TECTONIC GOLD PLC

Company Registration No. 05173250

Annual Report and Financial Statements
for the period 1 January 2017 to 30 June 2018

CONTENTS

COMPANY INFORMATION

DIRECTORS:	**Bruce Fulton** (Chairman) **Brett Boynton** (Managing Director) **Sam Quinn** (Executive Director) **Zeg Choudhry** (Non-Executive Director)
SECRETARY:	**Sam Quinn**
REGISTERED OFFICE:	30 Percy Street London W1T 2DB
COMPANY REGISTRATION NUMBER:	05173250
REGISTRAR AND TRANSFER OFFICE:	**Link Market Services Limited** 6th Floor, 65 Gresham Street, London EC2V 7NQ
SOLICITORS:	**Mildwaters Consulting LLP** Walton House, 25 Bilton Road, Rugby, Warwickshire CV22 7AG United Kingdom
INDEPENDENT AUDITORS:	**Welbeck Associates** Registered Auditors Chartered Accountants 30 Percy Street London W1T 2DB **HLB Mann Judd Assurance (NSW) Pty Ltd** Level 19, 207 Kent Street Sydney NSW 2000
NOMINATED ADVISER AND BROKER:	**Peterhouse Capital Limited** 15 Eldon Street London EC2M 7LD
CORPORATE ADVISOR AND BROKER:	**VSA Capital** 15 Eldon Street London EC2M 7LD
BANKERS:	**Barclays Bank plc** 1 Churchill Place London E14 5HP

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the final results for Tectonic Gold Plc for the 18 months to 30 June 2018 and the first set of annual results for the new group. The Company completed a reverse takeover transaction ("RTO") with Australian based Intrusive Related Gold System (IRGS) specialist explorer Signature Gold Ltd and was admitted to trading on the NEX Exchange in London on 26 June 2018.

The Company was active in partnership with Signature Gold Ltd prior to the RTO and admission to trading, funding two major field campaigns including extensive geophysical analysis. This identified for the first time that various components at Specimen Hill are indeed part of a single extensive intrusive complex which the company has been pursuing.

The RTO and admission were accompanied by a small raise which was led by directors and existing shareholders and brought Titeline Drilling Pty Ltd onto our register as a significant investor. This investment was undertaken via a 50:50 drill for equity transaction. The partnership with Titeline enabled the group to proceed directly to an initial 2,500m, diamond core, drilling program at our flagship Specimen Hill project in Queensland, Australia. This program was designed to test predicted extensions to known gold mineralisation at Specimen Hill and also test deeper targets identified as possible feeders, to the system.

At the time of this report we are awaiting assay results from this drilling campaign, but geological logging of the drill core to date has confirmed the extension of mineralisation as predicted, setting us up for a very exciting year ahead. It is the intention of the Board to leverage positive results from this campaign to engage further with potential partners on Specimen Hill (and subsequently on our projects) at the project level and take the group to a more liquid exchange.

We are buoyed by the early success of the group as a listed company and will focus on driving that success to reflect in the share price as we move forward.

Thank you to all of our supportive shareholders and stakeholders who have enabled us to make our debut as a listed company in the UK market.

Yours Sincerely

Bruce Fulton
Chairman

MANAGING DIRECTOR'S STATEMENT

During the year to June 2018 the company completed a transformational reverse takeover with Signature Gold Ltd and became a specialist gold explorer. The RTO was consuming on the corporate side, however the technical team pushed ahead progressing the Australian gold portfolio with successful exploration programs completed on both of the lead projects, Specimen Hill and Mt Cassidy.

Specimen Hill is the most advanced asset in the portfolio with over sixty historic holes confirming mineralisation and previous mining producing gold at grades of over 15g/t Au. Tectonic is the first team to map the structure of the entire system at Specimen Hill enabling us to show that areas previously thought to be discrete gold occurrences are in fact part of a single large scale Intrusive Gold System. Utilising advanced geophysics surveying tools and bringing new technologies into Australia, Tectonic identified a significant extension to the structure hosting the known gold, mapping it under cover to over a kilometre from the old workings. In addition, high resolution geophysics showed the vertical extension of the system to depths of at least 500m and identified probable feeder.

Over 2,500m of core was recovered from the nine-week long drilling campaign and at the date of this report that core is being cut and processed for assaying. The program has tested two related targets in the system, extensions to the proven epithermal gold which presents at surface and underlying and associated porphyry mineralisation which has been mapped from 250m depth.

The epithermal mineralisation was previously explored, with fifty-five drill holes intersecting mineralisation and historic production of some eight thousand ounces with grades up to 40g/t gold won. The objective of the 2018 drilling campaign was to validate the previous testing to allow for JORC 2012 compliant reporting and to test extensions of the epithermal. These were mapped under cover in December 2017 utilising Sub Audio Magnetic survey technology. Drilling on the target intersected mineralisation over 1km away from the historic zone, along the structure mapped in 2017. The drilling also successfully intersected mineralisation targeted below the historic testing at depths of up to 280m. Assays are still pending, but at this stage we can confirm a significant extension to the proven scale of the epithermal zone in the Specimen Hill system.

Porphyry mineralisation was targeted via a deep penetrating Induced Polarisation (IP) survey completed in April 2018. This survey was conducted utilising a new technology imported from Canada, which was repurposed from the oil and gas exploration industry. The high-resolution 3D IP survey was a technical first in Australia and highlighted again the opportunity for smaller exploration companies to leverage technological innovation and deliver more cost-effective identification and delineation of resources. The survey identified multiple potential intrusive / porphyry features some of which intersected the structure hosting the known epithermal gold mineralisation. These were tested as possible large-scale feeders typically associated with high-sulphidation epithermal gold deposits. Drilling to 500m+ targeting these potential porphyries successfully returned mineralised intersections, proving again the efficacy of the technology approach Tectonic is pioneering. Again, assays are pending, but from a technical perspective the drilling has validated both the epithermal and the porphyry thesis.

The focus of the team has been on the targeting and initial drilling program and over the reporting period three major field campaigns have been successfully delivered. Once all of the assay information has been digitised and analysis completed, a follow up drilling campaign will be deployed. Timing will be determined by the annual wet season in Queensland, but the aim is to get back into the field as soon as possible in the New Year.

At the Signature Gold corporate level the annual audit was completed and tax return filed with a refund claimed under the Australian Government Research and Development Tax Incentive of $590,181. This is expected to be paid in the last week of November, less tax advisory fees on he claim.

Tectonic also recovered a total of EUR332,222 in VAT from historic trading in France dating back to 2010.

Our former partners at Tirupati have also been busy during the period and have advised that they are already in small-scale production with a new larger graphite mine and plant under construction in Madagascar. Following a successful pre-IPO fund raise at a significant premium to our original investment, they are preparing for a listing on the LSE in the next quarter. We wish Shishir and his team all the best with project and remain a supportive investor.

Finally, it remains for me to thank my fellow directors and management as we continue to make progress on the RTO of Signature and to all of our shareholders for their continued support over the last year. The Board looks forward to the forthcoming year with confidence and looks forward to reporting on developments in due course.

Brett Boynton, CFA
Managing Director

STRATEGIC REPORT

The Directors present their strategic report for Tectonic Gold Plc ("Tectonic Gold" and/or "the Company") and its controlled entities (the Group) for the 18 months ended 30 June 2018.

REVIEW OF THE BUSINESS

The Company is admitted to trade on the NEX Growth Exchange in London and its primary focus is gold exploration in Australia through the 100% ownership of Australian gold exploration company Signature Gold Ltd (Signature). The Company completed a Reverse Takeover (RTO) transaction with Signature and was admitted to trading on the NEX in June 2018.

Signature is developing exploration methodologies for the identification and delineation of Intrusive Realted Gold System deposits with assistance from the Australian Federal Government and a number of Australian research organisations. The company holds a portfolio of Intrusive Related Gold System exploration targets in Queensland Australia which it is testing and refining the exploration methodology on and plans to monetise through divestment or joint venturing into development. The Company also holds a 10% interest in Isle of Man based Elbrus Resources, a holding company with interests in the Czech Republic.

The Company was a founding investor and holds an equity position in Tirupati Graphite Plc, a graphite development holding company with graphite mining and processing operations in Madagascar and downstream graphite processing operations in India. Tirupati have advised the company that they will be seeking an IPO on the AIM market of the London Stock Exchange in the next six months. The position in Tirupati is held at cost of £40,000 and constitutes less than 5% of the register of TVM.

The Company has a 2.5% royalty interest in Bass Metals Ltd graphite mine in Madagascar. This is a legacy interest following the divestment of the Company's graphite operations to Bass in 2016.

For further details see the Managing Director's Statement on Page 3.

RESULTS AND COMPARATIVE INFORMATION

The Company's Accounting Reference Date has been extended to end on 30 June 2018. Accordingly, as required by Companies House, the financial statements have been prepared for the period 1 January 2017 to 30 June 2018 ("the reporting period").

On 25 June 2018, Tectonic Gold (the legal parent) acquired Signature. Although the transaction was not a business combination, the acquisition has been accounted for as an asset acquisition with reference to the guidance for reverse acquisition in IFRS 3 Business Combinations and IFRS 2 Share-based Payment.

In preparing the Financial Statements, Signature has been treated as the "accounting parent" and therefore the financial information for the reporting period for the Group includes that of Signature and that of Tectonic Gold for the period since 25 June 2018. Comparative information included in the Financial Statements for the Group relates to Signature for the year ended 30 June 2016.

The Group incurred a loss after tax for the reporting period of £3,163,400 (2016: £169,440 profit).

DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report (2016: £nil).

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below.

STATISTICS	30 June 2018
Net asset value	**£4,029,697**
Net asset value per share	**0.01p**
Closing share price as at 30 June 2018	**1.4p**
Market capitalisation	**£9.63m**

KEY RISKS AND UNCERTAINTIES

Currently the principal risk lies in secure additional funding as and when necessary to continue with the core research and exploration business. The Company's projects are in the exploration phase of development and do not generate revenue. If the company is unsuccessful in monetising its research developments or its exploration projects by attracting development partners or divesting assets it may need to raise additional capital as other junior exploration companies do from time to time. This risk is mitigated through the Company's corporate development efforts and active engagement with a number of gold mining companies, project funders and other investors for the purpose of attracting investment in one or more of the Company's projects or acquisition of one of the assets in line with the business plan.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 27 to these financial statements.

This report was approved by the board of directors on 29 November 2018 and signed on its behalf by

Brett Boynton
Director

DIRECTORS' REPORT

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

The Directors present their Report and the audited consolidated financial statements of Tectonic Gold plc ("Tectonic Gold" or the "Company") and its controlled entities ("Consolidated Entity" or "Group") for the reporting period 1 January 2017 to 30 June 2018.

DIRECTORS

The Board comprised the following directors who served throughout the year and up to the date of this report save where disclosed otherwise:

Name	Position	Date Appointed/Resignation
Bruce Fulton	Non-Executive Chairman	Appointed 25 June 2018
Brett Boynton	Executive Chairman and Managing Director	Executive Chairman: appointed 16 February 2016 until 25 June 2018. Managing Director and Chief Executive Offer appointed 26 May 2015
Sam Quinn	Executive Director	Appointed 20 February 2017
Zeg Choudhry	Non-Executive Director	Appointed 19 September 2016
Shishir Poddar	Technical Director	Resigned 26 May 2017

DIRECTORS' INTERESTS

The above Directors' interests in the share capital of the Company at 30 June 2018, held either directly or through related parties, were as follows:

Name of director	Number of ordinary shares	% of ordinary share capital and voting rights
Bruce Fulton	6,467,358	0.99
Brett Boynton	137,139,590	20.96
Sam Quinn	2,512,000	0.38
Zeg Choudhry	–	–
Shishir Poddar*	1,972,387	0.30
	148,91,335	22.63

* 1,972,387 shares are held by Tirupati Carbons & Chemicals Pvt. Ltd, of which Mr Poddar is a 50 per cent. shareholder and director.

Details of the options granted to or held by the Directors or former Directors are as follows:

Name of director or former director	Balance 31 Dec 2016	Options granted	Options lapsed	Balance 30 June 2018*	Number vested**	Grant date	Average exercise price	Average date of expiry
B Fulton	–	10,000,000	–	10,000,000	3,333,333	25-Jun-18	2p	25-Jun-22
B Boynton	–	12,000,000	–	12,000,000	4,000,000	25-Jun-18	2p	25-Jun-22
S Quinn	–	12,000,000	–	12,000,000	4,000,000	25-Jun-18	2p	25-Jun-22
Z Choudhry	–	–	–	–	–	–	–	–
S Poddar	–	–	–	–	–	–	–	–

*or at date of cessation if earlier.
** The options vest in three tranches as follows:

– 1/3 of the Option vested on 25 June 2018;
– 1/3 of the Option vest on 25 December 2018 provided that on or after such date, certain performance conditions have been satisfied; and
– 1/3 of the Option vest on 25 June 2019 provided that on or after such date certain performance condition have been satisfied.

The Company has made qualifying third-party indemnity provisions for the benefit of the Directors in the form of Directors' and Officers' Liability insurance during the year which remain in force at the date of this report.

DONATIONS

The Company did not make any political or charitable donations during the reporting period (31 Dec 2016: nil).

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Equal opportunity is given to all employees regardless of their sex, age, religion or ethnic origin.

SIGNIFICANT SHAREHOLDINGS

On 5 November 2018, the following were interested in 3 per cent. or more of the Company's share capital (including Directors, whose interests are also shown above):

Name of shareholder	Number of ordinary shares	% of ordinary share capital and voting rights
Tickhill Holdings Pty Ltd*	90,615,696	13.18%
Blackbrook Nominees Pty Ltd**	42,057,569	6.12%
Agfund Investments Pty Ltd**	33,646,055	4.89%
Brookton Super Fund Pty Ltd*	14,419,738	2.10%
Titeline Drilling Pty Ltd	26,650,000	3.88%
Consolidated Resources Pte Ltd	20,741,422	3.02%
Brett Boynton*	16,686,023	2.44%
* All holding associated with Brett Boynton	137,139,590	19.95%
** All holdings associated with Peter Prentice	110,796,817	16.11%

POST YEAR END EVENTS

A list of post year events has been included in note 30.

GOING CONCERN

The adoption of the going concern basis by the Directors is following a review of the current position of the Company and the forecasts for the next 12 months. The cash and tradable securities together with the funds receivable and expected from the Australian Government under the Research and Development Tax Incentive Scheme are forecast to enable to Company to meet its obligations and continue to operate for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis and uncertainty surrounding it can be found in note 4 of these financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITOR

Welbeck Associates have expressed their willingness to continue in office as auditor and it is expected that a resolution to reappoint them will be proposed at the next annual general meeting.

The Board as a whole considers the appointment of external auditors, including their independence, specifically including the nature and scope of non-audit services provided.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing the Group financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 Company and of the loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CORPORATE GOVERNANCE

The requirements of the 2016 UK Corporate Governance Code ("the Code"), as issued by the Financial Reporting Council, are not mandatory for companies traded on NEX. The Directors recognise the value of the Code, and apply the recommendations in so far as it is appropriate for a Company of its size.

BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board of Directors is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. All Directors have access to advice from independent professionals at the Company's expense. Training is available for new and existing Directors as necessary.

The Board consists of the Non-Executive Chairman, Bruce Fulton, Managing Director, Brett Boynton, Executive Directors, Sam Quinn and Non-Executive director, Zeg Choudhry.

Since Admission to the NEX Exchange on 25 June 2018, the Board has established properly constituted audit, remuneration and NEX Exchange compliance committees with formally delegated duties and responsibilities, a summary of which is set out below.

AUDIT COMMITTEE

The Audit Committee comprises Zeg Choudhry (Chairman) and Sam Quinn and the Chief Financial Officer, Anne Adaley. The Committee meets at least twice a year and is responsible for ensuring the financial performance of the Company is properly reported on and monitored. It liaises with the auditor and reviews the reports from the auditor relating to the accounts.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Zeg Choudhry (Chairman), Sam Quinn and Bruce Fulton. The Committee meets at least twice a year and is responsible for reviewing the performance of Executive Directors and sets the scale and structure of their remuneration on the basis of their service agreements, with due regard to the interests of the shareholders and the performance of the Company.

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

NEX EXCHANGE COMPLIANCE COMMITTEE

The role of the NEX Exchange compliance committee is to ensure that the Company has in place sufficient procedures, resources and controls to enable it to comply with the NEX Exchange Rules. The NEX Exchange compliance committee shall make recommendations to the Board and proactively liaise with the Company's NEX Exchange Corporate Adviser on compliance with the NEX Exchange Rules. The NEX Exchange compliance committee also monitors the Company's procedures to approve any share dealings by directors or employees in accordance with the Company's share dealing code. The members of the NEX Exchange compliance committee are Brett Boynton (Chairman), Sam Quinn and Zegham Choudhry.

SHARE DEALING CODE

The Company has adopted a share dealing code for dealings in securities of the Company by directors and certain employees which is appropriate for a company whose shares are traded on the NEX Exchange Growth Market. This will constitute the Company's share dealing policy for the purpose of compliance with UK legislation including the Market Abuse Regulation and the relevant part of the NEX Exchange Rules. It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, also apply to the Company and dealings in Ordinary Shares.

COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given a high priority by the management. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Managing Director and other members of the Board at the Annual General Meeting.

INTERNAL CONTROL

The Directors acknowledge they are responsible for the Company's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Company failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has well established procedures which are considered adequate given the size of the business.

REMUNERATION

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company which reflects current market rates.

Details of directors' fees and of payments made to directors for professional services rendered are set out in Note 10 to the financial statements and details of the directors' share options are set out in the Directors' Report.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This report was approved by the board of directors on 29 November 2018 and signed on its behalf by

Brett Boynton
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECTONIC GOLD PLC

FOR THE PERIOD ENDED 30 JUNE 2018

Opinion

We have audited the financial statements of Tectonic Gold Plc (the 'Company') and its subsidiaries (the "Group") for the year ended 30 June 2018 which comprise the Group statement of profit or loss and other comprehensive income, the Group and Company statements of changes in equity, the Group and Company statements of financial position, the Group 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 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.

Conclusions relating to going concern

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

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

Our opinion is not modified in this respect.

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.

Key audit matter	How we addressed it
Accounting Estimates To assess whether the accounting estimates are prepared on a reasonable and consistent basis and disclosed in the financial statements.	We have considered the basis of the accounting estimates applied when preparing the financial statements and considered the responses to audit questions with professional scepticism.
Related Parties We are required to consider if the disclosures made in the financial statements are complete and accurate and to consider whether the processes for the identifying related parties and related party transactions are appropriate.	We have assessed the Company's procedures for identifying related parties and ensuring the completeness of the disclosures that are included in the audit planning pack.
Management override of controls We are required to consider how management biases could affect the results of the company.	We have considered the controls in place, remained alert for material and unusual items and tested a sample of journals to assess the risk.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECTONIC GOLD PLC (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2018

Our application of materiality

Materiality for the Group financial statements as a whole was set at £121,000. This is the first year the Group has been audited as it was incorporated in the year.

This has been calculated as 3% of the benchmark of gross assets, which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group.

Materiality for the parent company financial statements was set at £121,000, determined with reference to a benchmark of 3 % on gross assets.

We report to the Directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of £6,050, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

We consider management override and related parties to be qualitatively material. Although it is not the responsibility of the auditor to discover fraud, clearly any instances of fraud which we detect are material to the users of the financial statements. We have tested manual and automated journal entries, with a focus on those journal entries at year end. In addition, as part of our audit procedures to address this fraud risk, we assessed the overall control environment and reviewed whether there had been any reported actual or alleged instances of fraudulent activity during the year. For Related Parties, we have inquired with the client as the relevant related parties. We have also assessed the Company's procedures regarding related parties.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the 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 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.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECTONIC GOLD PLC (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2018

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the 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 financial statements, the directors are responsible for assessing the 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 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: https:www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 Auditors' 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.

Jonathan Bradley-Hoare (Senior statutory auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor

London, United Kingdom

29 November 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

	NOTE	2018 GBP	2016 GBP
Revenue from continuing operations	6	198,694	31,385
Expenses from continuing operations:			
Accounting and audit fees		(125,438)	(22,309)
Administration and office costs		(48,993)	(38,067)
Corporate costs		(21,203)	(10,387)
Amortisation and depreciation		(1,659)	(2,990)
Employee benefits, management fees and on costs	10	(10,408)	11,437
Exploration and tenement costs		(52,550)	(36,302)
Insurance		(17,134)	(8,626)
Legal expenses		(319,601)	(636)
Options fee and associated costs		(199,520)	(3,413)
Impairment of exploration costs		(182,153)	–
Bad debt expense		(93,050)	–
Listing fees recognised on reverse acquisition	8	(2,537,622)	–
Other expenses		(9,575)	–
(Loss) from continuing operations before income tax		**(3,420,210)**	**(79,908)**
Income tax benefit	11	256,810	249,347
Net (loss)/profit for the reporting period		**(3,163,400)**	**169,440**
Other comprehensive income, net of tax		–	–
Total comprehensive (loss)/income for the year		**(3,163,400)**	**169,440**
Earnings per share attributable to owners of the company			
Basic and diluted (cents per share)			
From continuing operations	12	**(1.74)**	**0.19**

The accompanying notes form part of these financial statements.

The Company's Accounting Reference Date has been extended to end on 30 June 2018. Accordingly, as required by Companies House, the financial statements have been prepared for the period 1 January 2017 to 30 June 2018 ("the reporting period").

The Group was formed on 25 June 2018 with the reverse takeover of Signature Gold Ltd, by Tectonic Gold Plc (the legal parent entity). In preparing the Financial Statements, Signature Gold Limited has been treated as the "accounting parent" and therefore the financial information for the reporting period includes that of Signature Gold Limited for the whole period, and that of Tectonic Gold Plc and its controlled entity for the reporting period since 25 June 2018. See note 8 for further details. Group comparative figures are for the year ended 30 June 2016 as Signature Gold Ltd has a year end of 30 June.

TECTONICGOLD

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTE	30-Jun-18 GROUP GBP	30-Jun-16 GROUP GBP	30-Jun-18 COMPANY GBP	31-Dec-16 COMPANY GBP
ASSETS					
NON-CURRENT ASSETS					
Trade and other receivables	14	–	88,410	1,303,368	–
Plant and equipment	15	2,152	1,588	–	–
Exploration and evaluation expenditure	17	2,830,470	2,140,866	–	–
Intangible assets	16	–	493	–	–
Available for sale investments	18	–	–	–	40,122
Investments in controlled entities	19	–	–	9,000,000	–
TOTAL NON-CURRENT ASSETS		**2,832,621**	**2,231,357**	**10,303,368**	**40,122**
CURRENT ASSETS					
Cash and cash equivalents	13	149,397	29,465	11,130	493,216
Trade and other receivables	14	359,869	6,366	280,077	995,894
Available for sale investments		–	–	–	572,296
Deferred consideration receivable		–	–	–	291,658
Investments		40,122	–	40,122	–
Other assets	20	647,688	–	10,454	–
TOTAL CURRENT ASSETS		**1,197,076**	**35,832**	**341,783**	**2,353,065**
TOTAL ASSETS		**4,029,697**	**2,267,189**	**10,645,151**	**2,393,187**
EQUITY					
Share capital	24	8,266,848	2,723,565	6,096,541	6,048,558
Share premium account		–	–	65,448,708	55,900,024
Members equity		–	–	–	–
Warrant reserves		–	–	454,527	454,527
Foreign exchange translation reserves	25	(58,251)	–	–	–
Accumulated losses		(4,824,334)	(1,519,636)	(61,440,435)	(60,534,322)
TOTAL EQUITY		**3,384,263**	**1,203,929**	**10,559,341**	**1,868,788**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	30-Jun-18 GROUP GBP	30-Jun-16 GROUP GBP	30-Jun-18 COMPANY GBP	31-Dec-16 COMPANY GBP
LIABILITIES					
NON-CURRENT LIABILITIES					
Trade and other payables	21	16,198	–	–	–
Borrowings	22	168,868	490,556	–	–
Employee benefits	23	10,120	7,129	–	–
TOTAL NON-CURRENT LIABILITIES		**195,187**	**497,685**	**–**	**–**
CURRENT LIABILITIES					
Trade and other payables	21	436,155	553,017	85,810	426,874
Borrowings	22	–	–	–	97,526
Employee benefits	23	14,092	12,557	–	
TOTAL CURRENT LIABILITIES		**450,247**	**565,574**	**85,810**	**524,399**
TOTAL LIABILITIES		**645,434**	**1,063,259**	**85,810**	**524,399**
TOTAL EQUITY AND LIABILITIES		**4,029,697**	**2,267,189**	**10,645,152**	**2,393,187**

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 29 November 2018.

Signed on behalf of the Board by:

Brett Boynton
Director
Company number: 05173250

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

GROUP	ISSUED CAPITAL GBP	FOREIGN CURRENCY RESERVE GBP	ACCUMULATED LOSSES GBP	TOTAL GBP
Balance at 1 January 2017	3,064,795	–	(1,660,934)	1,403,861
Total comprehensive loss for the period	–	–	(3,163,400)	(3,163,400)
Transactions with owners, recorded directly in equity:				
Issue of share capital by Signature Gold prior to the reverse acquisition of Tectonic Gold plc	1,066,798	–	–	1,066,798
Issued capital of Signature Gold prior to the reverse acquisition of Tectonic Gold	4,131,593	–	–	–
Deemed fair value of share-based payment on reverse acquisition	3,605,255	–	–	3,605,255
Shares Issued by Tectonic Gold since the acquisition	530,000	–	–	530,000
Foreign Exchange movement	–	(58,251)	–	(58,251)
Balance as at 30 June 2018	**8,266,848**	**(58,251)**	**(4,824,334)**	**3,384,263**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY 2016 TO 31 DECEMBER 2018

COMPANY	SHARE CAPITAL GBP	SHARE PREMIUM GBP	WARRANT RESERVES GBP	INVESTMENT RESERVE GBP	MERGER RESERVE GBP	ACCUM-ULATED LOSSES GBP	TOTAL EQUITY GBP
Changes in equity for year to 31 December 2016							
Balance at 1 January 2016	6,045,979	31,817,859	416,770	(699,532)	23,460,000	(53,129,894)	7,911,183
Total comprehensive loss for the period	–	–	–	–	–	(7,404,428)	(7,404,428)
Transactions with owners, recorded directly in equity							
Issue of shares and warrants	2,578	622,166	–	699,532	–	1,324,275	
Share based payment costs	–	–	37,757	–	–	–	37,757
Reclassification of reserves following disposal of subsidiary undertakings	–	23,460,000	–	–	(23,460,000)	–	–
Balance at 31 December 2016	**6,048,557**	**55,900,025**	**454,527**	**–**	**–**	**(60,534,322)**	**1,868,788**
Changes in equity for the reporting period to 30 June 2018							
Balance at 1 January 2017	6,048,557	55,900,025	454,527	–	–	(60,534,322)	1,868,788
Total comprehensive loss for the period	–	–	–	–	–	(906,113)	(906,113)
Transactions with owners, recorded directly in equity							
Issue of shares and warrants	–	–	–	–	–	–	–
Shares issued – 25 June 2018 (3,333,333 shares issued to Directors)	333	66,333	–	–	–	–	66,666
Shares issued – 25 June 2018 (post RTO)	47,650	9,482,350	–	–	–	–	9,530,000
Share based payment costs	–	–	–	–	–	–	–
Balance at 30 June 2018	**6,096,541**	**65,448,708**	**454,527**	**–**	**–**	**(61,440,435)**	**10,559,341**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

	NOTE	30-Jun-18 GROUP GBP	30-Jun-16 GROUP GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		–	32,394
Cash payments in the course of operations		(487,882)	(199,570)
Research and Development Tax Incentive Claim		256,810	249,347
Interest received		2,516	3
Net cash used in operating activities	26	**(228,556)**	**82,174**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(914,538)	(216,180)
Payments for property, plant and equipment		(2,609)	–
Payment for security deposit		(2,120)	–
Cash acquired on acquisition of Tectonic Gold plc		27,870	–
Net cash used in investing activities		**(891,397)**	**(216,180)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		–	88,450
Proceeds from borrowings		1,381,769	–
Repayment of borrowings		(232,675)	–
Net cash provided by financing activities		**1,149,094**	**88,450**
Net (decrease)/increase in cash held and cash equivalents		29,141	(44,556)
Cash and cash equivalents at the beginning of the period		126,236	71,649
Effects of exchange rate changes on cash and cash equivalents		(5,980)	2,372
Cash and cash equivalents at the end of the period		**149,397**	**29,465**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

1. GENERAL INFORMATION

Tectonic Gold Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Strategic Report and the Directors' Report on pages 4 and 6.

2. STATEMENT OF COMPLIANCE

The financial statements comply with International Financial Reporting Standards as adopted by the European Union. At the date of these financial statements, the following Standards and Interpretations affecting the Group, 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):

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 June 2019
IFRS 9 Financial Instruments	1 January 2018	30 June 2019
IFRS 15 Revenue from Contracts with Customers	1 January 2018	30 June 2019
IFRS 16 Leases	1 January 2019	30 June 2020
IAS 40 Transfers of Investment Property	1 January 2018	30 June 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	30 June 2019

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Group when the relevant Standards come into effect for future reporting periods.

3. ACCOUNTING POLICIES

This financial report includes the consolidated financial statement and notes of Tectonic Gold Plc ("the Company") and its controlled entities ("Consolidated Entity" or "Group").

The principal accounting policies adopted and applied in the preparation of the Group's Financial statements are set out below.

These have been consistently applied to all the years presented unless otherwise stated:

BASIS OF ACCOUNTING

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Standards Interpretations Committee ("IFRS IC") and there is an ongoing process of review and endorsement by the European Commission. The accounts have been prepared on the basis of the recognition and measurement principles of IFRS that were applicable at 30 June 2018.

RESULTS AND COMPARATIVE INFORMATION

On 25 June 2018, Tectonic Gold Plc (the legal parent) acquired Signature Gold Ltd ("Signature Gold"). Although the transaction was not a business combination, the acquisition has been accounted for as an asset acquisition with reference to the guidance for reverse acquisition in IFRS 3 Business Combinations and IFRS 2 Share-based Payment. Refer to Note 8 for further details.

In preparing the Financial Report, Signature Gold has been treated as the "accounting parent" and therefore the financial information for the reporting period includes that of the Signature Gold and that of Tectonic Gold for the period since 25 June 2018. Comparative information included in the Financial Report for the Group relates to Signature Gold for the year ended 30 June 2016.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company, (with Signature Gold as the accounting parent) and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as for the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

3. ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

GOING CONCERN

Any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the Company to carry out its planned business objectives is dependent on its continuing ability to raise adequate financing from equity investors and/or the achievement of profitable operations.

Nevertheless, at the time of approving these Financial Statements and after making do enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

AVAILABLE FOR SALE INVESTMENTS

Investments are initially measured at fair value plus directly attributable incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Investments are recognised as available-for-sale financial assets. Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, until the assets are derecognised, at which time the cumulative gains and losses previously recognised in other comprehensive income are recognised in the income statement.

The Company assesses at each year end date whether there is any objective evidence that a financial asset or group of financial assets classified as available-for-sale has been impaired. An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

FOREIGN CURRENCIES

The Company's financial statements are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of these financial statements, the results and financial position are expressed in Pounds Sterling, which is the presentation currency of the Company.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

When a decline in the fair value of a financial asset classified as available-for-sale has been previously recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognised in the income statement. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

For the purpose of presenting Company financial statements, the assets and liabilities of any of the Company's operations that are overseas are translated at exchange rates prevailing on the year-end date. Income and expense items are translated at the average exchange rates for the period.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

3. ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. 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 that affects neither the tax 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 Company 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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

EXPLORATION EXPENDITURE

Exploration expenditure incurred is accumulated in respect of each identifiable area of interest, net of any related grant income received. These costs are only carried forward to the extent that they are expected to be recovered through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest.

IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each financial year end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and equipment are recorded at cost, less depreciation, less any amount adjustments for impairment, if any. Significant improvements are capitalised, provided they qualify for recognition as assets. The costs of maintenance, repairs and minor improvements are expensed when incurred.

Tangible assets retired or withdrawn from service are removed from the balance sheet together with the related accumulated depreciation. Any profit or loss resulting from such an operation is included in the income statement.

Mining properties (included within Plant & Equipment, Fixtures & Fittings, Buildings and Motor Vehicles) are depreciated using the unit of production method under IAS 16 based on their total useful economic life either by number of tonnes produced or hours available in use. In the units of production method, depreciation is charged according to the actual usage of the asset. Therefore, a higher depreciation is charged at times of increased activity and lower depreciation when the plant is either yet to reach full production or idle for the entire period. The Directors have applied this method as they believe it to be a much more accurate technique is estimated the current fair value of their mining assets.

3. ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Other tangible and intangible assets are depreciated on straight-line method based on the estimated useful lives from the time they are put into operations, so that the cost diminished over the lifetime of consideration to estimated residual value as follows:

Other Fixtures & Fittings – Over 5 years
Other Buildings – Between 5 and 10 years
Other Motor Vehicles – Over 5 years

TRADE RECEIVABLES, LOANS AND OTHER RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified under 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Other receivables, that do not carry any interest, are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

FINANCIAL LIABILITIES

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

There were no financial liabilities 'at FVTPL' during the current, or preceding, period.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

OTHER FINANCIAL LIABILITIES, BANK AND SHORT-TERM BORROWINGS

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Other short-term borrowings being intercompany loans and unsecured convertible loan notes issued in the year are recognised at amortised cost net of any financing or arrangement fees.

TRADE PAYABLES

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

EQUITY INSTRUMENTS INCLUDING SHARE CAPITAL

Equity instruments issued by the Company are recorded at the proceeds received, net of incremental costs attributable to the issue of new shares.

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Any bonus issues are also deducted from share premium.

The merger reserve represents the premium on the shares issued less the nominal value of the shares, being the difference between the fair value of the consideration and the nominal value of the shares. It arose from the acquisition of Graphmada Equity Pte. Limited by the Company. Following the disposal, the merger reserve was transferred to the Share Premium account.

The investment reserve represents the difference between the purchase costs of the available for sale investments less any impairment charge and the market or fair value of those investments at the accounting date.

3. ACCOUNTING POLICIES (CONTINUED)

EQUITY INSTRUMENTS INCLUDING SHARE CAPITAL (CONTINUED)

The warrant reserve represents the fair value, calculated at the date of grant, of warrants unexercised at the balance sheet date.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

SHARE-BASED PAYMENTS

The Company has applied the requirements of IFRS 2 Share-based payments.

The Company operates a number of equity-settled share-based payment schemes under which share options are issued to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period. Judgements and estimates that may affect future periods are as follows:

GOING CONCERN

The adoption of the going concern basis by the Directors is following a review of the current position of the Company and the forecasts for the next 12 months.

The Company's continuing activities did not generate any revenue during the 2018 reporting period and incurred a loss of £3,163,400 (2016: £169,440 profit). In addition, as at 30 June 2018 there was a cash balance of £149,397.

The funds available and receivable and expected from the Australian Federal Government under the Research and Development Tax Incentive Scheme are forecast to enable the Company to meet its obligations and continue for the foreseeable future.

So, after making enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Company can secure further adequate resources if needed, to continue in operational existence for the foreseeable future and that adequate arrangements will be in place to enable the settlement of their financial commitments.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the Directors consider that, based upon financial projections and dependent on the success of their efforts to complete these activities, the Company will be a going concern for the next twelve months. If it is not possible for the Directors to realise their plans, over which there is significant uncertainty, the carrying value of the assets of the Company is likely to be impaired.

SHARE BASED PAYMENTS

The calculation of the fair value of equity-settled share-based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company holds investments that have been designated as available for sale on initial recognition. Where practicable the Company determines the fair value of these financial instruments that are not quoted (Level 3), using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

5. SEGMENTAL INFORMATION

The Group operates in one industry segment being mineral exploration. Information is therefore shown for geographical segments.

2018	AUSTRALIA GBP	UNALLOCATED GBP	TOTAL GBP
Revenue and other revenue			
Interest	2,516	–	2,516
Option fee	196,178	–	196,178
Total segment revenue and other revenue	**198,694**	**–**	**198,694**
Segment net (loss)/profit before tax and other items	(886,082)	5,153	(880,930)
Depreciation and amortisation	(1,659)	–	(1,659)
Listing fees recognised on reverse acquisition	–	(2,537,622)	(2,537,622)
Net (loss)/profit before income tax	**(887,741)**	**(2,532,469)**	**(3,420,210)**
Income tax benefit	256,810	–	256,810
Net (loss)/profit after income tax	**(630,931)**	**(2,532,469)**	**(3,163,400)**
Segment assets at 30 June 2018	**3,644,468**	**385,229**	**4,029,697**
Segment Liabilities at 30 June 2018	**559,624**	**85,810**	**645,434**

2016	AUSTRALIA GBP	UNALLOCATED GBP	TOTAL GBP
Revenue and other revenue			
Consulting services	31,385	–	31,385
Total segment revenue and other revenue	**31,385**	**0**	**31,385**
Segment net (loss)/profit before tax and other items	172,429	0	172,429
Depreciation and amortisation	(2,990)	0	(2,990)
Listing fees recognised on reverse acquisition	0	0	0
Net (loss)/profit before income tax	**169,440**	**0**	**169,440**
Income tax benefit	–	0	–
Net (loss)/profit after income tax	**169,440**	**0**	**169,440**
Segment assets at 30 June 2018	**2,267,189**	**–**	**2,267,189**
Segment Liabilities at 30 June 2018	**1,063,259**	**–**	**1,063,259**

6. REVENUE

	CONSOLIDATED	
	2018 GBP	**2016 GBP**
Consulting services	–	31,382
Interest income	2,516	3
Option fee	196,178	–
Total revenue from continuing operations	198,694	31,385

7. OPERATING LOSS

	CONSOLIDATED	
	2018 GBP	**2016 GBP**
Operating (loss)/profit is stated after charging:		
Staff costs as per Note 10 below	(10,408)	11,437
Depreciation of property plant and equipment	(1,659)	2,990
Net Foreign exchange gain	(8,525)	–

8. ACQUISITION

On 25 June 2018, Tectonic Gold Plc completed the acquisition of 100% of the issued capital of Signature Gold and 450,000,000 fully paid ordinary shares in the Company were allotted to the vendors of Signature Gold Ltd at an issue price of 2 pence per share.

Although the transaction was not a business combination, the acquisition has been accounted for as an asset acquisition with reference to the guidance for reverse acquisitions in IFRS 3 Business Combinations and IFRS 2 Share-based Payment.

In preparing the Financial Report, Signature Gold has been treated as the "accounting parent" and therefore the financial information for the reporting period includes that of Signature Gold and that of Tectonic Gold Plc and its controlled entities for the period since 25 June 2018. Comparative information included in the Financial Report for the Group relates to Signature Gold for the year ended 30 June 2016.

Net Assets of Tectonic Gold Pc as at 25 June 2018	**GBP**
Assets	
Cash and cash equivalents	27,870
Trade and other receivables	38.085
Other assets	1,345,693
Liabilities	
Payables	(94,015)
Other Liabilities	(344,015)
Net assets of Tectonic Gold at 25 June 2018	**1,067,633**
Deemed fair value of share-based payment of assets acquired	
39,724,364 shares @ £0.02 per share	3,605,255
Listing fees expense recognised on reverse acquisition	**2,537,622**

9. AUDITORS' REMUNERATION

	CONSOLIDATED 2018 GBP	**2016 GBP**
The analysis of auditors' remuneration is as follows:		
Fees payable to Signature Gold's auditors for the audit of the Company's annual accounts	24,255	9,582
Fees payable to the Company's auditors for taxation, due diligence and other services	70,570	3,952
	94,825	**13,534**

10. STAFF COSTS

	CONSOLIDATED Jun-18 GBP	**Dec-16 GBP**
The average monthly number of employees (including executive directors) for the continuing operations was:		
Company total staff	2	3
Wages and salaries	122,645	139,208
Provision for annual leave	(1,095)	(10,605)
Provision for long service leave	1,910	(5,731)
Superannuation	11,651	13,225
Staff training costs and other costs	9,593	5,232
	144,704	141,329
Less: staff costs allocated to exploration projects costs	(134,296)	(152,766)
	10,408	**(11,437)**

There were no fees paid to directors during the reporting period nor in the comparative reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

11. TAXATION

There is no UK tax charge/credit during the reporting periods.

Reconciliation of tax charge:

	CONSOLIDATED	
	Jun-18 GBP	Jun-16 GBP
Loss/(profit) on continuing operations before tax	(3,420,210)	(79,908)
Tax at the Australian corporation tax rate of 30% (2016: 30%)	(1,020,063)	(23,972)
Effects of:		
– Tax effect of tax losses not recognized as benefits	1,020,063	23,972
– Research and Development Tax Incentive claim	256,810	249,347
Unutilized tax losses carried forward	–	–
Tax benefit for the period	256,810	249,347

No deferred tax asset has been recognised in respect of the losses. At the end of the reporting period the Group had unused tax losses of £1,543,182 (2016: £ 2,216,832).

Where it is anticipated that future taxable profits will be available against which these losses will be utilised a deferred tax asset is recognised.

The total taxation charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Company operates.

12. EARNINGS PER SHARE

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the reporting period. The weighted average number of ordinary shares for the reporting period assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	Jun-18 GBP	Dec-16 GBP
(Loss)/profit for the year attributable to owners of the Company	(3,163,400)	169,440
Weighted average number of ordinary shares in issue for basic and fully diluted earnings*	181,331,554	89,194,724
(Loss)/gain per share (pence per share)		
Basic and fully diluted*:	(1.74)	0.19

*Since the Company incurred a loss in the 2018 reporting period and there were no options on issue during the comparative period the basic loss and the diluted loss per share are the same as the effect of exercise of options and warrants is not dilutive.

13. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	Jun-18 GBP	Jun-16 GBP	Jun-18 GBP	Dec-16 GBP
Cash and cash equivalents	149,397	29,465	11,130	493,216

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

14. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	Jun-18 GBP	**Jun-16 GBP**	**Jun-18 GBP**	**Dec-16 GBP**
Current				
Prepayments	–	–	–	13,006
Shareholder subscription funds	280,077	–	280,077	–
Security deposit	5,634	5,549	–	–
Due from Bass under early settlement agreement	–	–	–	982,888
Other debtors	–	817	–	–
GST receivable	35,898	–	–	–
VAT receivable	38,260	–	–	–
	359,869	**6,366**	**280,077**	**995,894**
Non-current				
Loan to controlled entity	–	–	1,303,368	–
Other debtors	–	88,410	–	–
	–	**88,410**	**1,303,368**	**–**

No receivables were past due or provided for at the year-end or at the previous year end. The Directors consider the carrying amount of trade and other receivables approximates to their fair value.

15. PLANT AND EQUIPMENT

	CONSOLIDATED	
	Jun-18 GBP	**Jun-16 GBP**
Plant and equipment		
– At cost	11,100	8,454
– less accumulated depreciation	(8,948)	(6,866)
	2,152	1,588

16. INTANGIBLE ASSETS

	CONSOLIDATED	
	Jun-18 GBP	**Jun-16 GBP**
– Software – at cost	–	41,489
– less accumulated amortisation	–	(40,996)
	–	493

17. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	
	Jun-18 GBP	**Jun-16 GBP**
Non-producing properties		
Balance at the beginning of the period	2,324,808	1,669,808
Exploration and evaluation expenditure	811851	216,150
Impairment of exploration and evaluation expenditure	(175,720)	–
Foreign exchange	(130,469)	254,908
Balance at the end of the reporting period	2,830,470	2,140,866

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas.

18. AVAILABLE FOR SALE INVESTMENT

	CONSOLIDATED		PARENT	
	Jun-18 GBP	Jun-16 GBP	Jun-18 GBP	Dec-16 GBP
Investment in Tirupati Resources Mauritius Limited	40,122	–	40,122	40,122

The investment in Tirupati Resources Mauritius Limited ("TRM") relates to the joint venture holding company of a joint venture agreement between Tectonic Gold and Tirupati Carbons and Chemicals Pvt. Ltd ("Tirupati"). US$50,000 was invested by way of a subscription for 1.48% of the enlarged issued share capital of TRM. TRM is the 98% owner of Tirupati Madagascar Ventures SARL ("TMV"), the owner of the Vatomaina licence, Exploitation Permit (PE) No. 38321.

Measurement of fair value of financial instruments
The management team of Tectonic Gold perform valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

19. CONTROLLED ENTITIES

Details of controlled entities are as follows:

PARENT ENTITY	COUNTRY OF INCORPORATION
Tectonic Gold Plc	United Kingdom

CONTROLLED ENTITIES	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY HELD BY THE COMPANY	
			Jun-18 %	Dec-16 %
Signature Gold Ltd	Mineral exploration	Australia	100	–
Direct Excellence	Dormant. The Company is in the process of winding up Direct Excellence.	United Kingdom	100	100

On 25 June 2018, Tectonic Gold Plc completed the acquisition of 100% of the issued capital of Signature Gold and 450,000,000 fully paid ordinary shares in the Company were allotted to the vendors of Signature Gold Ltd at 2 pence per share amounting to GBP 9,000,000.

20. OTHER ASSETS

	CONSOLIDATED		PARENT	
	Jun-18 GBP	Jun-16 GBP	Jun-18 GBP	Dec-16 GBP
Prepayments(i)	633,825	–	–	–
Other prepayments	11,817	10,454	–	–
Security deposits	2,045	–	–	–
	647,688	**–**	**10,454**	**–**

(i) During the reporting period, the Company paid Titeline Drilling Pty Ltd ACN 096 640 201 (Titeline) for future drilling services in accordance with the heads of agreement dated 28 March 2018 between Titeline, Signature and StratMin.

Titeline has been engaged to complete 10,000 meters of diamond drilling to produce core samples for analysis, assay and metallogenic studies from the Company's Biloela Project site. A review to be completed after 2,500 metres of drilling has been completed and the completion program for the remaining 7,500 metres to be mutually agreed.

As at 30 June 2018, the prepayment of GBP 633,825 (A$1,125,000) to Titeline was comprised of:

– GBP 126,765 (A$225,000 excluding GST) paid in cash; and
– pre-paid technical services amounting to GBP 507,060 ($A90,000) settled with the issue of 5,544,484 fully paid ordinary shares issued in the Company at an issue price of A$0.162 per share.

21. TRADE AND OTHER PAYABLES

	CONSOLIDATED Jun-18 GBP	CONSOLIDATED Jun-16 GBP	PARENT Jun-18 GBP	PARENT Dec-16 GBP
Current				
Trade payables	246,706	532,542	71,416	320,311
Other payables	23,528	9,655	14,394	31,235
Accrued expenses	165,921	10,820	–	75,328
	436,155	**553,017**	**85,810**	**426,874**
Non-Current				
Other payables	16,198	–	–	–
	16,198	**–**	**–**	**–**

The Directors consider the carrying amount of trade payables approximates to their fair value.

22. BORROWINGS

	CONSOLIDATED Jun-18 GBP	CONSOLIDATED Jun-16 GBP	PARENT Jun-18 GBP	PARENT Dec-16 GBP
Current				
Loan payable to director(i)	–	–	–	97,526
	–	**–**	**–**	**97,526**
Non-Current				
Loan payable to director related entities(i)	11,268	335,333	–	–
Loan payable to Consolidated Minerals Pte Ltd(i)(ii)	157,600	155,223	–	–
	168,869	**490,556**	**–**	**–**

(i) The loans outstanding at the end of the reporting period and comparative periods do not accrue interest and are not subject to be paid on or before 12 months after the end of each reporting period.

(ii) Signature Gold and shareholder Consolidated Minerals Pte Ltd, a resources and infrastructure investment fund based in Singapore, are evaluating international IRGS assets as cooperative opportunities. The parties expect to settle the loan as part of an agreement on one or more of these projects either in equity via an acquisition or merger or as a joint venture interest via a farm in. This is not expected to occur prior to 30 June 2019.

The Directors consider the carrying amount of short-term borrowings approximates to their fair value.

23. EMPLOYEE BENEFITS

	CONSOLIDATED Jun-18 GBP	CONSOLIDATED Jun-16 GBP	PARENT Jun-18 GBP	PARENT Dec-16 GBP
Current				
Annual Leave	**14,092**	**12,557**	**–**	**–**
Non-Current				
Long Service Leave	**10,120**	**7,129**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2017 TO 30 JUNE 2018

24. ISSUED CAPITAL

	Jun-18 GBP
656,762,746 fully paid ordinary shares (31 December 2016: 176,929,413 fully paid ordinary shares)	8,266,848

Fully Paid Ordinary Shares
Reconciliation of share issued during the reporting period is set out below:

	NUMBER OF SHARES	GBP
Balance at the beginning of the reporting period for Tectonic Gold	176,929,413	55,348,583
Shares issued to Directors prior to completion of the reverse acquisition	3,333,333	6,666,666
Total issued capital of Tectonic Gold Plc prior to completion of the reverse acquisition	180,262,746	62,015,249
Balance eliminated on acquisition of Signature Gold Limited	–	(62,015,249)
Signature Gold Issued capital at 25 June 2018 net of share issue costs	99,166,157	4,131,593
25 June 2018: Shares issued to Signature Gold vendors on reverse acquisition	450,000,000	9,000,000
25 June 2017: Balance eliminated on reverse acquisition	(99,166,157)	(9,000,000)
25 June 2018: Deemed fair value of share-based payments to Signature Gold shareholders on reverse acquisition	–	3,605,255
25 June 2018: Issue and proceeds from shares issued pursuant to the Share Offer at £0.02 per share	26,500,000	530,000
Balance at the end of the reporting period	**656,762,746**	**8,266,848**

Each ordinary share carries the right to be one vote at shareholders' meetings and is entitled to participate in any dividends or other distributions of the Company.

25. RESERVES

	CONSOLIDATED		PARENT	
Foreign Currency translation reserve	**Jun-18 GBP**	**Jun-16 GBP**	**Jun-18 GBP**	**Dec-16 GBP**
Opening balance	–	–	–	–
Foreign currency translation	(58,251)	–	–	–
Closing balance	**(58,251)**	**–**	**–**	**–**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

26. CASH FLOW INFORMATION

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	CONSOLIDATED	
	Jun-18 GBP	**Jun-16 GBP**
Reconciliation of total loss for the year to net cash provided by operating activities:		
Loss/(profit) for the reporting period before taxation	(3,163,400)	169,440
Add/(deduct): Non-cash items		
Depreciation and amortisation	1,659	2,990
Impairment of exploration and evaluation expenditure	182,153	–
Bad debt expensed	93,050	–
Foreign exchange	(8,501)	–
Listing fee recognised on reverse acquisition	2,537,622	–
Change in assets and liabilities net of the effect of acquisitions and disposals associated with business combinations:		
Increase in trade and other receivables	–	33,247
Decrease in other assets	(27,558)	–
Increase in prepayments	(19,618)	–
(Decrease)/Increase in trade creditors and accruals	172,445	(107,167)
Increase/(decrease) in provisions	3,593	(16,336)
Net cash used in operating activities	(228,556)	82,174

Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year.

27. FINANCIAL INSTRUMENTS

Financial assets by category

The IAS 39 categories of financial assets included in the Statement of financial position and the headings in which they are included are as follows:

	CONSOLIDATED	
	Jun-18 GBP	**Jun-16 GBP**
Financial assets:		
Cash and cash equivalents	149,397	29,465
Available for sale investments	40,122	–
Deferred consideration	–	–
Receivables	359,869	6,366
	549,388	**35,831**

Financial liabilities by category

The IAS 39 categories of financial liability included in the Statement of financial position and the headings in which they are included are as follows:

	CONSOLIDATED	
	Jun-18 GBP	**Jun-16 GBP**
Financial liabilities at amortised cost:		
Trade and other payables	452,353	553,017
Borrowings	168,868	490,556
	621,221	**1,043,573**

27. FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, (previously includes the borrowings) cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings, all as disclosed in the Statement of Financial Position.

Financial risk management objectives

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the board of directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market price risk.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Since 25 June 2018. the Company's major activity is now investment in Australia through its subsidiary Signature Gold, bringing exposure to the exchange rate fluctuations of GBP/£ Sterling with both Australian Dollars.

Exchange rate exposures are managed within approved policy parameters. The Company 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 are relatively stable.

The Directors consider the balances most susceptible to foreign currency movements to be the net assets of Signature Gold for the Group and the Investment Available for Sale for the Company.

CONSOLIDATED	**GBP 2018**	**GBP 2016**
Net Assets of Signature Gold	3,162,010	1,203,929

COMPANY	**GBP 2018**	**GBP 2016**
Investment available for sale	40,122	40,122

The following table illustrates the sensitivity of the value of the foreign currency denominated assets in regard to the change in AUD exchange rates.

It assumes a +/- 15% change in the AUD/GBP exchange rate for the year ended 30 June 2018.

Impact of exchange rate fluctuations

	AUD IMPACT 2018 GBP
Average movement in exchange rate	15%
Change in equity	
Increase in GBP value	277,004
Decrease in GBP value	277,004
Result for the period	
Increase in GBP value	94,640
Decrease in GBP value	94,640

Exposure to foreign exchange rates varies during the year depending on the volume and nature of foreign transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk management

The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

There are no long-term loans or short-term loans that carry any interest and thus sensitivity analyses have not been provided on the exposure to interest rates for both derivatives and non-derivative instruments during the year.

There would have been no effect on amounts recognised directly in equity.

Credit risk management

The Group's financial instruments, which are subject to credit risk, are considered to be cash and cash equivalents and trade and other receivables, and its exposure to credit risk is not material. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks.

The Group's maximum exposure to credit risk is £549,388 (2016: £35,831) comprising other receivables and cash.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Company's short, medium and long-term funding and liquidity management requirements on an appropriate basis. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities. The Company's liquidity risk arises in supporting the trading operations in the subsidiaries, which hopefully will start to generate profits and positive cash-flows in the short term. However, as referred to in Note 4 the Company is currently exposed to significant liquidity risk and needs to obtain external funding to support the Company going forwards.

28. RELATED PARTY DISCLOSURES

Parent

The remuneration of the Directors, who are the key management personnel of the Group, is set out in note 10. There were no fees paid to directors during the reporting period.

Loans from the related parties are disclosed in note 22.

Group

The related party disclosures set out below are in respect of Signature Gold which occurred during the reporting period and prior to the completion of the acquisition of Tectonic Gold.

On 1 December 2017, pursuant to Shareholder approval received at the General Meeting of Shareholders of Signature Gold held on 24 November 2017, Signature Gold issued 5,436,264 fully paid shares in Signature Gold at an issue price of A$0.175 per share to Directors (or their nominees) to settle existing loans and liabilities. Details as follows:

- 492,857 fully paid ordinary shares were issued to Rae Natalie McLellan, a related party of Anthony McLellan in full and final settlement of unpaid director's fees owing to Anthony McLellan amounting to A$86,250;
- 262,189 fully paid ordinary shares were issued to Maplefern Pty Ltd, a Company in which Bruce Fulton has an interest, in full and final settlement of unpaid director's fees owing to Bruce Fulton amounting to A$45,883;
- 2,426,075 fully paid ordinary shares were issued to P.F.T.J. Pty Ltd, a Company in which Peter Prentice has an interest, in full and final settlement of unpaid consulting fees owing to Peter Prentice amounting to A$359,700 and an amount of A$64,863 lent by Peter Prentice to the Company. The total consideration was A$424,563.
- 1,227,429 fully paid ordinary shares were issued to Tickhill Holdings Pty Ltd, a Company in which Brett Boynton has an interest, in full and final settlement of a$214,800 lent by Brett Boynton to the Company.
- 277,714 fully paid ordinary shares were issued to Brett Boynton in full and final settlement of unpaid director's fees owing to Brett Boynton amounting to A$48,600;
- 250,000 fully paid ordinary shares were issued to Maplefern Pty Ltd, a Company in which Bruce Fulton has an interest, as directed by Brett Boynton, in full and final settlement of unpaid director's fees owing to Brett Boynton amounting to A$43,750; and
- 250,000 fully paid ordinary shares were issued to each of Jonathan Robbeson and Anne Adaley as directed by Brett Boynton, in full and final settlement of unpaid director's fees owing to Brett Boynton amounting to A$87,500.

28. RELATED PARTY DISCLOSURES (CONTINUED)

The number of shares held in Signature Gold by each director including their personally related parties as at 25 June 2018 and then acquired buy Tectonic Gold are set out below.

There were no shares granted to related parties during the reporting period as compensation for services rendered.

Name	Balance at the start of the year	Shares acquired(i)	Shares transferred to Tectonic Gold Plc(ii)	Balance at the end of the year
Brett Boynton	22,855,000	1,505,143	(24,360,143)	–
Bruce Fulton	833,333	512,189	(1,345,522)	–
John Hewson	700,000	–	(700,000)	–
Anthony McLennan	–	492,857	(492,857)	–
Peter Prentice	20,625,000	2,426,075	(23,051,075)	–

(i) On 1 December 2017, the Company allotted fully paid ordinary shares as set out in the table above at an issue price of A$0.175 per share to Directors (or their nominees) in settlement of amounts owing to Directors as approved by shareholders at the General Meeting held on 24 November 2017 (refer above for further detail).

(ii) On 25 June 2018, Tectonic Gold Plc acquired 100% of the issued capital of Signature Gold.

29. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Exploration Lease Expenditure Commitments

In order to maintain the Group's tenements in good standing with Queensland Mines and Energy in Australia, the Group will be required to incur exploration expenditure under the terms of each licence. It is likely that the granting of new licences and changes in the terms of each licence will change the expenditure commitment from time to time.

	2018 GBP	2016 GBP
Payable:		
– within one year	468,146	1,071,373
– later than one year but not later than five years	1,353,021	1,071,373
	1,821,167	2,142,746

30. EVENTS AFTER THE REPORTING PERIOD

Following the successful application for renewed status for 2018 under the Australian Federal Government Research and Development Tax Incentive, the Group engaged Research and Development Tax specialists RSM Australia (RSM) to complete an assessment of the 2018 claim. RSM calculated the 2018 refund to be A$590,181.

On 31 August 2018, the Company obtained a loan for A$450,768.90 at an annual interest rate of 15% per annum and repayable by no later than 30 November 2018. The loan is secured against the Research and Development refund. The proceeds of the loan are to be applied to on-going eligible research and development expenditure.

Other than as stated elsewhere in this report, Directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Company in subsequent financial years.

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