows from financing activities		
Proceeds from issue of shares	—	40
Transaction costs of issue of shares	—	(2)
Interest paid	(130)	(121)
Proceeds from new borrowings	205	699
Re-payments of borrowings	(175)	(365)
Net cash inflow from financing activities	(100)	251
Net increase/(decrease) in cash and cash equivalents	(11)	(2,220)
Cash and cash equivalents at the beginning of period	43	2,263
Cash and cash equivalents at end of period	32	43

The accompanying notes and accounting policies form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2020

1. Principal Accounting Policies

1.1 Authorisation of Financial Statements and Statement of Compliance with IFRS

The Group financial statements of Red Rock Resources Plc for the year ended 30 June 2020 were authorised for issue by the Board on 30 December 2020 and the statement of financial position signed on the Board's behalf by Andrew Bell. Red Rock Resources Plc is a public limited company incorporated and domiciled in England and Wales. The Company's Ordinary shares are traded on AIM.

1.2 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the EU ("IFRS") and the requirements of the Companies Act applicable to companies reporting under IFRS. The financial statements have been prepared on the cost basis, except for certain financial instruments, which are carried as described in the respective sections in the policies below. The principal accounting policies adopted are set out below.

Going Concern

The Group has recorded a profit of £5.156 million for the year ended 30 June 2020 (2019: loss of £1.723 million). At that date there were net current liabilities of £3.823m (2019: net current liabilities of £1.753 million). The profit resulted mainly from the reversal of impairment of £5.280 million, previously recognised in relation to Kenyan assets in 2015 and £0.55 million relating to the write back of creditors, which management consider are no longer due because of their age. Cash and cash equivalents were £0.053 million (2019: £0.063 million) at year end.

During the reporting year, the Company has continued to receive proceeds from the sale of its gold interests in Colombia. Payments of up to US\$2.0 million are to be paid in the form of a 3% net smelter royalty payable quarterly on gold production. The Company has earned royalties of US\$0.154 million to 30 June 2020, of which £17,000 has been received. The Company estimates that approximately US\$0.253 million will be paid out towards the US\$2 million royalty during the next four quarters based on the most recent projections from the operator in Colombia. A final royalty stream of up to US\$1.0 million will be paid following the payment in full of the initial net smelter royalty in the form of a 0.5% net smelter royalty. The gold mine at El Limon on which the royalty is based has been undergoing significant upgrades during the course of 2020, which led very low production during the reporting period, and these upgrades are expected to complete by the end of the calendar year, with substantially higher production levels projected for 2021 onward.

On 28 October 2020, Jupiter Mines, a company in which Red Rock owns 13,526,914 shares, approximately 0.69% of Jupiter, announced that it would pay an unfranked dividend of A\$0.01 per share for the half-year period to 31 August 2020. This brings the cumulative payout made by Jupiter to A\$260 million since its ASX listing with over US\$5 million going to Red Rock Resources. At 30 December 2020, the value of the Company's holdings in Jupiter Mines is £2.4 million.

Currently the Company owns 25,000,000 shares in Power Metal Resources (AIM:POW) as well as 20,000,000 warrants exercisable at a price of £0.01. The market value of these shares at 30 December 2020 sits at £0.688 million and the net value of the options at £0.350 million, giving the Company additional financial flexibility for potential disposals over the course of the year.

On 28 September 2020, the Company announced that it had raised £1.0 million by way of a placing of 125,000,000 shares at a price of £0.008 per share. This marked the first time the Company had directly accessed equity markets since 2017, as the Company has been largely self-funded during the period relying on a mix of convertible debt instruments and its own revenue streams.

During the course of December 2020, the Company announced the partial conversion and complete retirement of convertible loan notes totalling £0.867 million of principal and £0.104 million of interest, dramatically reducing the Company's overall debt position. The Company also retains undrawn loan facilities of US\$0.6 million.

The Group retains a lean operating structure, with only three employees and both accounting and geological services outsourced. The Company has continued to control operating costs through the use of part-time consultants and a minimal permanent footprint and cost basis in London. The COVID-19 pandemic has offered the Company the ability to further cut office and administrative costs during the course of the year through discounted office rents.

The Directors are confident in the Group and Company's ability to fund its basic operations from the ongoing stream of dividends from Jupiter Mines and potential disposals involving its interests in Power Metal Resources and Jupiter Mines. The Company further considers the potential for cash generative transactions during the year involving its Australian, Kenyan and DRC gold and copper interests to be promising, and if consummated would further contribute to both administrative and operating costs. The ongoing royalty stream from the disposal of its Colombian gold assets is also expected to increase over the course of 2021, further bolstering internal cash flows. Where additional funds are required the Group will utilise its existing debt facility or raise funds at the market. The Directors have prepared cashflow forecasts as part of their going concern assessment which anticipate that a fund raise will be required within the going concern period.

The Company has demonstrated the repeated ability to raise new finance as required, either in the form of debt or equity as deemed appropriate. The Directors have concluded that the combination of these circumstances means that preparation of the Group's financial statements on a going concern basis is appropriate. The Directors further believe that they will be able to largely fund the business internally and will be able to access external capital as required during 2020-21.

Amendments to Published Standards Effective for the year Ended 30 June 2020

New Standards, Amendments and Interpretations Effective for the Periods from 1 July 2019

The following new standards, amendments and interpretations are effective for the first time in these financial statements. However, none have a material effect on the Group and Company:

Adoption of IFRS 16 has not resulted in the Group recognising right of use of assets and lease liabilities for all contracts that are, or contain, a lease. Since the Group currently only has short term (less than 12 months) operating leases, IFRS 16 has not had a material impact on the results or balance sheet of the Group. All the exploration areas land lease agreements that the Company has for its areas of interest are outside of IFRS16's scope.

IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. This interpretation has not had a material effect of the reported results.

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 July 2019 that had a significant effect on the Group's or Company's financial statements.

New Standards, Amendments and Interpretations not yet Adopted

At the date of approval of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements were in issue but not yet effective (and in some cases had not been adopted by the EU):

- Amendments to References to Conceptual Framework in IFRS Standards – effective from 1 January 2020;
- Definition of Material (Amendments to IAS 1 and IAS 8) – effective from 1 January 2020;
- Amendment to IFRS 3 Business Combinations – effective 1 January 2020*;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – effective 1 January 2022*.

**subject to EU endorsement*

The Directors do not expect that the adoption of these standards will have a material impact on the financial information of the Group or Company in future periods.

Standards Adopted Early by the Group and Company

The Group and Company have not adopted any standards or interpretations early in either the current or the preceding financial year.

1.3 Basis of Consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and subsidiaries controlled by the Company made up to 30 June each year.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain economic benefits from their activities. Subsidiaries are consolidated from the date on which control is obtained, the acquisition date, up until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date, about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Non-controlling interests in subsidiaries are measured at the proportionate share of the fair value of their identifiable net assets.

Notes to the Financial Statements

continued

1. Principal Accounting Policies *continued*

1.3 *Basis of Consolidation* *continued*

Intra-group transactions, balances and unrealised gains and losses on transactions between the Group companies are eliminated on consolidation, except to the extent that intra-group losses indicate an impairment.

At 30 June 2020, the consolidated financial statements combine those of the Company with those of its subsidiaries, Red Rock Australasia Pty Ltd, RRR Coal Ltd, Red Rock Resources Congo S.A.U., RedRock Kenya Ltd and Red Rock Resources (HK) Ltd.

The Group's dormant subsidiary Intrepid Resources Ltd, Red Rock Resources Inc., RRR Kenya Ltd., Ivory Coast, Red Rock Cote D'Ivoire sarl and Basse Terre sarl, have been excluded from consolidation on the basis of the exemption provided by Section 405(2) of the Companies Act 2006 that their inclusion is not material for the purpose of giving a true and fair view.

Non-Controlling Interests

Profit or loss and each component of other comprehensive income are allocated between the aims of the Parent and non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any differences between the adjustment for the non-controlling interest and the fair value of consideration paid or received are recognised in equity.

1.4 *Summary of Significant Accounting Policies*

1.4.1 *Mineral tenements and Exploration property*

Licence and property acquisition costs: Exploration licence and acquisition costs are capitalised in intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through the statement of profit or loss and other comprehensive income.

1.4.2 *Investment in Associates*

An associate is an entity over which the Group has the power to exercise significant influence, but not controlled or jointly controlled by the Group, through participation in the financial and operating policy decisions of the investee.

Investments in associates are recognised in the consolidated financial statements using the equity method of accounting. The Group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised directly in other comprehensive income

The carrying value of the investment, including goodwill, is tested for impairment when there is objective evidence of impairment. Losses in excess of the Group's interest in those associates are not recognised unless the Group has incurred obligations or made payments on behalf of the associate.

Where a Group company transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

In the Company accounts investments in associates are recognised and held at cost. The carrying value of the investment is tested for impairment when there is objective evidence of impairment.

1.4.3 *Interests in Joint Ventures*

The Group recognises its interest in the jointly controlled entity's assets and liabilities using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in value of individual investments. The Group income statement reflects the share of the jointly controlled entity's results after tax.

Any goodwill arising on the acquisition of a jointly controlled entity is included in the carrying amount of the jointly controlled entity and is not amortised. To the extent that the net fair value of the entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the entity's profit or loss in the period in which the investment is acquired.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group's and to reflect impairment losses where appropriate. Adjustments are also made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity. The Group ceases to use the equity method on the date from which it no longer has joint control over, or significant influence in, the joint venture.

1.4.4 Taxation

Corporation tax payable is provided on taxable profits at the current rate. The tax expense represents the sum of the current tax expense and deferred tax expense.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either:

- the same taxable entity; or
- different taxable entities, which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the significant deferred tax assets and liabilities are expected to be realised or settled.

1.4.5 Foreign Currencies

Both the functional and presentational currency of Red Rock Resources Plc is Sterling (£). Each Group entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the foreign subsidiaries are Australian Dollars (A\$) and Kenyan Shillings.

Transactions in currencies other than the functional currency of the relevant entity are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. All exchange differences arising, if any, are recognised as other comprehensive income and are transferred to the Group's foreign currency translation reserve.

1.4.6 Share-Based Payments

Share Options

The Group operates an equity-settled share-based payment arrangement whereby the fair value of services provided is determined indirectly by reference to the fair value of the instrument granted.

Notes to the Financial Statements

continued

1. Principal Accounting Policies *continued*

1.4 Summary of Significant Accounting Policies *continued*

1.4.6 Share-Based Payments *continued*

The fair value of options granted to Directors and others in respect of services provided is recognised as an expense in the income statement with a corresponding increase in equity reserves – the share-based payment reserve until the award has been settled and then make a transfer to share capital.

On exercise or lapse of share options, the proportion of the share-based payment reserve relevant to those options is transferred to retained earnings. On exercise, equity is also increased by the amount of the proceeds received.

The fair value is measured at grant date and charged over the vesting period during which the option becomes unconditional.

The fair value of options is calculated using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. The exercise price is fixed at the date of grant.

Non-market conditions are performance conditions that are not related to the market price of the entity's equity instruments. They are not considered when estimating the fair value of a share-based payment. Where the vesting period is linked to a non-market performance condition, the Group recognises the goods and services it has acquired during the vesting period based on the best available estimate of the number of equity instruments expected to vest. The estimate is reconsidered at each reporting date based on factors such as a shortened vesting period, and the cumulative expense is 'trued up' for both the change in the number expected to vest and any change in the expected vesting period.

Market conditions are performance conditions that relate to the market price of the entity's equity instruments. These conditions are included in the estimate of the fair value of a share-based payment. They are not taken into account for the purpose of estimating the number of equity instruments that will vest. Where the vesting period is linked to a market performance condition, the Group estimates the expected vesting period. If the actual vesting period is shorter than estimated, the charge is accelerated in the period that the entity delivers the cash or equity instruments to the counterparty. When the vesting period is longer, the expense is recognised over the originally estimated vesting period.

For other equity instruments granted during the year (i.e. other than share options), fair value is measured on the basis of an observable market price.

Warrants or options issued to parties other than employees are valued based on the value of the service provided.

Share Incentive Plan

Where shares are granted to employees under the Share Incentive Plan, the fair value of services provided is determined indirectly by reference to the fair value of the free, partnership and matching shares granted on the grant date. Fair value of shares is measured on the basis of an observable market price, i.e. share price as at grant date, and is recognised as an expense in the income statement on the date of the grant. For the partnership shares the charge is calculated as the excess of the mid-market price on the date of grant over the employee's contribution.

1.4.7 Pension

The Group operates a defined contribution pension plan which requires contributions to be made to a separately administered fund. Contributions to the defined contribution scheme are charged to profit or loss as they become payable.

1.4.8 Exploration Assets

Exploration assets comprise exploration and development costs incurred on prospects at an exploratory stage. These costs include the cost of acquisition, exploration, determination of recoverable reserves, economic feasibility studies and all technical and administrative overheads directly associated with those projects. These costs are carried forward in the Statement of Financial Position as non-current intangible assets less provision for identified impairments.

Recoverability of exploration and development costs is dependent upon successful development and commercial exploitation of each area of interest and will be amortised over the expected commercial life of each area once production commences. The Group and the Company currently have no exploration assets where production has commenced.

The Group adopts the "area of interest" method of accounting whereby all exploration and development costs relating to an area of interest are capitalised and carried forward until abandoned. In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made. All expenditure incurred prior to approval of an application is expensed with the exception of refundable rent which is raised as a receivable.

Upon disposal, the difference between the fair value of consideration receivable for exploration assets and the relevant cost within non-current assets is recognised in the Income Statement.

1.4.9 Impairment of Non-Financial Assets

The carrying values of assets, other than those to which IAS 36 "Impairment of Assets" does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised immediately in the consolidated statement of comprehensive income.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4.10 Finance Income/Expense

Finance income and expense is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts or re-payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

1.4.11 Financial Instruments

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair Value through Profit or Loss (FVTPL)

This category comprises in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments, which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised Cost

These assets comprise the types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses.

During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For the receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset, based on analysis of internal or external information. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements

continued

1. Principal Accounting Policies *continued*

1.4 Summary of Significant Accounting Policies *continued*

1.4.11 Financial Instruments *continued*

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Fair Value through Other Comprehensive Income (FVTOCI)

The Group has a number of strategic investments in listed and unlisted entities, which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired:

Fair Value through Profit or Loss (FVTPL)

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value or any liabilities held for trading. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income. The Group did not hold any such liabilities at the date of IFRS 9 adoption or at the end of the reporting year.

Other Financial Liabilities

Other financial liabilities include:

- Borrowings, which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Liability components of convertible loan notes are measured as described further below.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1.4.12 Investments in the Company Accounts

Investments in subsidiary companies are classified as non-current assets and included in the Statement of Financial Position of the Company at cost at the date of acquisition less any identified impairments.

For acquisitions of subsidiaries or associates achieved in stages, the Company re-measures its previously held equity interests in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss. Any gains or losses previously recognised in other comprehensive income are transferred to profit and loss.

Investments in associates and joint ventures are classified as non-current assets and included in the statement of financial position of the Company at cost at the date of acquisition less any identified impairment.

1.4.13 Dividend Income

Dividends received from strategic investments are recognised when they become legally receivable. In case of interim dividends, this is when declared. In case of final dividends, this is when approved by the shareholders at the AGM.

1.4.14 Share Capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

1.4.15 Convertible Debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within shareholders' equity, net of income tax effects.

1.4.16 Warrants

Derivative contracts that only result in the delivery of a fixed amount of cash or other financial assets for a fixed number of an entity's own equity instruments are classified as equity instruments. When warrants are issued attached to specific loan notes, the Company estimates the fair value of the issued warrants using the Black-Scholes pricing model taking into account the terms and conditions upon which the warrants were issued, value of such warrants is deducted from the balance of loan notes a directly attributable transaction cost. Warrants relating to equity finance and issued together with ordinary shares placement are valued by residual method and treated as directly attributable transaction costs and recorded as a reduction of share premium account based on the fair value of the warrants. Warrants classified as equity instruments are not subsequently re-measured.

Notes to the Financial Statements

continued

1. Principal Accounting Policies continued

1.5 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant Judgements in Applying the Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Recognition of Holdings less than 20% as an Associate

The Company owns 15% of the issued share capital of Mid Migori Mining Company Ltd ("MMM"). Andrew Bell is a member of the board of MMM. In accordance with IAS 28, the Directors of the Company consider this, and the input of resource by the Company in respect of drilling and analytical activities, to provide the Group with significant influence as defined by the standard. As such, MMM has been recognised as an associate for the years ended 30 June 2020 and 30 June 2019.

The effect of recognising MMM as an FVTOCI financial asset would be to decrease the profit by £25 (2019: decrease the profit by £511).

Reversal of Previous Impairment and Value of Exploration Properties

Kenya – MMM

Prospecting Licenses PL/2018/0202 and PL/2018/0203 (Formerly SPL 122 and 202) have been renewed for a further three-year period beginning 2 August 2020. This renewal marked the end of a series of legal proceedings against the Ministry of Mining in Kenya dating back to 2017 and this renewal definitively resolved these outstanding matters. The Company is now embarking on a program to repair and upgrade the camp facilities in anticipation of initiation of further exploration activities, the first significant activities conducted on the project since 2014.

The project has a historic gold resource of 1.2m oz at a grade of 1.21g/t, with higher grade areas demonstrating over 1.7g/t. The project is located in the Migori Greenstone Belt, an area that forms part of the Nyanzian supergroup, itself part of the northern extension of the gold-enriched Archaean Tanzanian Craton.

With gold prices during 2019-2020 having gone from \$1,528 to \$1,867 at the time of writing and having reached a peak of \$2,036 earlier in the year, these values imply in situ values of the gold in the ground of between \$1.8 to 2.4bn. These values also do not take into consideration any potential exploration upside (in both ounces or grade) in the area. The Company believes that additional drilling may be able to take the total gold resource to over 3m Oz likely at a higher total grade.

Reversal of Previous Impairment and Value of Exploration Properties

Overall, the Directors are now optimistic that the project has finally moved on from the multi-year legal issues and is now again an active exploration project. With gold prices reaching significant highs in recent months and development occurring in the region at the North Mara resource to the project's south and at Shanta Gold to the north, the exploration prospects for this project look exceptionally encouraging.

As such, the Board took a decision to reverse a previous impairment of the Mid Migori receivable of £5.28m, while holding the existing investment in Mid Migori steady at £1.08m. The Board feels comfortable that the amounts received from any disposal or transaction involving these assets will in sum likely exceed these combined carrying amounts.

Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period include the impairment determinations, the useful lives of property, plant and equipment, the bad debt provision and the fair values of our financial assets and liabilities.

Fair value of MFP Sales proceeds receivable

In estimating the fair value of the Company's future gold royalties from Colombia, the Directors have made assumptions about the future cash flows which include the following key assumptions:

- Gold price (US\$/oz) – US\$1,800 (2019: US\$1,200);
- Discount rate – 10% (2019: 10%); and
- Annual production rate – 10,530oz (2019: 16,783oz)

The fair value is directly sensitive to any changes in the key assumptions.

Share-Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined using the Black-Scholes model. The model has its strengths and weaknesses and requires six inputs as a minimum: 1. The share price; 2. The exercise price; 3. The risk-free rate of return; 4. The expected dividends or dividend yield; 5. The life of the option; and 6. The volatility of the expected return. The first three inputs are normally, but not always, straightforward. The last three involve greater judgement and have the greatest impact on the fair value.

Impairment of Financial Assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which fair value of an investment is less than its cost.

In the case of equity investments classified as financial instruments with fair value through other comprehensive income (FVTOCI), objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Mining share prices typically have more volatility than most other shares and this is taken into account by management when considering if a significant decline in the fair value of its mining investments has occurred. Management would consider that there is a prolonged decline in the fair value of an equity investment when the period of decline in fair value has extended to beyond the expectation management have for the equity investment. This expectation will be influenced particularly by the company development cycle of the investment.

Following discussions with the management team of Elephant Oil Ltd and internal analysis conducted on the company's projects and prospects for onshore oil exploration activities in Benin, Red Rock has decided to impair its investment in Elephant Oil by 50%, to £0.137 million.

Impairment of Non-financial Assets

The Group follows the guidance of IAS 36 to determine when a non-financial asset is impaired. The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed projections, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These projections generally cover a period of five years with a terminal value or salvage value applied.

Impairment losses of continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset.

For investments in associates and joint ventures, the Group assesses impairment after the application of the equity method.

Notes to the Financial Statements

continued

2. Segmental Analysis

The Group considered its mining and exploration activities as separate segments. These are in addition to the investment activities, which continue to form a significant segment of the business.

The Group has made a strategic decision to concentrate on several commodities ranging from gold to manganese and copper/cobalt, and as such further segmental analysis by commodity has not been considered useful or been presented. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Gold Exploration Australia £'000	Gold Exploration Kenya £'000	Copper Exploration DRC £'000	Investments £'000	Corporate and unallocated £'000	Total £'000
Year to 30 June 2020						
Exploration expenses	—	(10)	—	—	—	(10)
Administration expenses	(2)	(6)	—	—	(589)	(597)
Project development	—	—	(32)	—	(10)	(42)
Other project costs	—	(158)	—	—	(161)	(319)
Currency gain	—	—	—	—	32	32
Previous impairment reversal in relation to Kenyan licences	—	5,280	—	—	—	5,280
Other income	—	—	—	—	562	562
Impairment of loans and other receivables	—	—	—	—	(250)	(250)
Gain/(Loss) on sales of FVTPL investments	—	—	—	—	(53)	(53)
Share of profit in associates	—	—	—	—	—	—
Finance income, net	—	—	—	419	134	553
Net profit before tax from continuing operations	(2)	5,106	(32)	419	(335)	5,156

	Gold Exploration Australia £'000	Gold Exploration Kenya £'000	Copper Exploration DRC £'000	Investments £'000	Corporate and unallocated £'000	Total £'000
Year to 30 June 2019						
Exploration expenses	—	(6)	—	—	—	(6)
Administration expenses	(3)	(4)	(3)	—	(582)	(592)
Project development	—	—	(303)	—	—	(303)
Other project costs	—	(21)	—	—	(138)	(159)
Currency gain	—	—	—	—	51	51
Other income	—	—	—	—	25	25
Impairment of loans and other receivables	—	—	—	—	(1,593)	(1,593)
Share of profit in associates	—	—	—	—	1	1
Finance income, net	—	—	—	750	102	852
Net profit before tax from continuing operations	(3)	(31)	(306)	750	(2,134)	(1,724)

Information by Geographical Area

Presented below is certain information by the geographical area of the Group's activities. Revenue from investment sales and the sale of exploration assets is allocated to the location of the asset sold.

Year ended 30 June 2020	UK £'000	Africa £'000	Australia £'000	Canada £'000	Total £'000
Non-current assets					
Investments in associates and joint ventures	—	1,584	—	—	1,584
Mineral tenements	—	—	31	—	31
Exploration properties	—	11,507	—	—	11,507
Exploration assets	—	351	—	—	351
FVTOCI financial assets	166	2,589	—	—	2,755
Non-current receivables	1,429	—	3	—	1,432
Total segment non-current assets	1,595	16,031	34	—	17,660

Year ended 30 June 2019	UK £'000	Africa £'000	Australia £'000	Canada £'000	Total £'000
Non-current assets					
Investments in associates and joint ventures	—	1,584	—	—	1,584
FVTOCI financial assets	296	3,659	—	255	4,210
Exploration assets	—	235	—	—	235
Non-current receivables	1,346	3,888	—	—	5,234
Total segment non-current assets	1,642	9,366	—	255	11,263

3. Loss for the Year Before Taxation

Loss for the year before taxation is stated after charging:

	2020 £'000	2019 £'000
Auditor's remuneration:		
- fees payable to the Company's auditor for the audit of consolidated and Company financial statements	24	21
Directors' emoluments (note 9)	257	259
- Share Incentive plan – Directors	14	29
- Share Incentive plan – staff	—	4
Other gains		
- Write back of trade creditors more than 7 years old	552	—
- Government support grant (COVID,I-19)	10	—

Notes to the Financial Statements

continued

4. Administrative Expenses

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Staff costs				
Payroll	234	248	234	248
Pension	18	16	18	16
Consultants	15	15	15	15
HMRC / PAYE	19	17	19	17
Professional services				
Accounting and Audit	73	67	67	63
Legal	11	18	11	15
Marketing	35	17	35	17
Other	1	13	1	13
Regulatory compliance	85	71	85	71
Travel	27	24	27	24
Office and Admin				
General	19	11	10	8
IT costs	5	5	5	5
Rent	48	61	48	61
Insurance	7	9	7	9
Total administrative expenses	597	592	582	582

5. Finance Income/(Costs), Net

Group	2020 £'000	2019 £'000
Interest income (other than MFP finance income)	311	323
Dividend income	419	750
Interest expense	(196)	(183)
Total finance income (other than MFP finance income)	534	890
MFP finance expense / (income)	19	(38)
Total finance income	553	852

Interest income (other than MFP finance income) comes from non-current receivables from an associate. Please refer to note 17 and note 18 respectively. Dividend income represents the money received from the Group's 0.81% holding in Jupiter Mines (2019: holding in Jupiter Mines of 0.95%).

6. Project Development and Other Project Expenses

Project development expenses include costs incurred during the assessment and due diligence phases of a project, when material uncertainties exist regarding whether the project meets the Company's investment and development criteria and whether as a result the project will be advanced further. Other Project Expenses include costs associated with current and previous projects and include remediation and administration expenses.

	Group and Company	
	2020 £'000	2019 £'000
Project development expenses		
VUP (Congo)	—	256
Galaxy (Congo)	—	47
Kilbowe (Congo)	32	—
Power project (Zambia)	10	—
Total project development expenses	42	303
Other project costs		
Mid Midori Mines (Kenya)	158	21
Other	161	138
Total other project expenses	319	159

7. Taxation

	2020 £'000	2019 £'000
Current period taxation on the Group		
UK corporation tax at 19.00% (2019: 19.00%) on profits for the period	—	—
Deferred tax		
Origination and reversal of temporary differences	—	—
Deferred tax assets not recognised	—	—
Tax credit	—	—
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	5,156	(1,724)
Profit/(loss) on ordinary activities at the average UK standard rate of 19.00% (2019: 19.00%)	980	(328)
Income not taxable	(1,115)	(152)
Effect of expenditure not deductible	58	15
Losses brought forward utilised in the current period	71	—
Tax losses carried forward	6	464
Tax charge	—	—

No deferred tax asset relating to the Group's investments was recognised in the statement of comprehensive income (2019: £nil). No deferred tax charge has been made due to the availability of trading losses. Unutilised tax losses arising in the UK amount to £3.9 million (2019: £3.7 million).

8. Staff Costs

The aggregate employment costs of staff (including Directors) for the year in respect of the Group was:

	2020 £'000	2019 £'000
Wages and salaries	219	215
Pension	18	16
Social security costs	19	17
Employee share-based payment charge	14	32
Total staff costs	270	280

The average number of Group employees (including Directors) during the year was:

	2019 Number	2018 Number
Executives	4	4
Administration	1	1
Exploration	—	—
	5	5

The key management personnel are the Directors and their remuneration is disclosed within note 9.

No free shares were issued to each employee (2019: 600,000), including Directors. 4,905,930 partnership and 9,811,860 matching shares, making the total of 14,717,790, were issued in the year ended 30 June 2020 (2019: 1,185,600 partnership, 2,371,200 matching, 3,556,800 total).

Notes to the Financial Statements

continued

9. Directors' Emoluments

2020	Directors' fees £'000	Directors' fees - discretionary bonus £'000	Consultancy fees £'000	Share Incentive Plan £'000	Pension contributions £'000	Social security costs £'000	Total £'000
Executive Directors							
A R M Bell	82	3	15	4	7	10	121
Other Directors							
S Kaintz	65	3	—	4	6	7	85
M C Nott	18	1	—	3	2	1	25
S Quinn	18	1	—	3	1	2	26
	183	8	15	14	16	20	257

2019	Directors' fees £'000	Directors' fees - discretionary bonus, £'000	Consultancy fees £'000	Share Incentive Plan £'000	Pension contributions £'000	Social security costs £'000	Total £'000
Executive Directors							
A R M Bell	82	—	15	7	7	9	119
S Kaintz	65	—	—	7	5	7	84
Other Directors							
M C Nott	18	—	—	7	1	1	27
S Quinn	18	—	—	7	1	2	29
	183	—	15	28	14	19	259

The number of Directors who exercised share options in the year was nil (2019: nil). During the year, the Company contributed to a Share Incentive Plan more fully described in the Directors' Report on page 12.

10. Earnings Per Share

The basic earnings / (loss) per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Parent by the weighted average number of shares in issue. Diluted earnings / (loss) per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Parent by the weighted average number of shares in issue plus the weighted average number of Ordinary shares that would be issued on conversion of all dilutive potential Ordinary shares into Ordinary shares.

	2020	2019
Profit/(loss) attributable to equity holders of the parent company, £	5,163,595	(1,722,461)
Adjusted for interest accrued on the convertible notes	102,435	—
Adjusted (loss) / profit attributable to equity holders of the parent company used for diluted EPS calculation	5,266,030	(1,722,461)
Weighted average number of Ordinary shares of £0.0001 in issue, used for basic EPS	679,826,248	586,325,688
Effect of all dilutive potential ordinary share, consisting of:	—	—
from potential ordinary shares that would have to be issued, if all loan notes convertible at the discretion of the noteholder converted at the beginning of the period or at the inception of the instrument, whichever is later	144,640,518	—
Weighted average number of Ordinary shares of £0.0001 in issue, including potential ordinary shares, used for diluted EPS	824,466,766	586,325,688
Earnings/(loss) per share – basic	0.76 pence	(0.29) pence
Earnings/(loss) per share – fully diluted	0.64 pence	(0.29) pence

At 30 June 2019, the effect of all the instruments (fully vested and in the money) is anti-dilutive as it would lead to a further reduction of loss per share, therefore they were not included into the diluted loss per share calculation

Options and warrants, that could potentially dilute basic EPS in the future, but were not included in the calculation of diluted EPS for the periods presented:

	2020	2019
Share options granted to employees – either not vested and/or out of the money	48,320,000	48,320,000
Number of warrants given to shareholders as a part of placing equity instruments – out of the money	101,740,195	109,552,695
Total number of contingently issuable shares that could potentially dilute basic earnings per share in future and anti-dilutive potential ordinary shares that were not included into the fully diluted EPS calculation	150,060,195	157,872,695

There were no ordinary share transactions such as share capitalisation, share split or bonus issue after 30 June 2020, that that could have changed the EPS calculations significantly, if those transactions had occurred before the end of the reporting period.

Notes to the Financial Statements

continued

11. Investments in Subsidiaries

Company	2020 £	2019 £
Cost		
At 1 July	20	1
Investment in subsidiary	—	19
At 30 June	20	20
Impairment		
At 1 July	(1)	(1)
Charge in the year	—	—
At 30 June	(1)	(1)
Net book value	19	19

As at 30 June 2020 and 30 June 2019, the Company held interests in the following subsidiary companies:

Company	Country of registration	Class	Proportion Held At 30 June 2020	Proportion Held At 30 June 2019	Nature of business
Red Rock Australasia Pty Ltd	Australia	Ordinary	50,1%	100%	Mineral exploration
RedRock Kenya Ltd	Kenya	Ordinary	87%	87%	Mineral exploration
RRR Kenya Ltd	Kenya	Ordinary	100%	100%	Dormant
Red Rock Resources Inc*	USA	Ordinary	100%	100%	Natural resources
Red Rock Cote D'Ivoire sarl	Ivory Coast	Ordinary	100%	100%	Dormant
Basse Terre sarl	Ivory Coast	Ordinary	100%	100%	Dormant
Red Rock Resources (HK) Ltd	Hong Kong	Ordinary	100%	100%	Holding company
Red Rock Resources Congo S.A.U.	DRC	Ordinary	100%	100%	Holding company
RRR Coal Ltd	UK	Ordinary	100%	100%	Holding company

* Red Rock Resources Inc incorporated on 12 November 2015 and dissolved on 10 March 2020.

Red Rock Australasia Pty Ltd registered office is c/o Paragon Consultants PTY Ltd, PO Box 903, Claremont WA, 6910, Australia.

RedRock Kenya Ltd registered office is PO Box 9306 – 003000, Nairobi, Kenya.

RRR Kenya Ltd registered office is PO Box 9306 – 00300, Nairobi, Kenya.

Red Rock Resources Inc registered office is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States of America.

Red Rock Cote D'Ivoire sarl registered office is Abidjan, Cocody, Riviera Golf, Immeuble Bunker, end Floor Apartment 746. 25 BP 396 Abidjan 25, Cote d'Ivoire

Basse Terre sarl registered office is Abidjan, Cocody, Riviera Golf, Immeuble Niger, 4rd Floor Apartment 17,09 BP 4110 Abidjan 09, Cote d'Ivoire

Red Rock Resources (HK) Ltd registered office is Suites 1601-1603, Kinwick Centre, 32 Hollywood Road, Central, Hong Kong.

Red Rock Resources Congo S.A.U. registered office is Boulevard Du 30 Juin et Avenue Batetela, Immeuble Crown Tower, 5 Eme Niveau, Local 504, Gombe, Kinshasa.

RRR Coal Ltd registered office is Salisbury House, London Wall, London EC2M 5PS.

12. Investments in Associates and Joint Ventures

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cost				
At 1 July	1,805	1,222	1,668	1,085
Additions during the year	—	583	—	583
At 30 June	1,805	1,805	1,668	1,668
Impairment				
At 1 July	(221)	(222)	(3)	(3)
Profit/ (loss) during the year	—	1	—	—
At 30 June	(221)	(221)	(3)	(3)
Net book amount at 30 June	1,584	1,584	1,665	1,665

The Company, at 30 June 2020 and at 30 June 2019, had significant influence by virtue other than shareholding over 20% over Mid Migori Mining Company Ltd.

Company	Country of incorporation	Class of shares held	Percentage of issued capital	Accounting year ended
Mid Migori Mining Company Limited	Kenya	Ordinary	15.00%	30 September 2020

Summarised financial information for the Company's associates and joint ventures, where available, is given below:

For the year as at 30 June 2020:

Company	Revenue £'000	Loss £'000	Assets £'000	Liabilities £'000
Mid Migori Mining Company Limited	—	—	2,559	(2,623)

For the year as at 30 June 2019:

Company	Revenue £'000	Profit £'000	Assets £'000	Liabilities £'000
Mid Migori Mining Company Limited	—	3	2,540	(2,614)

Mid Migori Mining Company Ltd

The Company owns 15% of the issued share capital of Mid Migori Mining Company Ltd ("MMM") incorporated in Kenya. The Company has entered into an agreement whereby it manages and funds a number of MMM's development projects and has representation on the MMM board. In accordance with IAS 28, the involvement with MMM meets the definition of significant influence and therefore has been accounted for as an associate (note 1.5).

VUP Musonoi Mining SA

On 2 March 2019, Vumilia Pendeza S.A. ("VUP") and Bring Minerals S.A.U. ("B.Min"), the joint venture partners, Red Rock Resources Congo S.A.U. ("RRRC"), a wholly owned local subsidiary of the Company, signed the "Statutes of VUP Musonoi Mining SA" ("VMM S.A."), the joint venture company (incorporated in the Democratic Republic of Congo) through which the JV Project will be pursued. RRRC owns 50.1% of VMM S.A, however the entity is operated jointly and managed by the board of Musonoi Mining S.A. with no party classified as having formal control. The Company is working with its local partners in order to complete formal registration of the joint venture in the near-term.

Notes to the Financial Statements

continued

12. Investments in Associates and Joint Ventures continued

	Mid Migori Mining Company Limited £'000	VUP Musonoi Mining SA £'000	Total £'000
Cost			
At 1 July 2018	1,082	583	1,665
Additions during the year	—	—	—
At 30 June 2019	1,082	583	1,665
Impairment and losses during the year			
At 1 July 2018	(81)	—	(81)
The Group's share of profit during the year	—	—	—
At 30 June 2019	(81)	—	(81)
Carrying amount			
At 30 June 2020 and 30 June 2019	1,001	583	1,584

13. Exploration Assets

Group and Company	2020 £'000	2019 £'000
At 1 July	235	—
Additions	116	235
Amounts payable under earn-in agreement	2,028	—
Reclassification from non-current financial assets	9,479	—
At 30 June	11,858	235

Exploration assets were capitalised

- for the Galaxy (DRC) project since 17 October 2018, when exploration commenced at the project license in the DRC;
- for the VUP (DRC) project since 22 November 2018, when the joint venture agreement was finalised.

Non-current related party receivables of £9.479 million were reclassified to Exploration Assets after the restoration of the Kenyan gold licenses (in 2019: classified as a non-current receivable of £3.887 million, note 17). The reclassification was made following a reversal in full of a previously recognised impairment charge that was made in relation to those licences in 2015 in the amount of £5.280 million.

Under 2018 agreement with MMM partner Kansai Mining Corporation Ltd., in the event of a renewal or reissue of licenses covering the relevant assets the Company will within three months make further payment of US\$2.5 million (£2.028 million) payable to Kansai Mining Corporation Ltd. For further details of the payments see note 27.

Management have considered the recoverability of this asset and have considered the recent announcement regarding the restoration of the Kenyan gold licenses as well as the potential to complete a transaction involving these assets and considers the likely proceeds from such a transaction would exceed the value of the Exploration property.

14. Financial Instruments with Fair Value Through Other Comprehensive Income (FVTOCI)

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Opening balance	4,210	4,705	3,163	4,705
Additions	146	392	146	392
Disposals	(795)	(26)	(853)	(789)
Change in fair value	(806)	(861)	(685)	(1,145)
At 30 June	2,755	4,210	1,771	3,163

Market Value of Investments

The market value as at 30 June 2020 of the Company's available for sale listed and unlisted investments was as follows:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Quoted on London AIM	146	153	146	153
Quoted on other foreign stock exchanges	2,471	3,782	1,487	2,735
Unquoted investments at fair value	138	275	138	275
	2,755	4,210	1,771	3,163

Jupiter Mines

During the reporting year, Jupiter has made distributions recognised as dividends and included into the Dividend line in the Consolidated Income Statement in the amount of £0.418 million (2019: £0.750 million).

At 30 June 2020, Red Rock retains a 0.81% stake in the post IPO share capital of Jupiter (2019:0.95%).

Elephant Oil Ltd

Following discussions with the management team of Elephant Oil Ltd and internal analysis conducted on the company's projects and prospects for onshore oil exploration activities in Benin, Red Rock has decided to impair its investment in Elephant Oil by 50%, to £137,500.

Corcel Plc (formerly Regency Mines Plc)

During the reporting year, the Company sold 4,280,180 shares in Corcel Plc to maintain the Company's working capital. Loss on sale of these shares recognised in the Statement of Other Comprehensive Income amounted to £56,861.

Soma Gold Corp. (formerly Para Resources Inc.)

In July 2019, the Company transferred 2,225,000 shares in Para Resources Inc. and 175,000 warrants in Para Resources Inc. (note 15) to its creditor Cartwright Drilling Inc. to settle part of outstanding liability. Loss on disposal of these shares recognised in the Statement of Other Comprehensive Income amounted to £70,545.

Notes to the Financial Statements

continued

15. Financial Instruments with Fair Value Through Profit and Loss

Group	30 June 2020 £'000	30 June 2019 £'000
Warrants in Soma Gold Corp. ordinary shares	3	60
	3	60

At 30 June 2020, the Company was holding 232,500 warrants in Soma Gold Corp.(formerly Para Resources, Inc.) (2019: 2,500,000).

Warrant exercise price CAD\$	Number of warrants	Grant date	Expiry date	Fair value of individual warrant CAD\$
0.30	232,500	4 June 2018	4 June 2021	0.024

The following information is relevant in the determination of the fair value of the warrants granted during the year:

Valuation model	Black-Scholes model
Warrant exercise price, CAD\$	0.30
Weighted average share price at valuation date, CAD\$	0.25
Weighted average contractual life, years	0.93
Expected volatility, %	160%
Expected dividend growth rate, %	0
Risk-free interest rate (Canadian Government three-year bond), %	0.158

Calculation of volatility involves significant judgement by the Directors and it is based on the Para Resources, Inc trading data directly preceding the grant date.

16. Cash and Cash Equivalents

Group	30 June 2020 £'000	30 June 2019 £'000
Cash in hand and at bank	53	64
	53	64

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Company	30 June 2020 £'000	30 June 2019 £'000
Cash in hand and at bank	32	43
	32	43

Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from notes and other receivables. The Directors manage the Group's exposure to credit risk by the application of monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Directors minimise credit risk by dealing exclusively with high credit rating counterparties. The Company defines default through a framework of qualitative "unlikelihood to pay" with a more objective 90 days past due timeline. The qualitative criteria allows the Company to identify exposure early on in the process, with the 90 day past due limit providing a clear final metric.

Credit Risk Concentration Profile

The Group's receivables do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Directors define major credit risk as exposure to a concentration exceeding 10% of a total class of such asset.

The Company maintains its cash reserves in Coutts & Co, which maintains the following credit ratings:

Credit Agency	Standard and Poor's	Moody's	Fitch	JRC	30 June 2020 Cash Held £'000
Long Term	BBB	Baa2	A	A	—
Short Term	A-2	P-2	F1	-	53

17. Non-Current Receivables

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Amounts due from associates	—	3,887	—	3,887
MFP sale proceeds	1,432	1,347	1,429	1,347
	1,432	5,234	1,429	5,234

Amounts due from associate - Non-current related party receivables of £4.198 million was reclassified to Exploration assets (note 13) after the restoration of the Kenyan gold licenses (in 2019: classified as a non-current receivable of £3.887 million).

The MFP sale proceeds represent the fair value of the non-current portion of the deferred consideration receivable for the sale of MFP. The fair value was estimated based on the consideration offered by the buyer adjusted to its present value based on the timing for which the consideration is expected to be received. The most significant inputs are the offer price per tranches, discount rate and estimated royalty stream. The estimated royalty stream takes into account current production levels, estimates of future production levels and gold price forecasts.

18. Other Receivables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current trade and other receivables				
Prepayments	17	22	17	22
Related party receivables:				
– due from subsidiaries	—	—	327	272
– due from Corcel plc	—	134	—	134
– due from key management	—	4	—	4
Short-term loan to related party:				
– due from a Director of a JV partner	37	37	37	37
Other receivables	490	778	334	646
Total	544	975	715	1,115

Notes to the Financial Statements

continued

19. Trade and Other Payables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current liabilities				
Trade and other payables	7	—	—	—
Total non-current liabilities	7	—	—	—
Current liabilities				
Trade payables	1,042	1,442	1,013	1,436
Accruals	273	291	273	291
Due to Partners in associate (note 26)	2,029	—	2,029	—
Due to key management	1	—	1	—
Total trade and other payables	3,345	1,733	3,316	1,727
Intra-group borrowings	—	—	276	122
Short-term borrowings	1,078	1,121	925	999
Total current liabilities	4,423	2,854	4,517	2,848

On 17 December 2019, the Company announced that holders of £0.860 million of principal value of Convertible Loan Notes, first announced on 10 November 2017 and again on 2 January 2019, had applied to renew the notes with a new final redemption date of 19 December 2020. These renewed Notes carry an interest rate of 12% and a conversion price of £0.006 per share.

After the year-end, during the week to 18 December 2020 the Company received conversion notices in respect of £810,000 of Convertible Loan Notes and issued 147,273,376 new Red Rock ordinary shares at 0.6 pence a share in respect of principal and interest. A further £0.050 million of Convertible Loan Notes were redeemed for cash.

On 11 April 2019, the Company's 100% owned subsidiary, RRR Coal Ltd, agreed a loan facility of up to US\$1.0 million with Riverfort Global Opportunities PCC Ltd and YA II PN Ltd. The terms of the loan call for US\$0.400 million to be transferred to the borrower, with additional tranches available to the Company at the lenders' absolute discretion. The notes are secured by 5,500,000 shares in Jupiter Mines Ltd, which were transferred from the Company to the borrowers as well as by a corporate guarantee executed by Red Rock Resources Plc. The Notes carry an interest rate of 10% and come with a 7.5% implementation fee and are repayable over a period ending in April 2020.

On 21 January 2020, the Company's 100% owned subsidiary, RRR Coal Ltd, agreed a final drawdown from the loan facility of up to US\$1.0 million with Riverfort Global Opportunities PCC Ltd and YA II PN Ltd of a gross amount of US\$0.2 million. The notes remained secured by 5,500,000 shares of Jupiter Mines Ltd, as well as by a corporate guarantee executed by Red Rock Resources Plc. The notes carry an interest rate of 10% and this drawdown carried an implementation fee of US\$7,000. All outstanding amounts from all previous drawdowns including this drawdown were refinanced and now became repayable in equal instalments from April 2020 to January 2021.

After the year-end, on 6 November 2020, the Company's 100% owned subsidiary, RRR Coal Ltd, refinanced its existing loan facility with Riverfort Global Opportunities PCC Ltd and YA II PN Ltd, increasing the total amount available for draw-down to US\$2.0 million, and drawing down an initial gross amount of US\$1.0 million with additional tranches available at the lenders' absolute discretion. The notes are secured on 6,302,000 shares in Jupiter Mines Ltd as well as 20,000,000 shares in Power Metal Resources Plc, which were transferred from the Company to an escrow account for the duration of the loan, as well as by a corporate guarantee executed by Red Rock Resources Plc. The notes carry an interest rate of 10% and come with a 7.5% implementation fee and are repayable over a six-month period starting in June 2021.

20. Share Capital of the Company

The share capital of the Company is as follows:

	2020 £'000	2019 £'000
Authorised, Issued and Fully Paid		
696,767,452 (2019: 676,049,662) ordinary shares of £0.0001 each	70	68
2,371,116,172 deferred shares of £0.0009 each	2,134	2,134
6,033,861,125 A deferred shares of £0.000096 each	579	579
As at 30 June	2,783	2,781

Movement in Ordinary Shares	Number	Nominal £'000
As at 1 July 2018 – ordinary shares of £0.0001 each	536,012,471	54
Issued 19 December 2018 at 0.7 pence per share (non-cash, settlement of investment in a JV in Congo)	70,000,000	7
Issued 9 April 2019 at 0.6 pence per share (non-cash, SIP shares)	6,556,800	1
Issued 23 April 2019 at 0.51 pence per share (£275,000 non-cash, loan liabilities settlement; the rest in cash)	63,480,391	6
As at 30 June 2019 – ordinary shares of £0.0001 each	676,049,662	68
Issued 10 March 2020 at 0.6 pence per share (non-cash, settlement for DRC interests)	6,000,000	1
Issued 13 May 2020 at 0.145 pence per share (non-cash, SIP)	14,717,790	1
As at 30 June 2020 – ordinary shares of £0.0001 each	696,767,452	70

Ordinary shares represent the company's basic voting rights and reflect the equity ownership of the Company. Ordinary shares carry one vote per share and each share gives equal right to dividends. These shares also give right to the distribution of the company's assets in the event of winding-up or sale.

Subject to the provisions of the Companies Act 2006, the deferred shares may be cancelled by the company, or bought back for £1 and then cancelled. The deferred shares are not quoted and carry no rights whatsoever.

Warrants

At 30 June 2020, the Company had 101,740,195 warrants in issue (2019: 109,552,695) with a weighted average exercise price of £0.0087 (2019: £0.0118). Weighted average remaining life of the warrants at 30 June 2020 was 631 days (2019: 433 days). All the warrants were issued by the Group to its shareholders in the capacity of shareholders and therefore are outside of IFRS 2 scope.

Group and Company

	2020 number of warrants	2019 number of warrants
Outstanding at the beginning of the period	109,552,695	289,432,432
Granted during the period	57,500,000	101,740,195
Cancelled during the period	(57,500,000)	—
Lapsed during the period	(7,812,500)	(281,619,932)
Outstanding at the end of the period	101,740,195	109,552,695

During the year ended 30 June 2020 the Company had the following warrants to subscribe for shares in issue:

Grant Date	Expiry date	Warrant exercise price, £	Number of warrants
19 Feb 2018	21 Feb 2021	0.010	12,500,000
23 Apr 2019	22 Apr 2021	0.0075	31,740,195
10 Dec 2019	19 Dec 2022	0.009	57,500,000
Total warrants in issue at 30 June 2020			101,740,195

The aggregate fair value related to the share warrants granted during the reporting period was £nil (2018: £nil).

Capital Management

Management controls the capital of the Group in order to control risks, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes Ordinary share capital and financial liabilities, supported by financial assets (note 23). There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Notes to the Financial Statements

continued

21. Reserves

Share Premium

The share premium account represents the excess of consideration received for shares issued above their nominal value net of transaction costs.

Foreign Currency Translation Reserve

The translation reserve represents the exchange gains and losses that have arisen from the retranslation of overseas operations.

Retained Earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

Fair Value Through Other Comprehensive Income Financial Assets Revaluation Reserve

The available for sale trade investments reserve represents the cumulative revaluation gains and losses in respect of available for sale trade investments.

Share-Based Payment Reserve

The share-based payment reserve represents the cumulative charge for options granted, still outstanding and not exercised.

Warrant Reserve

The warrant reserve represents the cumulative charge for warrants granted, still outstanding and not exercised.

22. Share-Based Payments

Employee Share Options

In prior years, the Company established employee share option plans to enable the issue of options as part of the remuneration of key management personnel and Directors to enable them to purchase Ordinary shares in the Company. Under IFRS 2 "Share-based Payments", the Company determines the fair value of the options issued to Directors and employees as remuneration and recognises the amount as an expense in the statement of income with a corresponding increase in equity.

At 30 June 2020 and June 2019, the Company had outstanding options to subscribe for Ordinary shares as follows:

	Options issued 14 June 2016 exercisable at 0.45 pence per share expiring 29 January 2022 Number	Options issued 13 January 2017 exercisable at 0.8p per share, expiring on 13 January 2023, Number	Total Number
A R M Bell	5,760,000	12,000,000	17,760,000
S Kaintz	4,680,000	11,000,000	15,680,000
M C Nott	900,000	—	900,000
S Quinn	900,000	3,000,000	3,900,000
Employees	1,080,000	9,000,000	10,080,000
Total	13,320,000	35,000,000	48,320,000

	Company and Group			
	2020		2019	
	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
Outstanding at the beginning and the end of the year	48,320,000	0.70	48,320,000	0.70
Of them vested and exercisable	24,160,000	0.70	24,160,000	0.70

No share options were granted by the Company in the reporting year (2019: none). The weighted average fair value of each option granted during the year was nil pence (2019: nil). The exercise price of options outstanding at 30 June 2020 ranged between £0.0045 and £0.008 (2019: £0.0045 and £0.008). Their weighted average contractual life was 2.28 years (2019: 3.28 years).

Share-based remuneration expense related to the share options grant is included in the administration expenses line in the consolidated income statement in the amount of £nil (2019: nil).

Share Incentive Plan

In January 2012, the Company implemented a tax efficient Share Incentive Plan, a government approved scheme, the terms of which provide for an equal reward to every employee, including Directors, who have served for three months or more at the time of issue. The terms of the plan provide for:

- each employee to be given the right to subscribe any amount up to £150 per month with Trustees who invest the monies in the Company's shares;
- the Company to match the employee's investment by contributing an amount equal to double the employee's investment ("matching shares"); and
- the Company to award free shares to a maximum of £3,600 per employee per annum.

The subscriptions remain free of taxation and national insurance if held for five years.

All such shares are held by Share Incentive Plan Trustees and the Ordinary shares cannot be released to participants until five years after the date of the award.

During the financial year, a total of 14,717,790 matching and partnership shares were awarded (2019: 6,556,800 free, matching and partnership shares were awarded) with a fair value of £0.00145 (2019: £0.006), resulting in a share-based payment charge of £14,227 (2019: £32,227), included in the administration expenses line in the income statement.

Notes to the Financial Statements

continued

23. Financial Instruments

23.1 Categories of Financial Instruments

The Group and Company hold a number of financial instruments, including bank deposits, short-term investments, loans and receivables, borrowings and trade payables. The carrying amounts for each category of financial instrument are as follows:

30 June	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial assets				
Available for sale financial assets at fair value through OCI				
Unquoted equity shares	138	275	138	275
Quoted equity shares	2,617	3,935	1,633	2,888
Total available for sale financial assets at fair value through OCI	2,755	4,210	1,771	3,163
Financial assets FVTPL (Para warrants)	3	60	3	60
Total financial assets carried at fair value through profit and loss	3	60	3	60
Cash and cash equivalents	53	64	32	43
Loans and receivables				
Non-current receivables	1,432	5,234	1,429	5,234
Other receivables – current	544	975	715	1,115
Total loans and receivables carried at amortised cost	1,976	6,209	2,144	6,349
Total financial assets	4,787	10,543	3,950	9,615
Total current financial assets	601	1,099	750	1,218
Total non-current financial assets	4,186	9,444	3,200	8,397
Financial liabilities				
Short-term borrowings, including intra-group	1,078	1,121	1,201	1,121
Trade and other payables, excluding accruals	3,346	1,441	3,317	1,436
Total current financial liabilities	4,424	2,562	4,518	2,557

Other Receivables and Trade Payables

Management assessed that fair values of other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Non-Current Receivables

Long-term fixed-rate receivables are evaluated by the Group based on parameters such as interest rates, recoverability and risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for any expected losses on these receivables.

Loans and Borrowings

The carrying value of interest-bearing loans and borrowings is determined by calculating present values at the reporting date, using the issuer's borrowing rate.

The carrying value of current financial liabilities in the Company is not materially different from that of the Group.

23.2 Fair Values

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The carrying amount of the Company's financial assets and liabilities is not materially different to their fair value. The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Where a quoted price in an active market is available, the fair value is based on the quoted price at the end of the reporting period. In the absence of a quoted price in an active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Group 30 June 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
FVTOCI financial assets				
– Unquoted equity shares	—	—	138	138
– Quoted equity shares	2,617	—	—	2,617
FVTPL (Para warrants)	—	—	3	3

Company 30 June 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
FVTOCI financial assets				
– Unquoted equity shares	—	—	138	138
– Quoted equity shares	1,633	—	—	1,633
FVTPL (Para warrants)	—	—	3	3

Group 30 June 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
FVTOCI financial assets				
– Unquoted equity shares	—	—	275	275
– Quoted equity shares	3,935	—	—	3,935
FVTPL (Para warrants)	—	—	60	60

Company 30 June 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
FVTOCI financial assets				
– Unquoted equity shares	—	—	275	275
– Quoted equity shares	2,888	—	—	2,888
FVTPL (Para warrants)	—	—	60	60

Notes to the Financial Statements

continued

23. Financial Instruments continued

23.3 Financial Risk Management Policies

The Directors monitor the Group's financial risk management policies and exposures and approve financial transactions.

The Directors' overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group are exposed to through its financial instruments are credit risk and market risk, consisting of interest rate risk, liquidity risk, equity price risk and foreign exchange risk.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial liability of significant customers and counterparties), ensuring, to the extent possible, that customers and counterparties to transactions are of sound creditworthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Directors have otherwise cleared as being financially sound.

Other receivables which are neither past due nor impaired are considered to be of high credit quality.

The consolidated Group does have a material credit risk exposure with Mid Migori Mining Company Ltd, an associate of the Company. See note 1.5, 'Significant accounting judgements, estimates and assumptions' for further details.

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources; and
- maintaining a reputable credit profile.

The Directors are confident that adequate resources exist to finance operations for commercial exploration and development and that controls over expenditure are carefully managed.

Management intend to meet obligations as they become due through ongoing revenue streams, the sale of assets, the issuance of new shares, the collection of debts owed to the Company and the drawing of additional credit facilities.

Market Risk

Interest Rate Risk

The Company is not exposed to any material interest rate risk.

Equity Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities, but also include political, economic, social, technical, environmental and regulatory factors.

Foreign Currency Risk

The Group's transactions are carried out in a variety of currencies, including Sterling, Australian Dollar, US Dollar, Kenyan Shilling and Euro.

To mitigate the Group's exposure to foreign currency risk, non-Sterling cash flows are monitored. The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as amounts paid and received in specific currencies are expected to largely offset one another and the currencies most widely traded in are relatively stable.

The Directors consider the balances most susceptible to foreign currency movements to be financial assets with FVTOCI.

These assets are denominated in the following currencies:

Group	GBP	AUD	USD	EUR	CAD	Other	Total
30 June 2020	£	£	£	£	£	£	£
Cash and cash equivalents	29	5	19	—	—	—	53
Amortised cost financial assets - Other receivables	243	1	144	—	—	156	544
FVTOCI financial assets	147	2,470	138	—	—	—	2,755
FVTPL financial assets - warrants	—	—	—	—	3	—	3
Amortised costs financial assets - Non-current receivables	—	3	1,429	—	—	—	1,432
Trade and other payables, excluding accruals	37	26	2,106	—	866	39	3,074
Short-term borrowings	925	—	153	—	—	—	1,078

Group	GBP	AUD	USD	EUR	CAD	Other	Total
30 June 2019	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	21	—	38	—	—	5	64
Amortised cost financial assets - Other receivables	665	—	200	—	—	110	975
FVTOCI financial assets	152	3,528	275	—	255	—	4,210
FVTPL financial assets - warrants	—	—	—	—	60	—	60
Amortised costs financial assets - Non-current receivables	3,888	—	1,346	—	—	—	5,234
Trade and other payables, excluding accruals	372	4	77	1	964	23	1,441
Short-term borrowings	999	—	122	—	—	—	1,121

Company	GBP	AUD	USD	EUR	CAD	Other	Total
30 June 2020	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	27	5	—	—	—	—	32
Amortised cost financial assets - Other receivables	572	—	144	—	—	—	716
FVTOCI financial assets	147	1,487	138	—	—	—	1,772
FVTPL financial assets - warrants	—	—	—	—	3	—	3
Amortised costs financial assets - Non-current receivables	—	—	1,429	—	—	—	1,429
Trade and other payables, excluding accruals	37	—	2,106	—	866	36	3,045
Short-term borrowings, including intra-group	925	—	276	—	—	—	1,201

Notes to the Financial Statements

continued

23. Financial Instruments continued

23.3 Financial Risk Management Policies continued

Company	GBP	AUD	USD	EUR	CAD	Other	Total
30 June 2019	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	21	—	22	—	—	—	43
Amortised cost financial assets - Other receivables	665	—	200	—	—	250	1,115
FVTOCI financial assets	152	2,481	275	—	255	—	3,163
FVTPL financial assets - warrants	—	—	—	—	60	—	60
Amortised costs financial assets - Non-current receivables	3,888	—	1,346	—	—	—	5,234
Trade and other payables, excluding accruals	372	3	77	1	964	19	1,436
Short-term borrowings, including intra-group	999	—	122	—	—	—	1,121

Exposures to foreign exchange rates vary during the year depending on the volume and nature of overseas transactions.

24. Reconciliation of Liabilities Arising from Financing Activities and Major Non-Cash Transactions

Group	30 June 2019	Cash flow loans received	Cash flow principal re-payment	Cash flow interest paid	Non-cash flow Forex movement	Non-cash flow -repayment with Jupiter shares	Non-cash flow Interest and arrangement fee accreted	Non-cash flow Introducers fee accrued	30 June 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loan from institutional investors	122	103	(115)	(13)	7	(16)	65	—	153
Convertible notes	999	—	(60)	(117)	—	—	77	26	925
Total	1,121	103	(175)	(130)	7	(16)	142	26	1,078

Company	30 June 2019	Cash flow loans received	Cash flow loans re-payment	Cash flow interest paid	Non-cash flow Forex movement	Non-cash flow -repayment with payable settled	Non-cash flow Interest and arrangement fee accreted	Non-cash flow Introducers fee accrued	30 June 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loan from subsidiary RRR Coal	122	205	(115)	(13)	7	5	65	—	276
Convertible notes	990	—	(60)	(117)	—	—	77	26	925
Total	1,121	205	(175)	(130)	7	5	142	26	1,201

Significant non-cash transactions from financing activities in relation to raising new capital are disclosed in note 20.

Significant non-cash transactions from operating activities were as follows:

- Impairment of other receivables in the amount of £0.249 million (2019: £1.592 million);
- Income recognised from the reversal of previous impairment in the amount of £5.28 million (2019: £nil);
- Income recognised from forgiven creditors in the amount of £0.551 million (219: £nil).

25. Significant Agreements and Transactions

The following are the significant agreements and transactions recently undertaken having an impact in the year under review. For the sake of completeness and of clarity, some events after the reporting period may be included here and in note 27.

Financial

On 30 October 2019 the Company announced that Pello Capital Limited had been appointed joint broker to the Company with immediate effect.

On 17 December 2019, the Company announced that holders of £830,000 of principal value of convertible loan notes, first announced on 10 November 2017 and again on 2 January 2019, had applied to renew the notes with a new final redemption date of 19 December 2020. These renewed notes would carry an interest rate of 12% and a conversion price of £0.006 per share. The warrants associated with renewing note holders were extended and will not expire on 19 December 2022 and carry a strike price of £0.009 per share.

On 21 January 2020, the Company's 100% owned subsidiary, RRR Coal Ltd, agreed a final drawdown from the loan facility of up to US\$1.0 million with Riverfort Global Opportunities PCC Ltd and YA II PN Ltd of a gross amount of US\$0.200 million. The notes remained secured by 5,500,000 shares of Jupiter Mines Ltd, as well as by a corporate guarantee executed by Red Rock Resources Plc. The notes carry an interest rate of 10% and this drawdown carried an implementation fee of US\$7,000. All outstanding amounts from all previous drawdowns including this drawdown were refinanced and now became repayable in equal instalments from April 2020 to January 2021.

Democratic Republic of Congo Luansimba Copper JV

On 10 March 2020, the Company announced that it had made a final \$100,000 payment to the vendors of the licenses, through the payment of \$50,000 and the subsequent issue of 6,000,000 new ordinary shares in the Company at a price of £0.006 per share.

Australian Joint Venture

On 29 April 2020 the Company announced that its wholly owned subsidiary Red Rock Australasia Pty Ltd ("RRAL") had applied for EL 007271, a 130 sq km exploration license area in the Victoria Goldfield of Australia, south of Ballarat. It further agreed to issue new shares in RRAL to Power Metal Resources (AIM:POW) to give POW a 49.9% shareholder in RRAL. POW had agreed to pay license application expenses, currently \$2,159, in order to become a 49.9% shareholder of RRAL. RRAL was to be renamed and would look to acquire further exploration tenements. The total assets of RRAL on the last balance sheet date were \$600.

26. Related Party Transactions

- The costs incurred on behalf of the Company by Corcel Plc are invoiced at each month end and settled on a quarterly basis. By agreement, the Company pays interest at the rate of 0.5% per month on all balances outstanding at each month end until they are settled. The total charge for the year was £21,589 (2019: £58,329). Of this, £16,549 was outstanding at 30 June 2020 (2019: £18,948).
- The costs incurred by the Company on behalf of Corcel Plc were £25,562 (2019: £49,135) in relation to shared services during the year. Of this, £7,962 was outstanding at 30 June 2020 (2019: £31,372).
- Power Metal resources Plc are the Company's partner and holder of 49.9% in the Company's 50.1% owned subsidiary RRAL. The costs incurred by the Company on behalf of Power Metal Resources Plc were £9,918 (2019: £nil) in relation to shared costs paid on behalf of RRAL during the year. Of this, £nil was outstanding at 30 June 2020 (2019: £nil).
- Related party receivables and payables are disclosed in notes 18 and 19.
- The Company held 3,383,633 shares (3.77%) in Corcel Plc as at 30 June 2020 (2019: 1,695,000 (2.31%)).
- The Company held 25,000,000 shares (6.89%) in Power Metal Resources Plc as at 30 June 2020 (2019: 25,000,000 (6.89%)).
- The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2020 and at 30 June 2019 are shown in the Director's Report.
- The key management personnel are the Directors and their remuneration is disclosed within note 9.

Notes to the Financial Statements

continued

27. Significant Events After the Reporting Period

On 8 July 2020, the Company announced that Jupiter Mines Ltd, a Company in which it owned an approximate AUD 4.35m interest, had announced that a strategic review of its Central Yilgarn Iron Ore Project had identified an initial public offering of these assets as a potential value crystallization option. The Board of Jupiter had, after due consideration, unanimously approved a detailed investigation of an IPO as a priority.

On 17 August 2020, the Company announced that further to the announcements of 31 March 2020 and 19 September 2019, the renewals of Prospecting Licenses PL/2018/0202 and PL/2018/0203 in Kenya have now been received for a period of three years from 2 August 2020.

On 24 August 2020, the Company announced the grant of 21,000,000 performance options to Directors and key staff representing in aggregate 3.01% of the existing issued share capital of the Company. Each option entitles the holder upon exercise to one ordinary share of £0.0001 in two tranches at exercise prices of £0.02 and £0.025 respectively.

On 7 September 2020, the Company announced that it had entered into an option over former gold and silver mining and exploration assets at Zlata Bana, Slovakia. The vendors of these assets are Mr. Lubomir Konkol and associated parties including Zdarboh n.o., a non-profit company. The assets include a license covering an area that contains old gold mines and a number of mineral-bearing veins mapped at surface, as well as land and buildings. Red Rock paid €10,000 for a due diligence period lasting until 21 September 2020, and paid a further €23,000 in order to acquire a 50% interest in the Zlata Bana license, covering an area of approximately 12 sq km. Upon exercise of the option, Red Rock would acquire at 50% interest in the other assets including land, buildings and equipment. The consideration for exercise of the option would be the issue upon execution of documentation to transfer the interest in the assets of €0.250 million of new Red Rock shares at an issue price equal to the 5-day VWAP. A further issue of €0.100 million of new Red Rock shares would occur upon completion of the process of transfer, at an issue price equal to the 5-day VWAP prior to the transfer. A joint venture would be set up between the parties, and Red Rock would be responsible for certain expenditures of the joint venture, which was expected to amount not less than €0.100 million in 2020.

On 22 September 2020, the Company announced that it had received the Independent National Instrument 43-101 Technical Report, on the BMV Gold project held by JV company Red Rock Australasia Pty Ltd. The BMV gold project, for the purposes of the report, was identified as the eight exploration licenses comprising the central block and the eastern block out of the twelve for which the joint venture has applied, all of which are subject to pending license applications.

On 28 September 2020, the Company announced that it had raised £1,000,000 by way of a placing of 125,000,000 new ordinary shares of £0.0001 each, at a price of £0.008 per share with 1 for 1 warrants exercisable at a price of £0.012 per share for thirty months. Additionally, 12,500,000 warrants will be issued to First Equity Ltd in part payment for its services as placing agent.

On 12 October 2020, the Company announced that it had reviewed the gold opportunity in Slovakia, announced on 7 September 2020, and had not exercised the option to proceed within the option period.

On 28 October 2020, the Company announced that Jupiter Mines Ltd, had announced an interim unfranked dividend for the half year period to 31 August 2020 of \$0.01 per ordinary share, bringing the cumulative payment made by Jupiter to \$260 million since its ASX listing, equating to 48% of its current market capital. Jupiter further confirmed its intention to demerge its Central Yilgarn Iron Ore Assets and to conduct an initial public offering of these assets on the ASX as an independent entity to be named later, subject to all statutory approvals.

On 6 November 2020, the Company announced that Red Rock Australasia Ltd had applied for an additional 148sq km of ground that forms a ring around the Ballarat mine and which recently became available. In total RRAL now has approximately 2,336sq km of ground under application in the Victoria Gold Fields. It was further announced that RRAL has received several approaches to acquire interests in, joint venture or earn-in to the RRAL license package in whole or in part. Alongside the intention to list some or all of the RRAL assets on a North American stock exchange, RRAL is working with potential partners to assess these external proposals.

On 6 November 2020, RRR Coal Ltd, a company 100% owned by Red Rock Resources Plc, agreed to extend and increase its US\$1m standby Loan Facility up to a maximum of US\$2.0 million. The maximum amount drawn down and refinanced under this facility has been US\$1.4 million. As security for any funds drawn down, RRR Coal Ltd has agreed to maintaining a value of all the shares in pledged to be equal to one time the amount outstanding on the loan facility as calculated by the value weighted average price for the proceeding five days prior. At the time of completion 6,302,000 shares of Jupiter Mines Ltd and 20,000,000 shares of Power Metal Resources Plc were pledged to the noteholders and a Corporate Guarantee was also executed.

On 10 November 2020, the Company announced that it had been notified of a further seven of its license applications made by Red Rock Australasia Pty Ltd, have been accepted and have been given the highest ranking, following notification in respect of the first three applications received in early July. RRAL will now advertise the seven applications in newspapers with statewide and local circulation, and after a three-week exposure period, the Department of Jobs, Precincts and Regions of the State of Victoria will begin the application assessment process.

On 18 November 2020, the Company announced that in accordance with the agreement first announced on 15 June 2018, the Company had agreed to pay Kansai £25,000 to Kansai by way of the issuance of 3,571,429 Red Rock Shares at a price of £0.007 per share, as well as the issuance of \$1,000,000 promissory note payable in 15 months to Kansai, and finally grant to Kansai

£0.500 million of warrants exercisable for 30 months into new ordinary share of the Company at a price of £0.007 per share. A further announcement was expected to be made regarding additional obligations to Kansai. The Company announced that it had issued Riverfort Global Opportunities PCC Limited and YA II PN Limited a total of 16,000,000 thirty-six month warrants, half exercisable at £0.016 and the other half at £0.024 per share in consideration of the extension of existing facilities and the grant of a six-month repayment holiday on drawn amounts. The Company further announced that it had appointed CSA Global UK Limited to provide an updated mineral resource estimate for the Company's Kenyan gold project. The purpose of this work would be to bring the historic 1.2m oz mineral resource estimate reported by the Company in 2013 into compliance with the JORC 2012 code, enabling it to be reported as a code-compliant Mineral Resource Estimate in accordance with AIM Standards.

On 20 November 2020, the Company announced that a team had mobilized to Red Rock's 80% owned Luanshimba license in the south-east of the Democratic Republic of Congo, to begin a programme of geophysics to follow up the strong copper and cobalt anomalies identified in the southern part of the license by a programme of termite mound sampling in late 2018.

In the week to 18 December 2020 the Company received conversion notices in respect of £810,000 of Convertible Loan Notes and issued 147,273,376 new Red Rock ordinary shares at 0.6 pence a share in respect of principal and interest. A further £0.050 million of Convertible Loan Notes were redeemed for cash.

On 21 December 2020 the Company entered into a deed agreement with the administrators of Vector Resources Limited (In Administration), an Australian company, ("Vector"), whereby it paid \$0.090 million to support the reconstruction process at Vector and the commencement of arbitration and continuation of injunction proceedings, and entered into a further deed agreement with two secured creditors holding security over Vector's principal asset, a majority holding in Mongbwalu Goldfields Investment Holding 6 Limited, a company controlling the Adidi-Kanga gold deposit in the Democratic Republic of Congo, giving the Company the right for two years to acquire the loans of the secured creditors amounting to approximately \$5.2 million.

On 21 December 2020 the Company agreed to restructure payments due to Kansai Mining following renewal of the Company's exploration licenses held over the Migori Gold Project in Kenya. Of the US\$2.5m cash payment due under the original agreement executed on 15 June 2018 within three months of license renewal, the Company agreed to pay \$1m in cash immediately, US\$0.5 million of which was paid on 24 December 2020, with a further \$1.5m to be paid in cash or stock at Kansai's discretion, by 29 January 2021. Any shares issued under this second payment were to be priced at the closing price of the Company's shares on the date of issue.

Annual General Meeting

The Company intends to issue a notice of Annual General Meeting of shareholders to be held on 12 February 2021 for the purpose of dealing with the usual business applicable at such a meeting.

28. Commitments

As at 30 June 2020, the Company had entered into the following commitments:

- Exploration commitments: On-going exploration expenditure is required to maintain title to the Group mineral exploration permits. No provision has been made in the Financial Statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.
- On 26 June 2015, the Company announced an agreement with Kansai Mining Corporation Ltd pursuant to which Red Rock's farm in agreement was replaced by agreements under which any interest in the Migori Gold Project or the other assets of Mid Migori Mines that may be retained or granted to Mid Migori Mines or Red Rock would be shared 75% to Red Rock and 25% to Kansai. Kansai's interest was to be carried up the point of an Indicated Mineral Resource of 2m oz of gold. Red Rock was to have full management rights of the operations and of the conduct of legal proceedings on behalf of both Mid Migori Mines and itself. On 15 June 2018, Red Rock announced a revision to this agreement. The effect of the revision is that Kansai exchanged its 25% carried interest under the 2015 agreement for a US\$50,000 payment, leaving Red Rock with a 100% interest. In the event of a renewal or reissue of licenses covering the relevant assets the Company will within three months make further payments, subject to such renewal or reissue not being on unduly onerous terms, as follows: (1) US\$2.5m payable in cash, (2) a US\$1m promissory note payable 15 months after issue, and (3) £0.500 million of warrants into Red Rock shares at a price 20% above their average closing price on the three trading days prior to issue. This agreement was further amended on 21 December 2020 through agreement with Kansai to pay US\$1 million, of which US\$0.5 million has been paid on 24 December 2020, and to defer payment of US\$1.5m until 29 January 2021, at which time the balance could be paid in cash or shares at Kansai's discretion, with any shares to be issued at the closing price of the Company's shares on the 21st of December 2021.

Notes to the Financial Statements

continued

28. Commitments continued

- On 21 September 2019, the Company entered into a new lease agreement for office space with WeWork Aldwych House. The initial lease runs from 1 October 2019 through 30 October 2019. The lease could then be terminated by giving one full calendar month's notice. On 1 July 2020, after the year-end, the Company entered into a new lease agreement for office space with WeWork Aldwych House. The lease runs from 1 July 2020 through 31 January 2021. Thereafter, the lease can be terminated by giving one full calendar month's notice.

29. Assets Pledged as Collateral

On 11 April 2019, RRR Coal Ltd, a company 100% owned by Red Rock Resources Plc, agreed to a standby Loan Facility of up to US\$1.0 million. The maximum amount drawn down under this facility has been US\$0.200 million. As security for any funds drawn down, RRR Coal Ltd agreed to maintain a value of shares in Jupiter Mines Ltd equal to three times the amount outstanding on the loan facility as calculated by the value weighted average price for the proceeding five days prior. At the time of completion 5,500,000 shares of Jupiter Mines were pledged to the noteholders and a Corporate Guarantee was also executed.

After the year-end, On 6 November 2020, RRR Coal Ltd, a company 100% owned by Red Rock Resources Plc, extended and amended its standby Loan Facility with a maximum drawdown amount of US\$2.0 million. The maximum amount drawn down and refinanced under this facility has been US\$1.4 million, leaving a balance of US\$0.600 million available for drawdown. As security for any funds drawn down, RRR Coal Ltd has agreed to maintaining a value of all the shares in pledged to be equal to one time the amount outstanding on the loan facility as calculated by the value weighted average price for the proceeding five days prior. At the time of completion 6,302,000 shares of Jupiter Mines Ltd and 20,000,000 shares of Power Metal Resources Plc were pledged to the noteholders and a Corporate Guarantee was also executed.

30. Control

There is considered to be no controlling party.