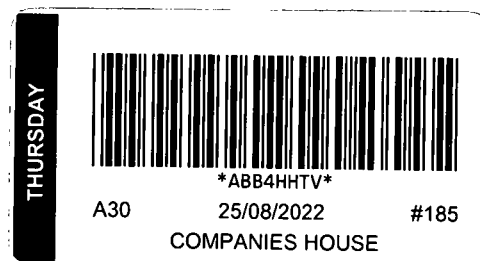


FLINTRIDGE RESOURCES LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



FLINTRIDGE RESOURCES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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FLINTRIDGE RESOURCES LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:	A Buckley B Morris
REGISTERED OFFICE:	3A St Kildas Road Harrow Middlesex HA1 1QD
REGISTERED NUMBER:	08707186 (England and Wales)
AUDITORS:	Baker Tilly Mooney Moore Statutory Auditors 17 Clarendon Road Clarendon Dock Belfast Co. Antrim BT1 3BG
BANKERS:	Barclays Bank PLC Scrubbs lane Leicestershire Leicestershire LE87 2BB
SOLICITORS:	Elliot Duffy Garrett 40 Linenhall Street Belfast Co. Antrim BT2 8BA

FLINTRIDGE RESOURCES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

Company Overview

The Company is wholly owned by an Ontario holding company, Cavanacaw Corporation. During 2014 the company acquired an interest in Northern Ireland exploration licence areas, freehold land and property, a production facility and some mobile plant and other assets from Omagh Minerals Limited. The granting of planning consent in 2015 for an underground operation at the Omagh site permits the continuation and expansion of gold mining. This planning consent was appealed by a third party in a judicial review hearing completed in February 2017. Judgement was received in September 2017 whereby the third party's request for the quashing of the planning consent was denied.

In November 2017, Galantas received notice of an application by the third party to the Court of Appeal in relation to the positive judicial review judgment. During the fourth quarter of 2018 the Court of Appeal delivered its judgement in regard to an appeal against the Company's planning consent. The Court has determined that the appeal has failed and thus the planning consent is confirmed.

The Cavanacaw mine operation was ramped up in 2021 following changes to the Board of Directors and strengthening of the mine operations team.

A 4,000m exploration programme was started in mid-2021, with drilling on surface and underground delivering positive results on both the Kearney and Joshua veins. Some regulatory issues have delayed further surface drilling in 2022 however drilling continues underground in the mine.

Development and rehabilitation of the working levels on the vein continued and a new level was started lower in the vein at 1048 level. Resourcing of manpower and equipment, development of safe working practices and upgrading of mine services were the priorities with the aim of establishing a safe, productive and cost effective mine operating to best mining practice. The mine will enter a new phase when it starts production mining with ore being produced from longhole open stopes, commencing in the first half of 2022. A mine plan has been developed to 2027, based on current resources which does not include the latest drilling results which are anticipated to extend the life of mine significantly.

Maintaining positive relations with regulators has been a priority and this has been highlighted with the successful completion of the police restricted blasting period in late 2021. The restoration of the open pit was commenced in 2021 along with design work for the next phase of tailings cell construction.

Management and Staff

Overall management is exercised by one Executive Director along with a General Manager who is in charge of operations in Omagh where the mine, plant and administration employed an average of 28 people during the year.

Key Performance Driver

The key performance driver is the achievement of production and cash flow from profitably mining the deposits at Omagh.

FLINTRIDGE RESOURCES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

REVIEW OF BUSINESS (CONTINUED)

Financial analysis Period Ended December 31, 2021

The net loss for the period ended December 31, 2021 amounted to £933,476 compared with £703,582 in 2020.

Total assets at December 31, 2021 amounted to £17,108,264 compared with £13,802,341 in 2020. The main increase in assets was the ongoing development of the underground mine, continued exploration at the Cavanacaw mine site and capital spend on plant and machinery. Cash at December 31 2021 was £68,164 compared with £321,108 in 2020. Trade and other receivables are £1,350,959 compared with £1,004,279 in 2020.

Property, plant and equipment net of depreciation totalled £14,875,109 at December 31, 2021 (2020 - £12,066,240) after a depreciation charge for the year of £326,361 and asset additions of £3,136,099. Deferred development and exploration costs totalled £750,532 at December 31, 2021 (2020 - £364,014).

Current liabilities totalled £1,745,809 in 2021 (2020 - £3,242,389). This includes £196,620 payable to Ocean Partners UK Limited.

Non-current liabilities totalled £25,926,926 (2020 - £20,190,947). This includes an amount of £21,732,139 (2020 - £18,813,503) owed to group undertakings and interest bearing loans and borrowings of £1,412,743 (2020 - £1,377,444) payable to Ocean Partners UK Limited and £2,782,044 (2020 - £nil) payable to related parties.

PRINCIPAL RISKS AND UNCERTAINTIES

Flintridge Resources Limited operates in a sector - early stage mineral production and exploration - which carries inherent risks only some of which are within management's ability to reduce or remove. The main sector risk is always metal price and US dollar value. The main risks identified and considered are:

1. Ore Reserves Tonnage and grade of ore may be lower than anticipated. The Kearney deposit along strike and to depth has been proven within the confines of the initial open pit and indicated well beyond. Nevertheless, the ore is variable in detail and it has proved difficult to mine at a consistent grade and supply the plant with sufficient ore regularly and although the issue is being addressed, this may persist into the future.

2. Mineral Processing Generally the plant performs in line with the prior technical guidance. Alterations and modifications to equipment and operating practices have been made and have resulted in improvements in concentrate quality. However, there is no certainty that the improvements will persist and were these not to do so there would be a risk to cash flow and budget.

3. Environmental The Omagh mining project was subject to one of Ireland's lengthiest public enquiries whereat its design and operating fundamentals were challenged and defended to the satisfaction of the independent assessors and industry experts representing regulators and the Company. In operation, the facilities are subject to self monitoring and monitoring by regulators.

FLINTRIDGE RESOURCES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

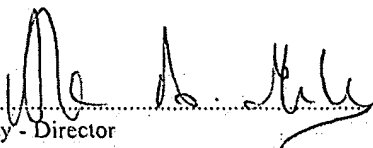
COVID-19

Covid-19 has caused significant disruption to economic activity worldwide, which has significantly impacted globally on a large number of businesses and their operations.

We continue to monitor this ever-evolving situation and the associated risks to the Company. Based on our current assessment, the impact on the company and its current operations has continued to be negligible. The Company has robust cost containment measures in place to enable the business to operate in its current market place.

Due to the nature of the event, and the large number of uncertain variables involved, it is not possible at this stage to determine the longer-term implications of the event on the Company.

ON BEHALF OF THE BOARD:


.....
A Buckley - Director

Date: 15/4/22

FLINTRIDGE RESOURCES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

DIRECTORS

The directors who have held office during the period from 1 January 2021 to the date of this report are as follows:

L O'Shaughnessy - resigned 28 September 2021

R F Phelps - resigned 14 May 2021

A Buckley - appointed 28 April 2021

B Morris - appointed 28 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

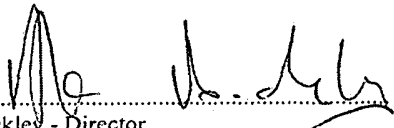
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors confirms that, so far as they are aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Baker Tilly Mooney Moore, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
A Buckley - Director

Date: 15/4/22

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FLINTRIDGE RESOURCES LIMITED

Opinion

We have audited the financial statements of Flintridge Resources Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As at 31 December 2021 the company has an accumulated deficit of £10,564,471. This, together with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FLINTRIDGE RESOURCES LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FLINTRIDGE RESOURCES LIMITED

Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and local tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and filed at the sedar website;
- obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FLINTRIDGE RESOURCES LIMITED**

Use of our report

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

Joanne Small

Joanne Small (Senior Statutory Auditor)
for and on behalf of Baker Tilly Mooney Moore
Statutory Auditors
17 Clarendon Road
Clarendon Dock
Belfast
Co. Antrim
BT1 3BG

Date: 15th April 2022

FLINTRIDGE RESOURCES LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	31.12.21 £	31.12.20 £
CONTINUING OPERATIONS			
Revenue		-	-
Cost of sales		<u>(148,383)</u>	<u>(74,346)</u>
GROSS LOSS		(148,383)	(74,346)
Other operating income		(22,109)	22,895
Administrative expenses		<u>(741,895)</u>	<u>(652,131)</u>
OPERATING LOSS		(912,387)	(703,582)
Finance costs	5	<u>(21,089)</u>	-
LOSS BEFORE INCOME TAX	6	(933,476)	(703,582)
Income tax	7	-	-
LOSS FOR THE YEAR		(933,476)	(703,582)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(933,476)</u>	<u>(703,582)</u>

The notes form part of these financial statements

FLINTRIDGE RESOURCES LIMITED (REGISTERED NUMBER: 08707186)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021

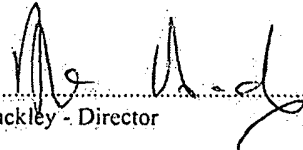
	Notes	31.12.21 £	31.12.20 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	10	750,532	364,014
Property, plant and equipment	11	14,875,109	12,066,240
Right-of-use			
		<u>15,625,641</u>	<u>12,430,254</u>
CURRENT ASSETS			
Inventories	12	63,500	46,700
Trade and other receivables	13	1,350,959	1,004,279
Cash and cash equivalents	14	68,164	321,108
		<u>1,482,623</u>	<u>1,372,087</u>
TOTAL ASSETS		<u>17,108,264</u>	<u>13,802,341</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	100	100
Retained earnings	16	(10,564,571)	(9,631,095)
TOTAL EQUITY		<u>(10,564,471)</u>	<u>(9,630,995)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	17	21,732,139	18,813,503
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	4,194,787	1,377,444
		<u>25,926,926</u>	<u>20,190,947</u>
CURRENT LIABILITIES			
Trade and other payables	17	1,306,345	552,442
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	439,464	2,689,947
		<u>1,745,809</u>	<u>3,242,389</u>
TOTAL LIABILITIES		<u>27,672,735</u>	<u>23,433,336</u>
TOTAL EQUITY AND LIABILITIES		<u>17,108,264</u>	<u>13,802,341</u>

The notes form part of these financial statements

FLINTRIDGE RESOURCES LIMITED (REGISTERED NUMBER: 08707186)

STATEMENT OF FINANCIAL POSITION - continued
31 DECEMBER 2021

The financial statements were approved for issue by the Board of Directors and authorised for issue on 15/4/22 and were signed on its behalf by:


A Buckley - Director

The notes form part of these financial statements

FLINTRIDGE RESOURCES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	100	(8,927,513)	(8,927,413)
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(703,582)</u>	<u>(703,582)</u>
Balance at 31 December 2020	<u>100</u>	<u>(9,631,095)</u>	<u>(9,630,995)</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(933,476)</u>	<u>(933,476)</u>
Balance at 31 December 2021	<u><u>100</u></u>	<u><u>(10,564,571)</u></u>	<u><u>(10,564,471)</u></u>

The notes form part of these financial statements

FLINTRIDGE RESOURCES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	31.12.21 £	31.12.20 £
Cash flows from operating activities			
Cash generated from operations	1	2,718,902	(178,917)
Lease interest paid		<u>(21,089)</u>	<u>-</u>
Net cash from operating activities		<u>2,697,813</u>	<u>(178,917)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(386,518)	(74,237)
Purchase of tangible fixed assets		(2,706,042)	(59,586)
Sale of tangible fixed assets		<u>5,000</u>	<u>-</u>
Net cash from investing activities		<u>(3,087,560)</u>	<u>(133,823)</u>
Cash flows from financing activities			
New loans in year		324,016	398,581
Payment of lease liabilities		<u>(187,213)</u>	<u>-</u>
Net cash from financing activities		<u>136,803</u>	<u>398,581</u>
(Decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	<u>321,108</u>	<u>235,267</u>
Cash and cash equivalents at end of year	2	<u><u>68,164</u></u>	<u><u>321,108</u></u>

The notes form part of these financial statements

FLINTRIDGE RESOURCES LIMITED

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	31.12.21	31.12.20
	£	£
Loss before income tax	(933,476)	(703,582)
Depreciation charges	326,361	214,990
Profit on disposal of fixed assets	(4,131)	-
Finance costs	21,089	-
	(590,157)	(488,592)
Increase in inventories	(16,800)	(5,750)
Increase in trade and other receivables	(346,680)	(105,328)
Increase in trade and other payables	753,903	420,753
Increase in contract liabilities	2,918,636	-
Cash generated from operations	<u>2,718,902</u>	<u>(178,917)</u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>68,164</u>	<u>321,108</u>

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>321,108</u>	<u>235,267</u>

The notes form part of these financial statements

FLINTRIDGE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GOING CONCERN

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The directors remain confident of securing sufficient financing to fund ongoing operational activity and the development of the underground mine

Should the company be unsuccessful in securing the above, there would be significant uncertainty over the company's ability to continue as a going concern.

The going concern assumption is dependent on forecast cash flows being met, further financing currently being negotiated being completed together with the continued support of both Cavanacaw Corporation and Galantas Gold Corporation. The directors' assumptions in relation to future financing, levels of production, gold prices and mine operating costs are crucial to forecast cash flows being achieved. Should production be significantly delayed, revenues fall short of expectations or operating costs and capital costs increase significantly, there may be insufficient cash flows to sustain day to day operations without seeking further finance.

The Group is in negotiations with its current investors to meet the financial requirements of the Company for the foreseeable future. Both Cavanacaw Corporation and Galantas Gold Corporation have indicated their willingness to continue to support the company therefore the directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

Based on the financial projections which have been prepared for a five-year period and using assumptions which the directors believe to be prudent, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

The financial statements do not include any adjustments that would result if forecast cash flows were not achieved, if the aforementioned companies withdrew their support or if further financing could not be raised from current investors.

2. STATUTORY INFORMATION

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

FLINTRIDGE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

3. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The primary areas in which estimates and judgements are applied are as follows:

Reserves and Resources

The determination of reserves and resources requires a wide variety of assessments regarding the geology of the ore body, the mining plans and economic viability which are all subject to inherent uncertainties. Changes in proven and probable reserves have a direct impact on depreciation rates applied to mining assets which are calculated on a unit of production basis.

Rehabilitation costs

The nature of the mining operation gives rise to environmental obligations which are reflected in the rehabilitation provision. The level of provision needs to reflect the present value of the future remediation costs. This involves significant judgements as there are numerous factors that will affect the ultimate amount payable.

Recovery of Deferred Tax

Judgement is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the company will generate sufficient taxable profits in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows.

Property, plant and equipment

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

Freehold property	- 4% on cost
Short leasehold	- 20% on reducing balance
Assets Under Construction	- not provided
Plant and machinery	- 20% on reducing balance
Fixtures, fittings & equipment	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Inventories are comprised of finished goods, concentrate inventory, work in progress amounts and stockpiled ore.

All inventories are recorded at the lower of production costs on a first-in, first-out basis, and net realisable value. Production costs include costs related to mining, crushing, mill processing, as well as depreciation on production assets and certain allocations of mine-site overhead expenses attributable to the manufacturing process.

FLINTRIDGE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

3. ACCOUNTING POLICIES - continued

Taxation

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Impairment of assets

Intangible assets with finite useful lives and property, plant and equipment are tested for impairments if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is carried out, the recoverable amount is assessed by reference to the higher of the net present value of expected future cash flows of the relevant cash generating unit and the fair value less cost to sell.

If a cash generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount. Impairment losses are allocated on a pro rata basis against other assets.

Where an impairment loss is recognised against an asset it may be reversed in future periods where there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised, except in respect of impairment of goodwill which may not be reversed in any circumstances.

4. EMPLOYEES AND DIRECTORS

	31.12.21	31.12.20
	£	£
Wages and salaries	161,796	94,345
Social security costs	15,529	11,277
Other pension costs	14,003	14,680
	<u>191,328</u>	<u>120,302</u>

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

	31.12.21	31.12.20
Administration	1	1
Exploration, development and production	27	20
	<u>28</u>	<u>21</u>

	31.12.21	31.12.20
	£	£
Directors' remuneration	-	-

FLINTRIDGE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. NET FINANCE COSTS

	31.12.21	31.12.20
	£	£
Finance costs:		
Leasing	<u>21,089</u>	<u>-</u>

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting):

	31.12.21	31.12.20
	£	£
Cost of inventories recognised as expense	148,383	74,346
Depreciation - owned assets	326,361	214,990
Profit on disposal of fixed assets	(4,131)	-
Auditors' remuneration	19,500	24,000
Foreign exchange differences	<u>22,109</u>	<u>(22,895)</u>

7. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Factors affecting the tax expense

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

	31.12.21	31.12.20
	£	£
Loss before income tax	<u>(933,476)</u>	<u>(703,582)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(177,360)	(133,681)
Effects of:		
Capital allowances in excess of depreciation	(442,652)	(189,018)
Disallowed expenses	(789)	2,970
Losses brought forward	620,801	319,729
	<u>-</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>

A potential deferred tax asset of £2,902,804 (2020 £2,622,060) has not been recognised as there is insufficient certainty over its recoverability.

A number of changes to the UK corporation tax system were announced in the 2021 Budget which will increase the main rate of corporation tax to 25% from the financial year 2023. The company's potential deferred tax balances have been updated to reflect this change.

FLINTRIDGE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. REVENUES

Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019.

Concentrate sales provisional revenues during the year ended December 31, 2021 totalled approximately £748,966 (2020: £1,167,419). Until the mine reaches the commencement of commercial production the net proceeds from concentrate sales will continue to be offset against Development assets.

9. IMPAIRMENT

The Company conducts impairment testing on an annual basis. The cash generating unit for the purpose of impairment testing is the Omagh Mine. The basis on which the recoverable amount is assessed is its value in use. The cash flow forecast employed for the value in use computation is for a five year period discounted at a rate reflective of market conditions.

The most critical assumption for the value in use calculation is the granting of planning permission for the development of an underground mine. Planning permission was granted but was the subject of a judicial review which found in favour of the Company in September 2017. The judicial review decision was then appealed by a third party to the Court of Appeal in relation to the positive judicial review judgment. This appeal was completed in February 2018 and later in 2018 the Court of Appeal delivered its judgement in regard to an appeal against the Company's planning consent. The Court has determined that the appeal has failed and thus the planning consent is confirmed.

Other key assumptions to which the value in use calculation is sensitive are long term commodity prices, production levels, operating costs and securing financing to scale up production to commercial levels as referred to in note 1.

10. INTANGIBLE ASSETS

	Exploration Costs £
COST	
At 1 January 2021	364,014
Additions	<u>386,518</u>
At 31 December 2021	<u>750,532</u>
NET BOOK VALUE	
At 31 December 2021	<u>750,532</u>
At 31 December 2020	<u>364,014</u>

FLINTRIDGE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Short leasehold £	Development Asset £	Assets Under Construction £
COST				
At 1 January 2021	223,645	70,000	11,071,960	-
Additions	-	-	2,035,007	324,698
Disposals	-	-	-	-
At 31 December 2021	<u>223,645</u>	<u>70,000</u>	<u>13,106,967</u>	<u>324,698</u>
DEPRECIATION				
At 1 January 2021	56,996	51,602	-	-
Charge for year	8,946	3,680	-	-
Eliminated on disposal	-	-	-	-
At 31 December 2021	<u>65,942</u>	<u>55,282</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE				
At 31 December 2021	<u>157,703</u>	<u>14,718</u>	<u>13,106,967</u>	<u>324,698</u>
At 31 December 2020	<u>166,649</u>	<u>18,398</u>	<u>11,071,960</u>	<u>-</u>

	Plant and machinery Totals £	Fixtures, fittings & equipment £	Motor vehicles £	£
COST				
At 1 January 2021	1,640,314	63,547	53,125	13,122,591
Additions	737,316	16,328	22,750	3,136,099
Disposals	(3,673)	-	-	(3,673)
At 31 December 2021	<u>2,373,957</u>	<u>79,875</u>	<u>75,875</u>	<u>16,255,017</u>
DEPRECIATION				
At 1 January 2021	891,956	25,787	30,010	1,056,351
Charge for year	294,155	8,113	11,467	326,361
Eliminated on disposal	(2,804)	-	-	(2,804)
At 31 December 2021	<u>1,183,307</u>	<u>33,900</u>	<u>41,477</u>	<u>1,379,908</u>
NET BOOK VALUE				
At 31 December 2021	<u>1,190,650</u>	<u>45,975</u>	<u>34,398</u>	<u>14,875,109</u>
At 31 December 2020	<u>748,358</u>	<u>37,760</u>	<u>23,115</u>	<u>12,066,240</u>

FLINTRIDGE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. INVENTORIES

	31.12.21	31.12.20
	£	£
Stocks	<u>63,500</u>	<u>46,700</u>

13. TRADE AND OTHER RECEIVABLES

	31.12.21	31.12.20
	£	£
Current:		
Trade debtors	345,322	168,580
Amounts owed by group undertakings	386,917	370,998
Other debtors	393,633	300,000
VAT	141,175	33,680
Prepayments and accrued income	<u>83,912</u>	<u>131,021</u>
	<u>1,350,959</u>	<u>1,004,279</u>

14. CASH AND CASH EQUIVALENTS

	31.12.21	31.12.20
	£	£
Bank accounts	<u>68,164</u>	<u>321,108</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.21	31.12.20
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

16. RESERVES

	Retained earnings £
At 1 January 2021	(9,631,095)
Deficit for the year	<u>(933,476)</u>
At 31 December 2021	<u>(10,564,571)</u>

FLINTRIDGE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. TRADE AND OTHER PAYABLES

	31.12.21 £	31.12.20 £
Current:		
Trade creditors	706,390	160,185
Social security and other taxes	103,188	38,409
Accrued expenses	<u>496,767</u>	<u>353,848</u>
	<u>1,306,345</u>	<u>552,442</u>
Non-current:		
Amounts owed to group undertakings	<u>21,732,139</u>	<u>18,813,503</u>
Aggregate amounts	<u>23,038,484</u>	<u>19,365,945</u>

18. FINANCIAL LIABILITIES - BORROWINGS

	31.12.21 £	31.12.20 £
Current:		
Other loans	196,620	2,689,947
Leases (see note 19)	<u>242,844</u>	<u>-</u>
	<u>439,464</u>	<u>2,689,947</u>
Non-current:		
Other loans - 1-2 years	<u>4,194,787</u>	<u>1,377,444</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	Totals £
Other loans	196,620	4,194,787	4,391,407
Leases	<u>242,844</u>	<u>-</u>	<u>242,844</u>
	<u>439,464</u>	<u>4,194,787</u>	<u>4,634,251</u>

FLINTRIDGE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

18. FINANCIAL LIABILITIES - BORROWINGS - continued

Loans from related parties are secured by the following:

1. Land and buildings comprised at Folios 8759, 8760, 8767, TY18009, TY18233, TY67862, TY93810 & TY61494L.
2. Fixed charge over all buildings, structures, fixtures (including trade fixtures) and fixed and moveable plant, machinery and equipment from time to time therein.
3. Fixed charge over all rents receivable from any lease granted out of any real property.
4. Fixed charge over the benefit of all covenants and rights relating to the real property and the benefit of all easements serving or relating to such property.
5. Fixed charge over all fixtures and fittings, furniture, plant and machinery, vehicles and computer equipment (present and future) not regularly disposed of in the ordinary course of business together with all right, title and interest under any agreements relating to the purchase, lease, hire purchase or maintenance of the same.
6. Fixed charge over all goodwill and uncalled capital (present and future).
7. Fixed charge over all choses in action, claims and intellectual property rights (including contract rights in patents, inventions, copyrights, design rights, trademarks, service marks, database rights, confidential information, know-how, domain names and business names), present and future.
8. Fixed charge over all debts and the proceeds of payment or realisation of each of them until the payment of such proceeds into the Collection Account.
9. Fixed charge over all funds standing to the credit of the chargor from time to time on any account with the chargee or any other chargee or financial institution.
10. Fixed charge over all negotiable instruments at any time drawn, issued or endorsed in favour of, or held by or on behalf of, the chargor, including any such instruments which at any time have been deposited with the chargee.
11. Fixed charge over all policies of insurance (present and future) and the proceeds of each policy of insurance issued in relation to the charged assets.
12. Floating charge over all property, assets and rights whatsoever, present and future, wherever situate not from time to time subject to a mortgage or fixed charge.

Loans from third party providers are secured by the following:

1. As per items 1 to 12 above as well as land comprised at Folio TY99284.

19. LEASING

Lease liabilities

As at 31 December 2021 the Gross obligations repayable within one year amounted to £254,590 (31 December 2020: £nil) and the Finance charges repayable within one year amounting to £11,746 (31 December 2020: £nil).

20. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Cavanacaw Corporation, a company incorporated in Canada.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Galantas Gold Corporation which is also incorporated in Canada. Copies of the group financial statements are available from the company secretary at 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

FLINTRIDGE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

21. RELATED PARTY DISCLOSURES

Flintridge Resources Limited and Omagh Minerals Limited are controlled by Cavanacaw Corporation.

During the year the following transactions took place between Flintridge Resources Limited and Omagh Minerals Limited:

- (a) Expenditure paid by Omagh Minerals Limited on behalf of Flintridge Resources Limited totalling £876.
- (b) Expenditure paid by Flintridge Resources Limited on behalf of Omagh Minerals Limited totalling £16,795.

During the period there were no transactions between Flintridge Resources Limited and Cavanacaw Corporation.

The ultimate parent company of Flintridge Resources Limited is Galantas Gold Corporation.

During the year the following transactions took place:

- (a) Loan advances from Galantas Gold Corporation totalling £3,374,647.
- (b) Expenditure paid by Flintridge Resources Limited on behalf of Galantas Gold Corporation totalling £456,011.

One of the former directors' of Flintridge Resources Limited is also a director of G & F Phelps Limited, a company incorporated in the United Kingdom. During the year the following transactions took place:

- (a) Interest on loan of £186,609.

One of the directors' of Flintridge Resources Limited is also a director of LTMS Limited, a company incorporated in the Republic of Ireland. During the year the following transactions took place:

- (a) Purchases of £234,479.

At 31 December 2021 the amount owed by the company to:

- (a) Galantas Gold Corporation was £20,369,781.
- (b) Cavanacaw Corporation was £1,362,358.
- (c) G&F Phelps Limited was £2,782,044.
- (d) LTMS Limited was £94,512.

At 31 December 2021 the amount owed to the company by:

- (a) Omagh Minerals Limited was £386,917.

22. DEVELOPMENT AND EXPLORATION COSTS

The company has incurred development and exploration costs totalling £750,532 which is being written off at the rate the gold is being mined. To date nothing has been written off development and exploration costs as there had been no production in the period under review.

The directors have obtained independent geology reports which indicate that this expenditure should be fully recovered. The directors have also carried out an impairment review and have concluded that a further write down in the value of the intangible fixed asset is not required in the current year.