Wishbone Gold Plc

FINANCIAL REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018

Consolidated Financial Statements
Contents

Company Information

DIRECTORS	R O'D Poulden JC Harrison Professor MR Mainelli AD Gravett
SECRETARY	AMS Secretaries Limited Suite 16, Watergardens 5 Waterport Wharf GX11 1AA Gibraltar
REGISTERED OFFICE	Suite 16, Watergardens 5 Waterport Wharf GX11 1AA Gibraltar
INDEPENDENT AUDITORS	RSM Audit (Gibraltar) Limited 21 Engineer Lane GX11 1AA Gibraltar
BANKERS	Banque J Safra (Monaco) Limited La Belle Epoque 15 Bis / 17 Avenue D'Ostende BP 347 MC-98006 Monaco Cedex Monaco
NOMINATED & CORPORATE ADVISOR	Beaumont Cornish Limited (as from 7 February 2019) 10th Floor, 30 Crown Place London EC2A 4EB United Kingdom Allenby Capital Ltd (up to 6 February 2019) 5 St Helen's Place London EC3A 6AB United Kingdom

BROKER	Turner Pope Investments Limited (as from 17 October 2018) 6th Floor, Beckett House 36 Old Jewry London, EC2R 8DD United Kingdom
	Allenby Capital Ltd (up to 6 February 2019) 5 St Helen's Place London EC3A 6AB United Kingdom
FINANCIAL PUBLIC RELATIONS	Damson Communications 128 Wigmore Street London W1U 3SA United Kingdom
LAWYERS	Pinsent Masons LLP 30 Crown Place London EC2A 4ES United Kingdom
	Hassans International Law Firm 57/63 Line Wall road PO Box 119 GX11 1AA Gibraltar
REGISTRARS	Computershare Investor Services (Jersey) Limited (as from 5 February 2019) Queensway House Hillgrove Street St Helier Jersey JE1 1ES Channel Islands
	Link Market Services (Guernsey) Limited (up to 4 February 2019) Mont Crevelt House Bulwer Avenue St Sampson Guersney GY2 LLH Channel Islands
	Computershare Investor Services Plc (as from 5 February 2019) The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom

REGISTRARS - continued	Link Asset Services (up to 4 February 2019) The Registry 34 Beckenham Road Kent BR3 4TU United Kingdom
REGISTERED NUMBER	103190

Dear Shareholders,

Trading Activity

In 2018, the Group's revenue increased by over 30% from US$8.2m in 2017 to US$10.9m. Once again our main focus has been on Africa. In 2019, that looks set to continue with initiatives in Tanzania and South Africa for the second half of the year.

As previously announced, we have had continuing problems in Honduras. Whilst we have recouped some 40% of the investment in the joint venture, our partners have not performed according to the agreement. During 2018, we prepared a statement of claim against them which led to substantial revisions of the plant. These were supposed to bring it up to specification and seemed to show an apparent willingness on their part to perform to the original agreement. This led us to believe that the project might still work in its current form. Unfortunately, this has not been the case. Accordingly, we agreed a settlement agreement with them that provides that they buy us out from the joint venture sufficient to compensate for the losses as well as the investment. This was agreed by a director of Scotia, the parent company of the group in the joint venture, and the draft agreement is currently with their lawyers.

In Asia, we commenced operations in Hong Kong in May 2019 and expect to see shipments from there commencing in July.

Australia

The Company holds exploration permits within two areas of interest in a region of Queensland: Wishbone II and White Mountains. We commissioned a third party valuation of the properties for two reasons: firstly, for comparison with the carrying value in the accounts and secondly, as a marketing tool for discussion with joint venture partners.

The properties are currently valued in the accounts at the historic cost of exploration expenditure amounting to AUD527,867 which is the accumulated direct exploration expenditure on the properties excluding administration. The valuation report covers a series of different valuation methodologies but produces a high end of AUD1,862,500. The lowest end of the range is AUD575,000 which is still comfortably above the carrying value.

This does not lead to a revaluation of the properties in the accounts as under the Australasian Code for Public Reporting of technical assessments and valuations of mineral assets, commonly known as the VALMIN Code, one cannot revalue exploration expenditure but it does show that the value of the properties comfortably exceeds the carrying value.

A full copy of the valuation report is available on the Company's website.

Financial Review and Financing

On 17 October 2018, the Company raised £566,764 through the Company's broker, Turner Pope Investments, at 0.10 pence per share. Each share had warrants attached for two further shares which can be subscribed at the placing price within two years of the issue date. At the same time, we terminated the financing agreements arranged on August 2017 through RiverFort Global Capital Ltd. Although at the time, this had appeared to be a sensible mixture of debt and equity, in practice this was not the case.

Under the equity sharing facility entered into by the Company with D-Beta, the Company received a total of £32,245. In order to close off the equity sharing facility the Company paid £119,683 to D-Beta and the Company's broker organised the placing of the balance of shares still held by them amounting to £88,235. The loan portion of the agreement, provided by YA II PN, of $400,000 was repaid by the Company in the amount of £276,094.

The net effect of the above transactions can be seen as an extraordinary item in the profit & loss account showing an overall net loss to the Company of $797,220. A large part of this is due to the decline in the Company's share price during the term of the facility.

Financial Review and Financing - continued

On 18 October 2018, fees and expenses owed to the directors of £233,431 were converted to equity at a price of 0.11 pence per share.

On 21 December 2018, the Company raised a total of £300,000 at a price of 0.1 pence per share and on 31 December 2018, converted £258,500 of the Sanderson loan facility at a price of 0.1247 pence per share. Because the shares in these last two transactions were not issued and admitted until the following year, the effect of these transactions is not reflected in the year end balance sheet.

Thus, at the end of the period under review, the accounts show that Wishbone held cash balances totalling US$24,428 (2017: US$256,857) but this does not take account of the placings and loan repayments set out in the previous paragraph as these did not complete until early January. As a result, liabilities should be seen as reduced by the £258,000 loan repayment and there should be an addition of £272,970 cash. Administrative costs, excluding interest during the year, were US$1,064,988 (2017: US$884,602) due to higher levels of activity.

The gold market

During the year, gold drifted to a low of US$1,173 in mid-August before rebounding to its current level of US$1,410 at the time of writing. Throughout the year, the continued build of gold holdings by China, Russia and India continued.

Last year, I commented on the political situation for gold as follows: “We now have to deal with the political uncertainty surrounding the USA’s actions on Iran and the Middle East in general. The threats to impose sanctions on countries which deal with Iran puts China and Russia firmly in their sights. One of President Trump’s many threats in this regard is limiting or removing access to the SWIFT bank payment system for “offending” companies or countries.”

This threat has become only more real this year with the continuing tanker attacks in the gulf and increasing belligerence between the United States and its allies and Iran. Last week, Iran stopped trading oil in US$ and moved to quote only in Euros. This is something of a hollow gesture as those who trade with Iran have not used US$ for some time but it served to emphasise where Iran thinks these troubles are headed.

Change of broker and NOMAD

On 17 October 2018, the Company appointed Turner Pope Investments as joint broker and they completed the placings and restructuring of the RiverFort facilities at the end of last year.

On 7 February 2019, the Company appointed Beaumont Cornish as its NOMAD and NEX Advisor and this completed the removal of Allenby Capital from any role in relation to the Company.

Thank you all: staff, shareholders and advisers for your hard work and support.

R O’D Poulden

Chairman

27 June 2019

Wishbone Gold Plc

Directors' Report

The directors submit their report and the audited consolidated financial statements of Wishbone Gold Plc ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2018.

Activities, review of business and future developments

The Group's principal activity is a diversified holding company with its principal interests in precious metals trading in Dubai, United Arab Emirates ("UAE") and in mineral properties in Australia.

The directors' comments concerning the results and future developments are included in the Chairman's Statement.

The Group's business key performance indicators (KPIs) are cash, exploration costs, administrative costs, revenue, sales margins and shareholder reserves, all of which are disclosed in these consolidated accounts.

Results for the year and dividends

The Group's loss after taxation and minority interests is US$1,890,167 (2017: US$913,017) after charging the following:

Group	**2018 US$**	**2017 US$**
Revenue	10,896,045	8,240,821
Gross profit	46,271	83,884
Administration costs	(1,064,988)	(996,901)
Loss on equity sharing agreement	(797,220)	-
Other costs (finance costs and exchange loss)	(74,230)	
	(1,890,167)	(913,017)

The Company's loss after taxation is US$1,824,749 (2017: US$924,029) after charging the following:

Company	**2018 US$**	**2017 US$**
Revenue	-	-
Gross profit	-	-
Administration costs	(953,299)	(924,029)
Loss on equity sharing agreement	(797,220)	-
Other costs (finance costs and exchange loss)	(74,230)	
	(1,824,749)	(924,029)

The directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: US$nil).

Directors

The directors listed on page 3 have served on the board throughout the year ended 31 December 2018 and the year ended 31 December 2017.

Financial risk management

Details of the Group's financial instruments and its policies with regard to financial risk management are given in note 18 to the consolidated financial statements.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group is whether potential mineral reserves can be exploited economically and further demand for precious metals will continue. Further information on this can be found in the Chairman's Statement.

Going concern

As disclosed in note 2, the Group has incurred losses during the financial years ended 31 December 2018 and 31 December 2017. The Directors have reviewed the financial performance of the Group since 31 December 2018 and have considered the Group's cash projections and funding plan for the 12 months from the date of approval of these financial statements. Taking into account the support from the major shareholder and other possible sources of finance, the Board of Directors is confident that the Group has access to sufficient funds to enable the Group to meet its liabilities as and when they fall due for at least the next twelve months.

Exploration and evaluation

Exploration and evaluation costs capitalised as intangible assets amounted to US$371,923 (2017: US$387,162) at the year end. The Directors recognise that the realisation of intangible assets depends on the successful discovery and development of mineral reserves. The Directors have reviewed the proposed work programme for exploration and evaluation assets and on the basis of the results from the exploration programme and the prospects for raising additional funds as required, consider it appropriate to prepare the financial statements on the going concern basis.

Creditor payment policy

The Group does not follow a code or standard on payment practice. Payment terms are normally agreed with individual suppliers at the time of order placement and are honoured, provided that goods and services are supplied in accordance with the contractual conditions.

At 31 December 2018, the Group had creditor days of 46 days (2017: 36 days) based on the financial data for the year.

Corporate governance

The Directors have, in so far as practicable given the Group's size and the constitution of the board, complied with the main provisions of the Combined Code: Principles of Corporate Governance and Code of Best Practice which is consistent with the recommendations on Corporate Governance Guidelines of the Quoted Companies Alliance for AIM companies. The Company will be adopting the QCA Corporate Governance Code (2018) for the year to 31 December 2018 on a comply or explain basis, with the appropriate disclosures as required by the AIM Rules Companies.

The Directors have adopted terms of reference for an audit committee and remuneration committee. The Directors do not fully comply with the Corporate Governance Code to the extent that there is no nomination committee as the Board does not consider it appropriate to establish at this stage of the Group's development.

Corporate Governance – continued

The Directors comply with Rule 21 of the AIM Rules relating to the Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance with Rule 21 by the Group's relevant employees.

On 5 March 2018, the Company's entire share capital was admitted to trading on the NEX Exchange Growth Market. Since admission, the Company has complied with the NEX Exchange Growth Market – Rules for Issuers.

See pages 12-15 for the Company's Code of Corporate Governance, as published on the Company's website, https://wishbonegold.com/company/corporate-governance.html.

Events after the reporting year

The following events took place after the year end:

Further issuance of ordinary share capital and exercise of warrants as published under the RNS news section on the Company's website, www.wishbonegold.com.

Wishbone appointed Beaumont Cornish as its nominated advisor on 7 February 2019.

Statement regarding disclosure of information to the auditors

Each director of the Company has confirmed that, in fulfilling their duties as a director, they are not aware of relevant audit information of which the Group's auditors are not aware and that they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Gibraltar Companies Act 2014.

Independent auditors

RSM Audit (Gibraltar) Limited were appointed as auditors for the year.

A resolution for the appointment of RSM Audit (Gibraltar) Limited will be proposed at the Annual General Meeting.

The financial statements on pages 20 to 48 were approved by the Board of Directors and signed on its behalf by:

Name: R O'D Poulden

Date: 27 June 2019

Company's registered number: 103190

Wishbone Gold Plc

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the financial year end and of the profit or loss of the Group for that year. In preparing those financial statements, the directors are required to:

a. *select suitable accounting policies and then apply them consistently;*

b. *make judgements and estimates that are reasonable and prudent;*

c. *state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and*

d. *prepare the financial statements on the going concern basis unless it is inappropriate to resume that the group will continue in business.*

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2014. Specifically, pursuant to section 248 of the Gibraltar Companies Act 2014, the directors have elected to follow International Financial Reporting Standards as adopted by the European Union. The directors are also responsible for safeguarding the assets of the Company and Group 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 financial statements included on the Company's website. Legislation in Gibraltar governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

R O'D Poulden

Chairman

27 June 2019

Wishbone Gold Plc

Code of Corporate Governance

Wishbone Gold Plc (Wishbone or the Company) is registered in Gibraltar and, as such, complies with the Gibraltar Companies Act 2014. This does not provide for a specific corporate governance code and accordingly Wishbone has adopted the principles of the QCA Corporate Governance Code to meet both the requirements of the Alternative Investment Market (AIM) and the NEX Exchange (NEX). The Corporate Governance Code will also apply to any subsidiaries or companies in which Wishbone has a majority voting interest, unless otherwise stated.

The Statement on the Code of Corporate Governance is set out below and on the Company website (www.wishbonegold.com). The Code of Corporate Governance will be reviewed annually. Subsequent amendments to the Code of Corporate Governance will be set out in future Annual Reports and on the website.

Wishbone Corporate Code

1. Establish a strategy and business model which promotes long-term value for shareholders

Wishbone has been focussed on developing and expanding on current trading strategies, specifically in gold exploration and gold bullion trading. One of the company's strategies is reverse integration, where the company supplies equipment and expertise to artisanal miners to increase production. This strategy is progressing in Central America and is currently expanding in Africa and Asia.

It is the intention of the Board to publish a statement in accordance with Principle 1 for inclusion in the annual report and accounts for the year to 31 December 2018; a limited statement, not in accordance with Principle 1, was included in the annual report and accounts for the year to 31 December 2017.

2. Seeks to understand and meet shareholder needs and expectations

The Board encourages constructive feedback from its shareholders on their needs and expectations for the Company through question and answer sessions at its annual general meeting and at other online and in-person presentations by board members that the Company organise; we have undertaken two such presentations during 2018 so far. The Company also maintains a Twitter account (https://twitter.com/WishboneGoldplc) to provide communications with shareholders. The Chairman and the Board have been mindful of the importance of communication with shareholders and have been successful by communicating about the Honduras production, and on other matters including the change of broker and admission to NEX during the year by the issue of news bulletins (via RNS (https://wishbonegold.com/news/rns.html) when appropriate), periodic media interviews (https://wishbonegold.com/news/media-coverage.html) and attendance at the UK Investor Show. In addition, the Chief Financial Officer and the Chairman attended and presented at the annual UK Investor Show in April 2018 in London, where the Chairman met some of the Company Shareholders and discussed the recently published updated trading report. We seek at all times to provide open and realistic communications with shareholders while ensuring compliance with our regulatory obligations.

The primary point for investor relations' contacts is Damson Communications, which can be contacted at pr@damsonpr.com.

3. Takes into account wider stakeholder and social responsibilities and their implications for longer term success

Wishbone takes social responsibility extremely seriously. The Chairman has been involved in conservation charities for many years and, in the operations in Africa, the Company is bringing enhanced levels of conservation and care for the environment into the operations with which it is involved.

In particular the artisanal miner programs currently under discussion in Africa provide employment within a structured environment and enables the country to collect taxes and calculate shipment of resources, thus boosting GDP and preventing the devastation of the environment and ecosystem, which normally accompanies illegal mining.

The Company has an open and compliant approach to its dealings with the regulators concerned with the admission of the Company's shares to trading on the AIM and NEX. The Board seeks to identify suppliers that provide the right balance of capabilities and cost and are identified purely on an arms-length commercial basis. The Company's suppliers will be paid in line with agreed payment terms and the Board will act in an ethical manner in all dealings and expect the same from its suppliers.

3. Takes into account wider stakeholder and social responsibilities and their implications for longer term success - continued

The Board recognises that as it develops, there will be wider stakeholder and social responsibilities, which will have to be taken into account, in particular in relation to employees (currently there are none) and the communities in which it becomes active. The Board will seek constructive feedback (https://wishbonegold.com/contact-us.html) from all its stakeholders and Jonathan Harrison has been designated as the Non-Executive director to whom any stakeholders may provide open and confidential feedback.

4. Embed effective risk management, considering both opportunities and threats throughout the organisation

The Board is responsible for the systems of risk management and internal control, as well as reviewing their suitability and effectiveness. Given the countries in which the group operates insurance is used to mitigate risk wherever possible.

The Board identifies and addresses all risks based on a considered assessment of the likelihood of a risk occurring and the magnitude of the risk to the Company were it to occur, from both an upside and downside perspective. Currently the Company's risks primarily relate to supplier selection and treasury functions. The Board take a collegiate approach to risk management to avoid problems with risks being placed in silos.

It is the intention of the Board to provide an updated risk management approach, in accordance with Principle 4, for inclusion in the annual report and accounts for the year to 31 December 2018; a limited statement, not in accordance with Principle 4, was included in the annual report and accounts for the year to 31 December 2017.

5. Maintain the Board as a well functioning, balanced team lead by the Chairman

The Board currently comprises an Executive Chairman and three non-executive directors.

At the senior management level, a Chief Operating Officer controls the day to day running of the business and a Chief Financial Officer controls the accounting and reporting, both of whom report to the Executive Chairman.

The Board continually reviews Wishbone's blend and range of skills and experience and will make changes and additions if necessary.

The Executive Chairman assisted by the Senior Independent Director (Jonathan Harrison) take a position of leadership on all matters of Corporate Governance. They are supported in this by the Company Secretary, who ensures that the Board (and any Board Committees) are provided with high quality information on a timely manner in order to facilitate a proper assessment of the matters requiring a decision or insight.

The following directors are regarded as independent:

- Jonathan Harrison;
- Michael Mainelli;
- Alan Gravett

Alan Gravett and Michael Mainelli are considered by the Board to be independent Non-Executive Directors, notwithstanding that under their respective letters of appointment each may be paid in Ordinary Shares as an alternative to cash, at the election of the Company, and they each have common directorships with other members of the Board. This matter of independence will be re-visited by the Board on a periodic basis.

With the Company in its current state of development, the Board believes that the single executive director is appropriate, while the three non-executive directors provide a good balance of skills and experience.

The Board of Directors is scheduled to meet formally four times a year.

The Company has an Audit Committee. The members of the Audit Committee are Jonathan Harrison and Michael Mainelli. The Audit Committee is scheduled to meet as necessary to conclude the audit, and met once in the year to 31 December 2017, at which all members attended.

5. Maintain the Board as a well functioning, balanced team lead by the Chairman - continued

The Company has a Remuneration Committee. The members of the Remuneration Committee are Michael Mainelli and Jonathan Harrison. The Remuneration Committee is scheduled to meet once a year and met once in the year to 31 December 2017.

The Company does not currently have a Nomination Committee, but the Board will consider whether one is needed once its future business strategy is decided.

It is the intention of the Board to provide an update on Principle 5 for inclusion in the annual report and accounts for the year to 31 December 2018; a limited statement, not in accordance with Principle 5, was included in the annual report and accounts for the year to 31 December 2017.

6. Ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities

The Board consists of seasoned and well-qualified individuals with a broad range of business and industry expertise. The Board keeps these matters under continual review.

As the Company develops its new business strategy, these matters will need to be reviewed, as will the diversity and gender balance of the Board.

The Board of Directors consists of:

- Richard Poulden, Executive Chairman
- Jonathan Harrison, Senior Non-Executive Director
- Professor Michael Mainelli , Non-Executive Director
- Alan Gravett, Non-Executive Director and Company Secretary

Details of each director's relevant experience, skills and personal qualities can be found on the Company's website (https://wishbonegold.com/company/directors-management.html). Each board member keeps their skills up to date through a combination of [courses, continuing professional development through professional bodies and reading.

It is intended that the Company will include a statement in accordance with Principle 6 in the annual report and accounts for the year to 31 December 2018; no statement in accordance with Principle 6 was included in the annual report and accounts for the year to 31 December 2017.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

As the Company formulates, approves and implements new business strategies, the Board develops performance and evaluation criteria specifically for each sector. Given the size and development stage of Wishbone this is carried out internally without the assistance of third parties.

The performance of the Board is evaluated through review of board processes against companies at a similar stage of development. The criteria against which board, committee and individual effectiveness is considered through comparison of skill levels and processes at companies of a similar stage of development.

These evaluations were not undertaken in previous years. It is intended that these evaluations shall be undertaken annually, after the end of each financial year but prior to the publication of the respective annual report and accounts.

The Company's approach to succession planning is to bring talented individuals into the group at an operating level with the objective of their graduating to Board level in due course.

It is intended that the Company will include a statement in accordance with Principle 7 in the annual report and accounts for the year to 31 December 2018; no statement in accordance with Principle 7 was included in the annual report and accounts for the year to 31 December 2017.

8. Promote a corporate culture that is based on ethical values and behaviours

As set out in Principle 3 (above) the Board maintains high standards of transparency and integrity in all its business conduct. The current number of employees is below 10. If, and as, the Company increases its payroll, it will develop further policies and working practices to be adopted by employees. The Board will monitor the policies and working practices.

The Board ensures that ethical values and behaviours are recognised and respected through its entire operating structure as set out in Principle 3.

It is intended that the Company will include a statement in accordance with Principle 8 in the annual report and accounts for the year to 31 December 2018; no statement in accordance with Principle 8 was included in the annual report and accounts for the year to 31 December 2017.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Company holds regular Board meetings and the Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and acquisitions. The Company currently has an Executive Chairman; it does not currently have a Chief Executive Officer. The Executive Chairman's Role is to develop the strategy of the Company in conjunction with the Board and to execute that strategy.

Currently there are two Board Committees, an Audit Committee and Remuneration Committee. Other Committees will be established if and when the business requires. Membership of these committees can be found in the statement regarding Principle 5. The roles of these committees, as well as what matters are respectively reserved for the Board, can be found in the terms of reference of both these committees, which can be viewed on the Company's website.

The Board intends to evolve its approach to Corporate Governance alongside the development of its business.

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Executive Chairman of Wishbone has overall responsibility for Corporate Governance. The principles of corporate governance are satisfied through the discharge of specific responsibilities for Leadership, Board Management Relationships, Board Committees, Board Meetings and any other duties, which the Board may request from time-to-time.

Dialogue is maintained through regulatory releases and presentations at investor-oriented events, which generally incorporate question and answer sessions.

The votes at all general meetings of the Company from 2018 will be published on the Company's website.

If any significant proportion of votes (>20% of independent votes) cast are against a resolution, the Board will provide an explanation on the same page of the action it intends to take.

Notices of all general meetings and annual report and accounts published by the Company for the last five years can be viewed on the Company's website:

https://wishbonegold.com/investors/reports-accounts.html

https://wishbonegold.com/investors/shareholder-circulars.html

It is intended that the Company will include a statement in accordance with Principle 10 in the annual report and accounts for the year to 31 December 2018; no statement in accordance with Principle 10 was included in the annual report and accounts for the year to 31 December 2017.

The above information has been updated on 27 September 2018.

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Independent auditor's report
To the shareholders of Wishbone Gold Plc

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements ("the financial statements") of Wishbone Gold Plc (the "Company") and its subsidiaries ("the Group"), which comprise the company and consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and company and consolidated statement of cash flows for the year then ended, and notes to the company and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the Group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union; and
- have been prepared in accordance with the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), 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.

Emphasis of matter – valuation of goodwill

In forming our opinion on the consolidated financial statements, which is not modified in this respect, we have considered the adequacy of the disclosures contained within note 10 to the consolidated financial statements concerning the valuation of the net assets acquired of $50,510, the contingent consideration of 240 million ordinary shares and the resulting goodwill of $748,617.

This note highlights the inherent uncertainties on the valuation of the resulting goodwill which may differ materially from that that might have been achieved had there been more certainty with the consideration and the fair value of the net assets acquired as at both 31 December 2018 and 31 December 2017. In addition, it notes the requirement to subsequently review goodwill for impairment.

Independent auditor's report
To the shareholders of Wishbone Gold Plc

Report on the audit of the consolidated financial statements *(continued)*

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Risk	Our response to the risk	Key observations communicated to the audit committee
Goodwill impairment assessment • The Group has goodwill of US$748,617 relating to the Company's acquisition of Precious Metals International Ltd together with its wholly owned subsidiary Black Sand FZE ("the PMI Group"). • Black Sand FZE, the main subsidiary has incurred losses during the year and has net liabilities. This has increased the risk that the carrying value of goodwill may be impaired. • Management has concluded that there is no impairment in respect of the goodwill. This conclusion was based on significant management judgement with respect to forecasts.	Our procedures in relation to management's impairment assessment included: • We reviewed management's assessment of the fair value of net assets acquired and agreed back to supporting documentation; • We reviewed management's goodwill calculations and agreed back to supporting documentation; and • We reviewed the impairment status of Black Sand FZE using discounted cash flows based on Management's forecasts.	We concluded that given the uncertainty over the assumptions made in the forecasts, that an emphasis of matter paragraph over the value of the goodwill be included in the audit report.

Independent auditor's report
To the shareholders of Wishbone Gold Plc

Report on the audit of the consolidated financial statements *(continued)*

Key Audit Matters *(continued)*

Risk	Our response to the risk	Key observations communicated to the audit committee
Revenue recognition • The Group recognized revenue of US$10.9 million in 2018 (2017: US$8.2 million). • Revenue is inherently deemed a critical risk in accordance with IFRS. • We consider that there are risks of fraud in revenue recognition and considers which types of revenue may give rise to fraud risks. For the Group the main income stream is trading in gold. The risk lies in the processing of gold which is usually done without management or employees handling the metal, however there are exceptions.	• We assessed the controls over cash, gold and debtors and the segregation of duties in place; • We assessed the controls over the maintenance of supplier details and changes to bank account details; • We assessed the controls over the raising and approval of manual journals and accounting estimates; and • We assessed the completeness of income, together with the recoverability of associated receivables.	We concluded that the revenue recognised in the year is materially correct.

Independent auditor's report
To the shareholders of Wishbone Gold Plc

Report on the audit of the consolidated financial statements *(continued)*

Key Audit Matters *(continued)*

Risk	Our response to the risk	Key observations communicated to the audit committee
Going concern assessment • As disclosed in Note 1, the financial statements have been prepared on a going concern basis. • The Group's cash balances amounted to $24,428 and current liabilities were $863,176. • There is a risk that a material uncertainty could exist related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. • The Group closely monitors and manages its capital position and liquidity risk regularly throughout the year to ensure that it has sufficient funds to meet forecast cash requirements and satisfy the working capital requirements and proposed acquisition and exploration activity. Taking into account the debt facilities in place, support from the major shareholder and other possible sources of finance, the Board of Directors is confident that the Group has access to sufficient funds to enable the Group to meet its liabilities as and when they fall due for at least the next twelve months.	• We identified that the most significant assumption in assessing the Group's ability to continue as a going concern was the expected future profitability of the Group, as the key determinant of the forecasted capital position. The calculations supporting the assessment require management to make highly subjective judgements. The calculations are based on estimates of future performance, and are fundamental to assessing the suitability of the basis adopted for the preparation of the financial statements; and • We assessed all the relevant going concern matters.	We concluded that no further disclosures relating to the Company's ability to continue as a going concern need to be made in the financial statements.

Independent auditor's report
To the shareholders of Wishbone Gold Plc

Report on the audit of the consolidated financial statements *(continued)*

Materiality

The concept of materiality is fundamental to the preparation of the Group's and its subsidiaries' financial statements and the audit process. Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

For the purposes of an audit, misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality is considered at both the overall financial statement level ("financial statement materiality") and, if applicable, in relation to individual account balances, classes of transactions and disclosures ("element materiality") and is used as a threshold or benchmark against which errors or differences of opinion between management and ourselves can be evaluated.

Our financial statement materiality calculation is based on the Group's net assets for the year ended 31 December 2018. The following percentage is applied to either the relevant financial result or position to assist in calculating the appropriate level of materiality:

- 5% of Net assets/(liabilities)

Financial statement materiality is calculated for the parent entity and at Group level. The following levels of financial statement materiality were calculated for the Group and its main subsidiaries:

Group	USD84,000
Wishbone Gold Plc	USD84,000
Wishbone Gold Pty Limited	AUD20,000
Black Sand FZE	USD84,000

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report
To the shareholders of Wishbone Gold Plc

Report on the audit of the consolidated financial statements *(continued)*

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable law in Gibraltar and International Financial Reporting Standards, as adopted for use in the European Union, and for such internal control as the directors determine is necessary to enable the presentation 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

Independent auditor's report
To the shareholders of Wishbone Gold Plc

Report on the audit of the consolidated financial statements *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2014

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the consolidated financial statements; and
- the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

In the light of the knowledge and understanding of the Group, and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the matter where the Companies Act 2014 requires us to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

Independent auditor's report
To the shareholders of Wishbone Gold Plc

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 257 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SVM Cohen
Statutory auditor

For and on behalf of
RSM Audit (Gibraltar) Limited

21 Engineer Lane
Gibraltar

27 June 2019

Wishbone Gold Plc

Consolidated Income Statement
for the year ended 31 December 2018

	Notes	2018 US$	2017 US$
Revenue		10,896,045	8,240,821
Cost of sales		(10,849,774)	(8,156,937)
Gross profit		46,271	83,884
Administration expenses	5	(1,064,988)	(884,602)
Operating loss		(1,018,717)	(800,718)
Loss on equity sharing agreement		(797,220)	-
Impairment of investments		-	(1,568)
Foreign exchange loss		(10,223)	(31,730)
Finance costs		(64,007)	(79,001)
Loss before taxation		(1,890,167)	(913,017)
Tax on loss	6	-	-
Loss for the financial year		(1,890,167)	(913,017)
Loss per share:			
Basic and diluted (cents)	7	(0.130)	(0.070)

There are no recognised gains or losses other than disclosed above and there have been no discontinued activities during the year.

The notes on pages 31 to 52 form part of these financial statements.

Wishbone Gold Plc

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2018

	2018 US$	2017 US$
Loss for the financial year	(1,890,167)	(913,017)
Other comprehensive expense:		
Exchange differences on translating foreign operations	8,129	(788,802)
Other comprehensive income (expense) for the year, net of tax	**8,129**	**(788,802)**
Total comprehensive expense for the year attributable to equity owners of the parent	(1,882,038)	(1,701,819)

The notes on pages 31 to 52 form part of these financial statements.

Wishbone Gold Plc

Consolidated Statement of Financial Position
as at 31 December 2018

	Notes	2018	2017
		US$	US$
Current assets			
Inventories		-	27,755
Trade and other receivables	8	583,834	568,396
Loans	15	199,864	308,656
Cash and cash equivalents		24,428	256,857
		808,126	1,161,664
Non-current assets			
Property, plant and equipment	9	212,500	250,058
Goodwill	10	748,617	748,617
Other intangible assets	10	371,923	387,162
Loans	15	-	680,476
		1,333,040	2,066,313
Total assets		2,141,166	3,227,977
Current liabilities	13	863,176	1,198,188
Equity			
Share capital	14	2,872,843	1,770,406
Share premium		7,306,550	7,278,748
Share based payment reserve		64,355	64,355
Foreign exchange reserve		106,983	98,854
Accumulated losses		(9,072,741)	(7,182,574)
		1,277,990	2,029,789
Total equity and liabilities		2,141,166	3,227,977

The financial statements were approved by the board and authorised for issue on 27 June 2019 and signed on its behalf by:

J.C. Harrison

Director

R O'D Poulden

Director

The notes on pages 31 to 52 form part of these financial statements.

Wishbone Gold Plc

Company Statement of Financial Position as at 31 December 2018

	Notes	2018	2017
		US$	US$
Current assets			
Trade and other receivables		4,965	-
Loans	15	1,600,018	1,925,031
Cash and cash equivalents		2,255	63,638
		1,607,238	1,988,669
Non-current assets			
Loans	15	-	680,476
Investments	11	952,769	949,669
		952,769	1,630,145
Total assets		2,560,007	3,618,814
Current liabilities	13	849,310	1,180,566
Equity			
Share capital	14	2,872,843	1,770,406
Share premium		7,306,550	7,278,748
Share based payment reserve		64,355	64,355
Foreign exchange reserve		361,674	394,715
Accumulated losses		(8,894,725)	(7,069,976)
		1,710,697	2,438,248
Total equity and liabilities		2,560,007	3,618,814

The financial statements were approved by the board and authorised for issue on 27 June 2019 and signed on its behalf by:

J.C. Harrison

Director

R O'D Poulden

Director

The notes on pages 31 to 52 form part of these financial statements.

Wishbone Gold Plc

Consolidated Statement of Changes in Equity
as at 31 December 2018

	Share capital US$	Share premium US$	Share based payment reserve US$	Accumulated losses US$	Foreign exchange reserve US$	Total equity US$
Balance at 1 January 2017	1,448,632	5,611,582	58,743	(6,269,557)	887,656	1,737,056
Shares issued during the year (net of issue costs)	184,685	1,129,789	-	-	-	1,314,474
Loss for the financial year	-	-	-	(913,017)	-	(913,017)
Foreign exchange	137,089	537,377	5,612	-	(788,802)	(108,724)
Balance at 31 December 2017	1,770,406	7,278,748	64,355	(7,182,574)	98,854	2,029,789
Shares issued during the year (net of issue costs)	1,102,437	27,802	-	-	-	1,130,239
Loss for the financial year	-	-	-	(1,890,167)	-	(1,890,167)
Foreign exchange	-	-	-	-	8,129	8,129
Balance at 31 December 2018	2,872,843	7,306,550	64,355	(9,072,741)	106,983	1,277,990

The notes on pages 31 to 52 form part of these financial statements.

Wishbone Gold Plc

Consolidated Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 US$	2017 US$
Cash flows from operating activities			
Loss before tax		(1,890,167)	(913,017)
Reconciliation to cash generated from operations:			
Foreign exchange loss		10,223	31,730
Interest expense		64,007	79,001
Impairment losses		-	1,108
Write-off of loan receivable	5	107,509	-
Loss on equity sharing agreement	15	797,220	-
Depreciation	5,9	37,500	-
Administrative expenses converted into ordinary shares		382,950	204,399
Operating cash flow before changes in working capital		(490,758)	(596,779)
Decrease/(increase) in inventories		27,755	(25,093)
(Increase)/decrease in receivables		(15,437)	3,571,645
Decrease in payables		(335,012)	(3,853,477)
Cash outflow used in operations		(813,452)	(903,704)
Cash flows from investing activities			
Acquisition of fixed assets		-	(250,058)
Net movement in other intangible assets	10	15,239	(46,821)
Other investing activities		(116,744)	(689,851)
Net cash flows used in investing activities		(101,505)	(986,730)
Cash flows from financing activities			
Issue of shares for cash		747,289	1,080,824
Net movement in loans payable		(64,007)	(192,210)
Net cash flows from financing activities		683,282	888,614
Effects of exchange rates on cash and cash equivalents		(754)	193,516
Net decrease in cash and cash equivalents		(232,429)	(808,304)
Cash and cash equivalents at 1 January		256,857	1,065,161
Cash and cash equivalents at 31 December		24,428	256,857

The notes on pages 31 to 52 form part of these financial statements.

Company Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 US$	2017 US$
Cash flows from operating activities			
Loss before tax		(1,824,749)	(924,029)
Reconciliation to cash generated from operations:			
Foreign exchange loss		10,216	30,887
Interest expense		64,007	79,001
Write-off of loan receivable	5	107,509	-
Loss on equity sharing agreement	15	797,220	-
Depreciation	5,9	37,500	-
Administrative expenses converted into ordinary shares		382,950	204,399
Operating cash flow before changes in working capital		(425,347)	(609,742)
Increase in receivables		(4,965)	(2,346)
(Decrease)/increase in payables		(331,257)	33,458
Cash outflow from operations		(761,569)	(578,630)
Cash flows from investing activities			
Net movement in loans receivable		-	(660,117)
Net movement in investments		(3,099)	(13,128)
Other investing activities		(116,744)	(680,476)
Net cash flow from/(used in) investing activities		119,843	(1,353,721)
Cash flows from financing activities			
Issue of shares for cash		747,289	1,080,824
Net movement in loans payable		(64,007)	(192,210)
Net cash flow from financing activities		683,282	888,614
Effects of exchange rates on cash and cash equivalents		(102,939)	302,265
Net decrease in cash and cash equivalents		(61,383)	(741,472)
Cash and cash equivalents at 1 January		63,638	805,110
Cash and cash equivalents at 31 December		2,255	63,638

The notes on pages 31 to 52 form part of these financial statements.

1. General Information

The consolidated financial statements of Wishbone Gold Plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Company's directors on 27 June 2019.

The Company was incorporated in Gibraltar under the name of Wishbone Gold Plc as a public company under the Gibraltar Companies Act 2014. The authorised share capital of the Company is £3,000,000 divided into 3,000,000,000 shares of £0.001 each. The registered office is located at Suite 16, Watergardens 5, Waterport Wharf GX11 1AA, Gibraltar. The Group's principal activity is a diversified holding company with its principal interests in precious metals trading in Dubai, UAE and in mineral properties in Australia.

On 2 July 2013, the Company approved the conversion of £207,222 of expenses and debts into 11,841,307 ordinary shares to the Directors at a price of 1.75p to satisfy debts and expenses incurred on behalf of the Company.

On 18 December 2013, the Company approved the conversion of £7,500 of expenses into 272,727 shares at the price of 2.75p.

On 7 March 2014, the Company issued 45,772,693 ordinary shares in exchange for 1,031,360 ordinary shares in Global Resources Investment Trust, net of issue costs of US$34,450.

The Company undertook a conditional Placing and Open Offer on 4 April 2014. A total of new issues, including commission shares, of 33,677,181 new ordinary shares were admitted to trading AIM on 28 April 2014 which raised US$780,792 net of expenses of US$32,682.

On 17 July 2014, the Company approved the conversion of £7,500 of expenses into 500,000 new ordinary shares at the price of 1.5p.

On 1 September 2015, the Company approved the issue of 100,000,000 shares at a price of 0.25p per share to raise £250,000 gross.

On 11 September 2015, the Company settled £992,123 of debts including outstanding directors' fees and expenses and repaid loans from the Black Swan group through the issue of 396,849,129 shares at a price of 0.25p per share.

On 5 February 2016, Wishbone acquired Precious Metals International Ltd ("PMI") and its wholly owned subsidiary, Black Sand FZE in an all share transaction.

The terms of the acquisition are an initial payment of 240,000,000 ordinary shares of 0.1p each in the Company with a further payment of an additional 240,000,000 ordinary shares once the annual profit after tax of the PMI Group exceeds US$1m. This values the initial consideration for the PMI Group at £648,000 (US$779,127), based on the Company's closing mid-market. The net assets acquired were US$50,510 leading to goodwill of US$748,617.

On 3 June 2016, Wishbone agreed a two-year loan facility of US$3m from Sanderson Capital Partners Limited.

A 10% commitment fee was payable in ordinary shares of Wishbone. The 38,657,037 shares of 0.1p each, was issued at a price of 0.54p per ordinary share, being the closing mid-market price of the company's shares on 3 June 2017.

On 28 September 2016, Wishbone raised £600,000 (before expenses) through a placing via its broker, Beaufort Securities Limited of 80,000,000 new ordinary shares of 0.001p each at a price of 0.0075p per ordinary share. The Company has also issued 5,000,000 warrants with an exercise price of 1.2p with a life of two years to Beaufort Securities Limited.

1. General Information - continued

On 27 October 2016, Wishbone raised £400,000 (before expenses) through a placing via its broker, Beaufort Securities Limited, of 50,000,000 new ordinary shares of 0.1p each at a price of 0.8p per ordinary share. The Company has also issued 3,076,923 warrants with an exercise price of 1.3p with a life of two years to Beaufort Securities Limited.

On 18 August 2017, Wishbone raised £800,000 (before expenses) through a fundraising from institutional investors, arranged by RiverFort Global Capital at an issue price of 0.7 pence per new ordinary share. The arrangement included up to US$2 million via an Investment Agreement ('Investment') with YA II PN, Ltd arranged by RiverFort with an initial drawdown of US$400,000 repayable on the first anniversary of the date of drawdown. Any further tranches may be drawn down if agreed with the Company and at YA II's absolute discretion. The Company granted 8,934,663 warrants. All warrants granted have a strike price of 140% of the 5 day VWAP of the Ordinary Shares prior to the date of the relevant grant of warrants. The warrants are non-transferable and capable of exercise in whole or in part at any time prior to the third anniversary of the date of grant.

On 17 October 2018, Wishbone raised £566,764 (before expenses) through a placing via its broker, Turner Pope Investments Limited, of 566,764,286 new ordinary shares of 0.1p each at a placing price of 0.1p per ordinary share. In addition, 88,235,714 ordinary shares held by D-beta One EQ, Ltd. have been sold. The Company made a payment of £273,901 in full and final settlement of the Investment Agreement. The company also issued 212,210,545 shares to the Directors of the company in lieu of outstanding fees and expenses as well as 60,600,000 shares to suppliers in lieu of outstanding invoices. The Company has also issued 347,800,000 warrants with an exercise price of 0.1p with a life of two years to Turner Pope Investments Limited.

2. Accounting Policies

Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") applied in accordance with the provisions of the Gibraltar Companies Act 2014.

In accordance with the Gibraltar Companies Act 2014, the individual statement of financial position of the Company has been presented as part of these financial statements. The individual statement of comprehensive income has not been presented as part of these financial statements as permitted by Section 288 of the Act. The individual statement of comprehensive income of the Company shows a loss for the year of US$1,824,749 (2017: US$924,029).

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") and there is an on-going 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 are applicable for the year commencing 1 January 2018.

The consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies set out below have been consistently applied to all years presented other than changes from the new and amended standards and interpretations effective from 1 January 2018.

2. Accounting Policies - continued

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Report and Directors' Report. The financial position of the Group at the year end and its cash flows and liquidity position are included in the consolidated statement of financial position on page 26 and the consolidated statement of cash flows on page 29. As at 31 December 2018, the Group cash balances amounted to US$24,428 and current liabilities were US$863,176. The Group closely monitors and manages its capital position and liquidity risk regularly throughout the year to ensure that it has sufficient funds to meet forecast cash requirements and satisfy the working capital requirements and proposed acquisition and exploration activity.

Taking into account the support from the major shareholder and other possible sources of finance, the Board of Directors is confident that the Group has access to sufficient funds to enable the Group to meet its liabilities as and when they fall due for at least the next twelve months.

Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of the Company and its subsidiaries prepared at 31 December each year. Control is achieved where the company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated accounts.

In the parent company financial statements the investment in the subsidiaries is accounted for at cost.

Business combinations and goodwill

On acquisition, the assets and liabilities, and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair value of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Exploration and evaluation assets

Costs arising from exploration and evaluation activities are accumulated separately for each area of interest and only capitalised where such costs are expected to be recovered through successful development, or through sale, or where exploration and evaluation activities have not, at the reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Expenditure capitalised comprises direct costs that have a specific connection with a particular area of interest. Capitalised expenditure in respect of areas of interest is written off in the income statement when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount.

Capitalised costs in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

Once production commences, capitalised expenditure in respect of an area of interest will be amortised on a unit of production basis by reference to the reserves of that area of interest.

2. Accounting Policies – continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost is depreciated on a straight-line basis over their expected useful lives as follows:

Machinery	25% per annum

Inventories

Raw materials are stated at the lower of cost and net realizable value. Finished goods or polished diamonds are stated at the lower of cost and net realizable value. Cost includes cost of raw materials on weighted average cost basis and other costs related to converting them into finished goods. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Investments

<u>Investments in group undertakings</u>

Investments in group undertakings are measured at cost less any impairments arising should the fair value after disposal costs be lower than cost.

<u>Investments held for resale</u>

Investments held for resale are designated at fair value through profit or loss at inception. Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership. Investments held for resale are initially recognised at cost. Subsequent to initial recognition, these investments held for resale are measured at fair value in the statement of financial position. Gains and losses arising from changes in the fair value of these assets are presented in profit or loss in the period in which they arise. During the year the Group and Company recognised impairments of US$nil (2017: US$1,568).

<u>Impairment</u>

At each year end date, the Group 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 assets 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

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 (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash generating unit) in prior periods. A reversal of impairment loss is recognised in the income statement immediately.

2. Accounting Policies – continued

Foreign currencies

The consolidated financial statements are presented in United States Dollars (“US$”), the presentation and functional currency of the Company. All values are rounded to the nearest US$. Transactions denominated in a foreign currency are translated into US$ at the rate of exchange at the date of the transaction or using the average rate for the financial year. At the year-end date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the income statement.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than US$ are translated into US$ at foreign exchange rates ruling at the year-end date. The revenues and expenses of these subsidiary undertakings are translated at average rates applicable in the period. All resulting exchange differences are recognised as a separate component of equity. Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation are recognised in the consolidated statement of comprehensive income and disclosed as a separate component of equity, such foreign exchange gains or losses are reclassified from equity to the income statement on disposal of the net foreign operation. The same foreign exchange gains or losses are recognised in the stand-alone income statements of either the parent or the foreign operation.

In the statement of cash flows, cash flows denominated in foreign currencies are translated into the presentation currency of the Group at the average exchange rate for the year or the prevailing rate at the time of the transaction where more appropriate.

The closing exchange rate applied at the year-end date was AUD 1.4193 per US$1 (2017: AUD 1.2797). The average exchange rate applied at the year-end date was AUD 1.3390 per US$1 (2017: AUD 1.3051).

The closing exchange rate applied at the year-end date was AED 3.67 per US$1 (2017: AED 3.67). The average exchange rate applied at the year-end date was AED 3.67 per US$1 (2017: AED 3.67).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment loss represents the loss incurred by each segment without allocation of foreign exchange gains or losses, investment income, interest payable and tax. This is the measure of loss that is reported to the Board of Directors for the purpose of the resource allocation and the assessment of the segment performance.

When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments (note 4).

2. Accounting Policies – continued

Revenue recognition

(i) *Policy until 31 December 2017*

Revenue is recognised only when the following have occurred:

- *The product has been despatched to the purchaser and is no longer under the physical control of the producer;*
- *The product is in a form that can be delivered to a purchaser, requiring no additional processing by the producer; or on*
- *The quantity and quality of the product can be determined with reasonable accuracy; and*
- *The selling price can be determined with reasonable accuracy.*

(ii) *Policy effective 1 January 2018*

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' with effect from 1 January 2018. Under this standard, revenue is recognised when control of a good or service transfers to a customer. A new five-step approach is applied before revenue can be recognised:

- *identify contracts with customers;*
- *identify the separate performance obligation;*
- *determine the transaction price of the contract;*
- *allocate the transaction price to each of the separate performance obligations; and*
- *recognise the revenue as each performance obligation is satisfied.*

The revenue recognition under IFRS 15 is similar to how the Company has previously accounted for its revenues and therefore there are no adjustments.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise on demand deposits held with banks, with original maturity of three months or less.

Trade and other payables

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.

2. Accounting Policies – continued

Taxation - continued

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted (or substantively enacted) by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Equity instruments

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

Share based payments

The Company has historically issued warrants and share options in consideration for services. The Company issued warrants as disclosed in note 16 in 2018 and 2017. The fair value of the warrants have been treated as part of the cost of the service received and is charged to share premium with a corresponding increase in the share based payment reserve. As of 31 December 2018, the warrants remain outstanding.

Standards, amendments and interpretations to existing standards that are effective in 2018:

The following new standards, amendments and interpretations to existing standards have been adopted by the Group during the year but have had no significant impact on the financial statements of the Group:

(iii) *IFRS 1 (amendment), 'First-time Adoption of International Financial Reporting Standards'. The amendment is to delete the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after 1 January 2018. The adoption of this new standard did not have a significant impact on the Group's financial position and results.*

(iv) *IFRS 2 (amendment), 'Share-based Payment'. The amendments clarify the classification and measurement of share-based payment transactions. Guidance has been added that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments. The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments are to be applied prospectively. The adoption of this new did not have a significant impact on the Group's financial position or results.*

(v) *IFRS 9, 'Financial Instruments'. This standard introduces new requirements for the classification and measurement of financial assets and liabilities, including some hybrid contracts. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Upon adoption of IFRS 9, modified prior period disclosures may be required. IFRS 9 represents the completion of the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortised cost or fair value, replacing the four category classification in IAS 39. The approach is also based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The adoption of this new standard did not have a significant impact on the Group's financial position or results.*

2. Accounting Policies - continued

Standards, amendments and interpretations to existing standards that are effective in 2018 - continued:

(vi) *IFRS 15, 'Revenue from Contracts with Customers'. This standard is based on the principle that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The standard establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. The adoption of this new standard did not have a significant impact on the Group's financial position or results.*

(vii) *IFRS 15 (amendment), 'Revenue from Contracts with Customers'. The amended standard are clarifications seeking to address certain implementation issues of IFRS 15. The amended standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The amendments address three areas which are identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts. The adoption of this new standard did not have a significant impact on the Group's financial position or results.*

(viii) *IAS 18 'Revenue' will be superseded by IFRS 15 Revenue from Contracts with Customers as of 1 January 2018. The adoption of this new standard did not have a significant impact on the Group's financial position and results.*

(ix) *IAS 28 (amendment), 'Investments in Associates and Joint Ventures'. The amendment clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments are effective for annual periods beginning on or after 1 January 2018. The adoption of this new standard did not have a significant impact on the Group's financial position and results.*

(x) *IFRIC 22, 'Foreign Currency Transactions and Advance Consideration'. The new standard is to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The adoption of this new standard did not have a significant impact on the Group's financial position and results.*

New standards, amendments and interpretations to existing standards that are not yet effective or have not been early adopted by the Company

At the date of authorisation of these consolidated financial statements, the following standards and interpretations were in issue but not yet mandatorily effective and have not been applied in these financial statements:

2. Accounting Policies - continued

New standards, amendments and interpretations to existing standards that are not yet effective or have not been early adopted by the Company - continued

(i) *IFRS 16, 'Leases'. The new standard eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The standard requires lessees to recognise assets and liabilities for most leases. Lessees applying IFRS 16 will have a single accounting model where all leases will be recorded on the statement of financial position as liabilities, at the present value of the future lease payments, along with an asset reflecting the right to use the asset over the lease term. Rent expense will be replaced with depreciation and interest expenses. Two possible exemptions are available for leases with a maximum term of twelve months or less and leases of low value assets (something in the region of circa £3,000 or less, irrespective of how many such leases there are). Lessors applying IFRS 16 will classify leases using the same principle as in IAS 17 and lessor accounting is substantially unchanged. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.*

(ii) *IAS 17, 'Leases' will be superseded by IFRS 16 Leases as of 1 January 2019. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results. IAS 23 (amendment), 'Borrowing Costs'. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The amendments are effective for annual periods beginning on or after 1 January 2019. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.*

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

3. Critical accounting estimates and judgements

The critical accounting estimates and judgements made by the Group regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year are:

Critical judgements in applying the group's accounting policies

Going concern

The preparation of the financial statements is based on the going concern assumption as disclosed in note 2. The Board of Directors, after taking into consideration the additional funding received, believe the going concern assumption is appropriate.

Impairment of exploration and evaluation assets

The Board of Directors continue to budget for the exploration and evaluation commitments noted in note 20 and continue to invest in these. The Board of Directors do not consider that the exploration and evaluation assets are impaired. The carrying value of these assets is dependent on the judgements reached in relation to going concern in order to fund and develop these assets.

3. Critical accounting estimates and judgements - continued

Impairment of goodwill

The Directors do not consider that the goodwill arising from the acquisition of the Precious Metals International Ltd together with its wholly owned subsidiary Black Sand FZE ("the PMI Group") is impaired. The goodwill currently has an unlimited useful economic life as its subsidiary Black Sand FZE is more valuable than when purchased due extending its trading into new markets.

Determination of functional currency

The Directors considers the US$ to be the currency that most faithfully represents the economic effect of the underlying transactions, cash flows, events and conditions of the Company. The US$ is the currency in which the Company measures its performance and reports its results, as well as the currency in which it assesses the viability of projects.

Adoption of new and amended standards IFRS 9, Financial Instruments and IFRS 15, Revenue from contracts with customers

Effective 1 January 2018, the Group has adopted IFRS 9 and IFRS 15 in its financial statements.

IFRS 15 did not have a material impact on the income statement as revenue is recognized under IFRS 15 as previously the Group accounted for its revenues.

IFRS 9 did not have a material impact on the financial assets and liabilities held by the Company. The adoption of IFRS 9 did not result in any transitional adjustments. The financial instruments in the previous period accounted for under IAS 39 were measured at amortised cost. This is the same measurement under IFRS 9, with the addition that IFRS 9 has also considered taking into account of expected credit losses.

(i) Provision or expected credit losses of trade receivables

Under IFRS 9, a provision should be made for expected credit losses that result from default events on the financial instruments. Default events are events that trigger impairment such as:

- *non-payment of sales invoices older than 60 days*
- *financial covenant breach*
- *insolvency of the counterparty*
- *counterparty credit rating downgrade to the lowest rating given by a credit rating agency (e.g. Moody's, S&P, Fitch).*

Given the limited exposure of the Group to credit risk, this did not have a material impact on the financial statements. The Company only holds cash and trade and other receivables, largely letters of credit guarantees, and which have maturities of less than 12 months at amortised cost and therefore has adopted an approach similar to the simplified approach to ECLs. Given the nature of these financial assets no allowance for expected credit losses have been booked in these financial statements.

Parent company statement of financial position - impairment of the investment in and loan to the subsidiary

At the reporting date, the Australian subsidiary had net liabilities of US$185,310 (AUD 263,009) (2017: US$192,538 (AUD 246,397)). As noted above, the Board of Directors do not consider that the exploration and evaluation assets are impaired and therefore there is no indication of impairment of the investment in and loan to the Australian subsidiary of US$371,923 (2017: US$387,242) and US$546,128 (2017: US$524,802) respectively.

At the reporting date, the UAE subsidiary had net assets of US$32,072 (AED 117,783) (2017: US$55,285 (AED 203,042)). There is no indication of impairment of the loan to the UAE subsidiary of US$1,032,829 (2017: US$1,291,464).

3. Critical accounting estimates and judgements - continued

Key sources of estimation uncertainty

Valuation of warrants and options

As described in note 16, the fair value of the warrants and options granted was calculated using the Black & Scholes model which requires the input of highly subjective assumptions, including volatility of the share price. Changes in subjective input assumptions may materially affect the fair value estimate.

Valuation of investment in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for impairment. The values of the investments are inherently linked to the assets held by and or the performance of the subsidiaries and an impairment review is undertaken by management annually to assess whether any permanent diminution in value has occurred.

4. Segmental analysis

Management has determined the operating segments by considering the business from both a geographic and product perspective. For management purposes, the Group is currently organised into three operating divisions: resource evaluation (Australia), gold trading (UAE) and gold production (Honduras). The division is the business segment for which the Group reports its segment information internally to the Board of Directors.

5. Administrative expenses

	2018 US$	2017 US$
Fees payable to the Company's auditor for the audit of the Group consolidated financial statements	52,852	58,905
Other assurance services	-	33,776
Other administrative costs	729,084	634,140
Depreciation	37,500	-
Write-off of loan receivable	107,509	-
Remuneration of directors of the Group	138,043	110,380
Remuneration of directors of subsidiaries	-	47,401
	1,064,988	884,602

Remuneration paid to the directors of the Group has been settled via the issue of equity in the Company and cash, as disclosed in note 21.

Staff costs for the year ended 31 December 2018 were US$6,982 (2017: US$36,821).

6. Taxation

The Company is subject to corporation tax in Gibraltar on any profits, which are accrued in or derived from Gibraltar or any passive income which is taxable. The corporation tax rate in Gibraltar for the year ended 31 December 2018 is 10% (2017: 10%). The Company has no operations in Gibraltar which are taxable.

The Company has taxable losses to carry forward, consequently no provision for corporate tax has been made in these financial statements.

The Group's subsidiary, Wishbone Gold Pty Ltd, is subject to corporate income tax in Australia. The corporate income tax rate in Australia for the year ended 31 December 2018 is 30% (2017: 30%).

This subsidiary has taxable losses to carry forward, consequently no provision for corporate tax has been made in these financial statements.

Note that there are no group taxation provisions under the tax laws of Gibraltar.

The Ajman Free Zone where the UAE based subsidiary, Black Sand FZE operates is a tax-free zone and has no corporate income taxes levied on companies operating within the Zone. On 1 January 2018, the UAE introduced VAT at the rate of 5%. Black Sand took the precaution of registering for VAT but currently the gold trading operations are zero-rated items of VAT.

As at 31 December 2018 and as at 31 December 2017, the Company has no deferred tax assets and no deferred tax liabilities.

7. Loss per share

	2018 US$	**2017 US$**
Loss for the purpose of basic loss per share being net loss attributable to equity owners of parent	(1,890,167)	(913,017)
Loss for the purpose of diluted earnings per share	(1,890,167)	(913,017)
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic and diluted loss per share	1,445,346,675	1,305,256,635
Basic and diluted (cents)	(0.130)	(0.070)

Due to the Company and the Group being loss making, the share options (note 16) are antidilutive.

8. Trade and other receivables

Group	**2018 US$**	**2017 US$**
Debtors	528,003	500,023
Prepayments	13,135	68,373
Loans from directors	42,696	-
	583,834	568,396

9. Property, plant and equipment

Group	**2018 US$**	**2017 US$**
Cost		
As at 1 January	250,058	-
Additions	-	250,058
Adjustment	(58)	-
As at 31 December	250,000	250,058
Accumulated Depreciation		
Charges during the year	37,500	-
As at 31 December	37,500	-
Net Book Value		
As at 31 December	212,500	250,058

The Group's property, plant and equipment has been depreciated from 2018, as the equipment was not put to use in the year 2017.

10. Intangible assets

Group	**Goodwill US$**	**Exploration & evaluation assets US$**	**Total US$**
Cost			
At 1 January 2017	748,617	340,341	1,088,958
Additions	-	17,948	17,948
Foreign exchange revaluation	-	28,873	28,873
At 31 December 2017	748,617	387,162	1,135,779
At 1 January 2018	748,617	387,162	1,135,779
Foreign exchange revaluation	-	(15,239)	(15,239)
At 31 December 2018	748,617	371,923	1,120,540

The Group holds Exploration Permits for Mining ("EPMs") to four tenements, which have initial expiration dates ranging from 2019 and beyond. The renewal of the EPMs is for a maximum further period of 5 years. Permits are not automatically renewed but require an application to the Queensland Department of Natural Resources and Mines.

In 2016, Wishbone acquired 100% of the share capital of Precious Metals International Ltd together with its wholly owned subsidiary Black Sand FZE ("the PMI Group").

The fair value of the net assets acquired was US$50,510 and the initial consideration of US$ 799,127 was paid in shares.

10. Intangible assets - continued

The terms of acquisition of the PMI Group involved the aforementioned initial consideration and a further contingent payment of an additional 240,000,000 ordinary shares if annual profit after tax of the PMI Group exceeds US$1m. At the end of the reporting year, the value of this contingent consideration cannot be ascertained.

The Company carried out its own valuation of the net assets acquired. There are inherent limitations in any fair value estimation and material differences could arise that could have an impact on the fair value of the net assets acquired and on the resulting goodwill.

In the directors' opinion, there is no difference between the fair value and book values of the assets acquired.

The resulting goodwill of USD 748,617 reflects uncertainty on the fair value of the net assets acquired and on the value of the consideration reflected in these financial statements.

The goodwill currently has an unlimited useful economic life as its subsidiary Black Sand FZE is more valuable than when purchased due to new agreements, in particular Honduras, and hence, in the director's opinion, goodwill is not impaired.

11. Investments

	Company	
	2018	2017
	US$	US$
Shares in subsidiary undertakings	952,769	949,669
	952,769	949,669

Company	Class of shares held	% held	Country of registration or incorporation	2018 US$
Wishbone Gold Pty Ltd	110,000,000 ordinary shares of AUD 0.001 each	100%	Australia	117,086
Precious Metals International Ltd.	100 common shares of USD 1 each	100%	British Virgin Islands	1,498
Wishbone Gold Honduras Ltd.	2,000 ordinary shares of GBP 1 each	100%	Gibraltar	3,100

Wishbone Gold Pty Ltd is an exploration company. The Company is incorporated in Australia and the registered office address is PKF, RSL Centre, Level 5, 9 Beach Road, Surfer's Paradise QLD 4217, Australia.

In the previous reporting year, Wishbone Gold Tasmania Pty Limited, a dormant ex-subsidiary was dissolved and therefore the Company's investment in this subsidiary was written-off.

Precious Metals International Ltd. is a holding company that controls Black Sand FZE in the UAE. Precious Metals International Ltd. is incorporated in the British Virgin Islands and the registered office address is Nerine Chambers, P.O. Box 905, Road Town, Tortola, British Virgin Islands.

11. Investments - continued

Wishbone Gold Honduras Ltd. is a company incorporated in Gibraltar and the registered office address is at Suite 16, Watergardens 5, Waterport Wharf, Gibraltar. In the previous years, the company has not been consolidated into the financial statements since there were no transactions in the company which are material at a group level.

12. Impairment of investments

	2018 US$	**2017 US$**
Impairments recognised during the year	-	1,108

13. Current liabilities

	2018 US$	**2017 US$**
Group		
Trade payables	241,258	233,378
Accruals and deferred income	176,296	72,316
Loan from Canon Street Investments Ltd	21,783	-
Loan from YAII PN Ltd (note 1)	-	368,156
Loan from Sanderson Capital Partners Limited	423,839	524,338
	863,176	1,198,188

Company	**2018 US$**	**2017 US$**
Trade payables	240,063	229,168
Accruals and deferred income	162,884	58,904
Unpaid share capital	3,100	-
Loan from YAII PN Ltd (note 1)	-	368,156
Loan from Sanderson Capital Partners Limited	423,839	524,338
Amount due to related party undertaking	19,424	-
	849,310	1,180,566

The loan from Sanderson Capital Partners Limited falls due for payment within 12 months from 31 December 2018 and therefore is recognised as a current liability as at 31 December 2018.

14. Share capital – Group and Company

	2018 US$	2017 US$
Authorised: 3,000,000,000 Ordinary Shares of £0.001 (US$0.0016) each	4,800,000	4,800,000

	2018 No	2017 No	2018 US$	2017 US$
Allotted and called up: Ordinary shares of £0.001 (US$ 0.0016) each	2,144,831,466	1,305,256,635	2,872,843	1,770,406

On 2 July 2013, the Company approved the conversion of £207,222 of expenses and debts into 11,841,307 ordinary shares to the Directors at a price of 1.75p to satisfy debts and expenses incurred on behalf of the Company.

On 18 December 2013, the Company approved the conversion of £7,500 of expenses into 272,727 shares at the price of 2.75p.

On 7 March 2014, the Company issued 45,772,693 ordinary shares in exchange for 1,031,360 ordinary shares in Global Resources Investment Trust, net of issue costs of US$34,450.

The Company undertook a conditional Placing and Open Offer on 4 April 2014. A total of new issues, including commission shares, of 33,677,181 new ordinary shares were admitted to trading AIM on 28 April 2014 which raised US$780,792 net of expenses of US$32,682.

On 17 July 2014, the Company approved the conversion of £7,500 of expenses into 500,000 new ordinary shares at the price of 1.5p.

On 1 September 2015, the Company approved the issue of 100,000,000 shares at a price of 0.25p per share to raise £250,000 gross.

On 11 September 2015, the Company settled £992,123 of debts including outstanding directors' fees and expenses and repaid loans from the Black Swan group through the issue of 396,849,129 shares at a price of 0.25p per share.

On 5 February 2016, Wishbone acquired Precious Metals International Ltd ("PMI") and its wholly owned subsidiary, Black Sand FZE in an all share transaction.

The terms of the acquisition are an initial payment of 240,000,000 ordinary shares of 0.1p each in the Company with a further payment of an additional 240,000,000 ordinary shares once the annual profit after tax of the PMI Group exceeds $1m. This values the initial consideration for the PMI Group at £648,000 (US$779,127), based on the Company's closing mid-market. The net assets acquired were US$50,510 leading to goodwill of US$748,617.

On 3 June 2016, Wishbone agreed a two-year loan facility of $3m from Sanderson Capital Partners Limited.

A 10% commitment fee was payable in ordinary shares of Wishbone. The 38,657,037 shares of 0.1p each, was issued at a price of 0.54p per ordinary share, being the closing mid-market price of the company's shares on 3 June 2017.

On 28 September 2016, Wishbone raised £600,000 (before expenses) through a placing via its broker, Beaufort Securities Limited of 80,000,000 new ordinary shares of 0.001p each at a price of 0.0075p per ordinary share. The Company has also issued 5,000,000 warrants with an exercise price of 1.2p with a life of two years to Beaufort Securities Limited.

14. Share capital – Group and Company - continued

On 27 October 2016, Wishbone raised £400,000 (before expenses) through a placing via its broker, Beaufort Securities Limited, of 50,000,000 new ordinary shares of 0.1p each at a price of 0.8p per ordinary share. The Company has also issued 3,076,923 warrants with an exercise price of 1.3p with a life of two years to Beaufort Securities Limited.

On 18 August 2017, Wishbone raised £800,000 (before expenses) through a fundraising from institutional investors, arranged by RiverFort Global Capital at an issue price of 0.7 pence per new ordinary share. The arrangement included up to US$2 million via an Investment Agreement ('Investment') with YA II PN, Ltd arranged by RiverFort with an initial drawdown of US$400,000 repayable on the first anniversary of the date of drawdown. Any further tranches may be drawn down if agreed with the Company and at YA II's absolute discretion. The Company granted 8,934,663 warrants. All warrants granted have a strike price of 140% of the 5 day volume weighted average price of the ordinary shares prior to the date of the relevant grant of warrants. The warrants are non-transferable and capable of exercise in whole or in part at any time prior to the third anniversary of the date of grant.

On 17 October 2018, Wishbone raised £566,764 (before expenses) through a placing via its broker, Turner Pope Investments Limited, of 566,764,286 new ordinary shares of 0.1p each at a placing price of 0.1p per ordinary share. The company also issued 212,210,545 shares to the Directors of the company in lieu of outstanding fees and expenses as well as 60,600,000 shares to suppliers in lieu of outstanding invoices. The Company has also issued 347,800,000 warrants with an exercise price of 0.1p with a life of two years to Turner Pope Investments Limited.

Ordinary shares carry a right to receive notice of, attend, or vote at any Annual General and Extraordinary General Meetings of the company. The holders are entitled to receive dividends declared and paid by the Company.

15. Loans

Group	**2018 US$**	**2017 US$**
Current		
Loan to EcoGreen del Peru SAC	199,864	199,891
Loan to Narh Global Services Ltd	-	108,765
	199,864	308,656
Non-current		
Equity sharing agreement	-	680,476
	-	680,476

Company	**2018 US$**	**2017 US$**
Current		
Loan to Narh Global Services Ltd	-	108,765
Amounts owed by subsidiary undertakings (note 21)	1,600,018	1,816,266
	1,600,018	1,925,031
Non-current		
Equity sharing agreement	-	680,476
	-	680,476

15. Loans - continued

The loans relate to the provision of interest-free loan facilities to Narh Global Services Ltd and EcoGreen del Peru SAC to support their gold mining and procurement operations. The loan facilities are repayable on demand. The loan to Narh Global Services Ltd has been written-off as this was determined to be non-recoverable during the year.

During the year, the Company agreed to terminate the equity sharing arrangement with D-Beta One EQ. The net effect of the termination on the Company's and Group's profit and loss is US$797,220.

16. Share based payments

Details of the warrants and share options in issue during the year ended 31 December are as follows:

	Number of Warrants / options 2018 No	Average exercise price 2018 US$	Number of Warrants / options 2017 No	Average exercise price 2017 US$
Outstanding at 1 January	17,011,586	1.0986	8,076,923	1.2381
Lapsed/terminated during the year	(17,011,586)	0.9590	-	-
Issued during the year	347,800,000	1.2708	8,934,663	0.9590
Exercised during the year	(1,750,000)	1.2761	-	-
Outstanding at 31 December	346,050,000	1.1511	17,011,586	1.0986

Fair value is measured by use of the Black & Scholes model with the assumption of 50% future market volatility and a future interest rate of 1% per annum based on the current economic climate. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and exercise restrictions. The fair value of share options and warrants granted as at 31 December 2018 was US$nil (2017: US$nil).

17. Financial instruments

The Group's financial instruments comprise of cash and cash equivalents, borrowings and items such as trade payables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

Classification of financial instruments

All Group financial assets are classified at amortised cost. All of the Group's financial liabilities classified as other financial liabilities are also held at amortised cost. The carrying value of all financial instruments approximates to their fair value.

Fair values of financial instruments

In the opinion of the directors, the book values of financial assets and liabilities represent their fair values.

18. Financial risk management

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. The Directors do not believe the Group is exposed to any material equity price risk. The policies are set by the Board of Directors.

Credit risk

The Group's credit risk is primarily attributable to its cash and cash equivalents. However, these are deposited at reputable financial institutions, therefore management do not consider the risk to be significant.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was US$808,126 (2017: US$1,746,012).

The total of other receivables and cash and cash equivalents constitutes all of the financial assets held by the Group.

Interest rate risk

The Group's interest-bearing assets comprise only cash and cash equivalents and earn interest at a variable rate. The Group has a policy of maintaining debt at fixed rates which are agreed at the time of acquiring debt to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of the policy should the Group's operations change in size or nature.

No sensitivity analysis for interest rate risk has been presented as any changes in the rates of interest applied to cash balances would have no significant effect on either profit or loss or equity.

The Group has not entered into any derivative transactions during the year under review.

Liquidity risk

The Group actively maintains cash balances that are designed to ensure that sufficient funds are available for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. All of the Group's financial liabilities are measured at amortised cost. Details of the Group's funding requirements are set out in note 19.

Non-derivative financial liabilities, comprising loans payable, trade payables and accruals of US$863,176 (2017: US$1,198,188) are repayable within 1-12 months from the year end, apart from directors fees which are due within 12 months. The amounts represent the contractual undiscounted cash flows, balances due equal their carrying balances as the impact of discounting is not significant.

Foreign currency exchange rate risk

The Group undertakes certain transactions in foreign currencies. Hence, exposure to exchange rate fluctuations arises.

The Group incurs foreign currency risk on transactions denominated in currencies other than its functional currency. The principal currency that gives rise to this risk at Group level is the Australian Dollar. At the year end, the Group's exposure to the currency is minimal; accordingly any increase or decrease in the exchange rates relative to the functional currency would not have a significant effect on the financial statements.

19. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as being share capital plus reserves. The Board of Directors monitor the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary, by issuing new shares. The Group is not subject to any externally imposed capital requirements. There were no changes in the Group's approach to capital management during the year.

20. Commitments

Annual expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various authorities.

These obligations are subject to periodic renegotiations. These obligations are not provided for in the financial statements and as at 31 December 2018 and 31 December 2017 are payable as follows:

	2018	**2017**
	US$	**US$**
Within one year	122,718	96,906
After one year but not more than five years	420,808	598,280
	543,526	695,186

21. Related parties

The Company wholly owns Wishbone Gold Pty Ltd, an Australian entity that is engaged in the exploration of gold in Australia. The Company's investment in Wishbone Pty Ltd was US$150,542 as at 31 December 2018 (2017: US$ 150,551). The financial and operating results of this subsidiary have been consolidated in these financial statements.

Wishbone Pty Ltd, as at 31 December 2018, has a loan outstanding from Wishbone Gold Plc of the following amounts:

	2018	**2017**
	US$	**US$**
Outstanding at 1 January	524,802	464,241
Additions during the year	3,794	60,561
Outstanding at 31 December	528,596	524,802

Precious Metals International Ltd., through the subsidiary Black Sand FZE as at 31 December 2018, has a loan outstanding from Wishbone Gold Plc of the following amounts:

	2018	**2017**
	US$	**US$**
Outstanding at 1 January	1,291,464	700,692
(Repayments)/additions during the year	(220,042)	590,772
Outstanding at 31 December	1,071,422	1,291,464

21. Related parties – continued

The above company also has a loan outstanding to Wishbone Gold Plc of the following amounts:

	2018 US$	2017 US$
Outstanding at 1 January	-	-
Additions during the year	19,424	-
Outstanding at 31 December	19,424	-

The intercompany loans are repayable on demand and do not attract any interest.

The Company wholly owns Wishbone Gold Honduras Ltd. ("Wishbone Honduras"), a company registered in Gibraltar. Solent Nominees Ltd previously held the shares of Wishbone Honduras on behalf of the Company. During the year, the title of the shares have been transferred to the Company as the legal and beneficial owner. In addition, Black Sand FZE transferred the title of the Group's equipment to Wishbone Honduras during the year.

Asian Commerce and Commodities Trading Co. Ltd. (ACCT), a company registered in Thailand, is 49% owned by the Company. The fair value of the net assets of this affiliate have been assessed as having no value, thus, not recognised in both the Group and the Company's accounts. Management had the option to increase its shareholdings to 95% in order to gain control but did not exercise that option. Management believes that it has no control over this entity and therefore, not consolidated in the group level. During the year, Black Sand FZE charged management fees to ACCT amounting to US$60,000 (2017: US$nil) recognised in the Group's profit and loss as trading income.

The following summarises the fees incurred in respect of directors' and officers' services for the year ended 31 December 2018 and 2017, and the amounts settled by the Company by way of share issues and cash:

<u>31 December 2018</u>	Balance as at 1 January 2018 US$	Charge (reversal) for the year US$	Settled in shares US$	Settled in cash US$	Balance as at 31 December 2018 US$
Richard Poulden	81,462	100,000	(151,816)	-	29,646
Jonathan Harrison	16,875	16,900	(27,967)	-	5,808
George Cardona	12,656	(12,656)	-	-	-
Alan Gravett	16,875	16,900	(29,580)	-	4,195
Professor Michael Mainelli	11,251	16,899	(22,596)	-	5,554
Total	139,119	138,043	(231,959)	-	45,203

21. Related parties – continued

<u>31 December 2017</u>	Balance as at 1 January 2017 US$	Charge for the year US$	Settled in shares US$	Settled in cash US$	Balance as at 31 December 2017 US$
Richard Poulden	47,548	152,452	(100,000)	(18,538)	81,462
Jonathan Harrison	24,239	16,875	(16,910)	(7,329)	16,875
George Cardona	24,233	12,656	(16,875)	(7,358)	12,656
Alan Gravett	24,233	16,875	-	(24,233)	16,875
Professor Michael Mainelli	23,301	18,887	(30,937)	-	11,251
Total	143,554	217,745	(164,722)	(57,458)	139,119

Richard Poulden's services are billed by Black Swan FZE, in which Richard Poulden, a director of the Company, has an interest, for consultancy services. During the year, the Company was billed by Black Swan FZE for various administrative expenses of US$133,226 (2017: US$nil).

Jonathan Harrison's services are billed by Easy Business Consulting Limited, in which Jonathan Harrison, a director of the Company, has an interest, for consultancy services. Professor Michael Mainelli's services are billed by Z/Yen Group Limited, in which Professor Michael Mainelli, a director of the Company, has an interest, for consulting services.

Damson Communications ("Damson") is a related party by virtue of it being partly owned by a family trust of Richard Poulden being a shareholder of the related party. During the year, the Company was billed by Damson for professional fees of US$40,964 (2017: US$20,806).

22. Ultimate controlling party

The directors believe that there is no single ultimate controlling party.

23. Events after the reporting date

The following events took place after the year end:

Wishbone appointed Beaumont Cornish as its nominated advisor on 7th February 2019.

24. Availability of accounts

The full report and accounts are being posted on the Company's website, www.wishbonegold.com.

25. Contingent liability

There is some risk that native title, as established by the High Court of Australia's decision in the Mabocase, exists over some of the land over which Wishbone Gold Pty Limited holds tenements or over land required for access purposes.

Wishbone Gold Pty Limited is unable to determine the prospects for success or otherwise of the future claims and, in any event, whether or not and to what extent the future claims may significantly affect Wishbone Gold Pty or its projects.

There are no contingent liabilities outstanding at 31 December 2018 and 31 December 2017.