

**Registered number: 05389216**

**BLUEJAY MINING PLC (PREVIOUSLY FINNAUST MINING PLC)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED  
31 DECEMBER 2017**

# **BLUEJAY MINING PLC**

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# BLUEJAY MINING PLC

## COMPANY INFORMATION

<b>Directors</b>	Michael Hutchinson (Non-Executive Chairman) – Appointed 4 September 2017 Gregory Kuenzel (Non-Executive Director) Peter Waugh (Non-Executive Director) – Appointed 26 June 2017 Roderick McIlree (Executive Director)
<b>Company Secretary</b>	Garth Palmer CA
<b>Registered Office</b>	2 <sup>nd</sup> Floor 7-9 Swallow Street London W1B 4DE
<b>Company Number</b>	05389216
<b>Bankers</b>	HSBC Bank plc 129 New Bond Street London W1J 2JA
<b>Nominated Adviser &amp; Broker</b>	S.P. Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
<b>Independent Auditor</b>	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
<b>Solicitors</b>	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW

# BLUEJAY MINING PLC

## CHAIRMAN'S REPORT

Bluejay's change of financial year end meant that this is my first opportunity to comment as Chairman and I am delighted to be able to present these results at such an exciting time in our development.

Bluejay is set to bring into production the world's highest-grade ilmenite project in 2019, being the Dundas Ilmenite Project 'Dundas' or 'the Project') in north-west Greenland. Not only does this Project distinguish itself by grade, scale, legal jurisdiction and strategic location, it looks set to be in the lowest quartile for production costs, making it commercially very attractive. Having acquired an initial majority stake in the Project in December 2015, this has undoubtedly been a rapid rate of development, which is testament to the commitment and skill set of our team along with the quality of our Project. With multiple value triggers due in the coming year, we remain committed to maintaining this pace of progress to realise production and deliver revenues for our shareholders in the near term.

We have strong confidence that our product will be highly sought after thanks to a number of key attributes. First being the grade and size of the deposit. Post-period-end in April 2018 we delivered a 400% increase in the Project's resource, defining 96 million tonnes at 6.9% ilmenite in-situ and a further exploration target of between 20-60 million tonnes at between 6% and 10% ilmenite. Of this, an Indicated Mineral Resource equal to 81 million tonnes at 6.1% ilmenite in-situ was defined at Moriusaq, which was the target area where the incumbent resource had been identified the year before, in April 2017. These results matched our internal expectations of size and grade for the Moriusaq target area, marking a great success. What we did not expect, from both the 2017 field work and the resultant resource upgrade, was the discovery of Ilerlak. This deposit appears to host mineralisation of a similar size to Moriusaq but with much higher grades; initial sampling in 2017 of the active beaches here showed extensive areas of up to 80% ilmenite in-situ. This is incredibly significant, given that with Moriusaq alone we have already proven Dundas to be the world's highest-grade ilmenite deposit; with Ilerlak, we have the potential to surpass this record, and our own expectations, highlighting just how exceptional our Project is and the further upside opportunity.

The second defining factor that makes our Project attractive to end-users is the relatively simple and streamlined processing required. To refer to Dundas as a "mining" play is arguably not representative of the methods that will be employed to extract the high-grade ilmenite. Given that mineralisation is visible to the naked eye, only a very simple extraction and processing method will be required, which aside from the positive cost implications, ensures low environmental impact. Furthermore, the resource is chemically homogenous with low impurities, which means that wet gravity and dry magnetic circuits can produce two homogeneous and consistent grade ilmenite ores suitable for sulphate pigment as well as for sulphate and chloride slag, giving it multi-market application – something which we confirmed through the production of a bulk sample in 2017. We have also identified an opportunity to upgrade the already high in-situ ilmenite grade by up to 30% via a simple oversize separation step prior to processing, further enhancing run of mine ('ROM') grade and project economics. It is thanks to this simple processing method that we believe our Project will be in the lowest quartile of production costs, further adding to its commercial value and appeal.

Another aspect that will positively impact production costs is our location. Greenland is located such that it provides us with an ability to sell to both European and North American markets, both of which show strong demand for ilmenite. This accessible and strategic location means Bluejay's ilmenite is set to be much cheaper to ship than the majority of current ilmenite producers which are based in Africa, giving us significant competitive advantage.

In support of securing an offtake partner, in September 2017 ROM, heavy mineral concentrates, standard ilmenite and premium ilmenite samples and specifications were shipped to prospective customers. Since then we have increased our resource size and grade even further and our focus is now on securing final commercial agreements. To this end, we are engaged in a number of positive discussions and another bulk sample will be taken from the active beaches at Moriusaq in 2018, where the current resource has been defined to supply final product parcels to customers.

The results of feasibility work currently underway will also be valuable in supporting these discussions as they will give a clearer indication of the Project's economics. The results of the preliminary feasibility study are due in the coming months, which will then feed into the final feasibility report that is due to be completed later this year. We have appointed a number of leading mining consultants to undertake these studies for us, including SRK Consulting ('SRK'), who will prepare the mining schedule and assess water management aspects as well as review the study as a whole; IHC Robbins who will complete the process plant engineering & design study; Royal IHC who will finalise a dredging study, and; Amec Foster Wheeler Americas Ltd who will undertake the infrastructure and services elements.

Aside from project economics, the final feasibility report will also form a part of the exploitation licence application that is due for lodgement with the Government of Greenland in the coming months and which is expected to be approved this year. As part of this licencing application we have already successfully finalised the "Terms of Reference" for both the Environmental Impact Assessment ('EIA') and Social Impact Assessment ('SIA') and completed a White Paper, which encompasses the stakeholder consultation response period. I am pleased to report that we have had all documents accepted and approved by

# BLUEJAY MINING PLC

## CHAIRMAN'S REPORT

the Greenland Government ('Government') and the relevant licencing bodies so far, along with a high degree of support from the local community. We enjoy a positive working relationship with and strong support from the Government of Greenland – as evidenced by our award of "Prospector and Developer of the Year 2017" by the Government of Greenland in March 2018 – and we look forward to continuing to work closely with them and all of the relevant national and local authorities as we finalise our licencing applications.

The Government has defined a new five year 'Mineral and Oil Strategy 2018', which feeds into a long-standing target of opening five large scale mines in the near term, with the first opening last year and now producing gemstones, and Bluejay vying to be the next off the block.

With additional bulk sampling for offtake as well as various civil and site works anticipated to be completed during 2018 we anticipate the completion of the various studies currently underway to allow for an exploitation licence to be lodged at the end of this field season. We continue to focus on the commencement of mining during 2019, which after just three years since the project was acquired will be a fantastic achievement.

We intend to focus on the active and raised beach targets first, where we have defined the current resource and exploration target which alone has demonstrated ability to support a large and long-life mining operation. Further expansion potential exists both onshore and offshore, with an assessment of the shallow marine area due to be undertaken by SRK to evaluate the additional resources available in this environment. This will form part of our 2018 field work season commencing in July 2018. Much of this field work will focus on the Ilerlak Delta and surrounding area, with drilling, resource definition, and marine bathymetric surveys to be undertaken to help build upon the area's 20-60Mt exploration target. We are confident that significant potential exists here and believe that the Ilerlak Delta, at 2.65 million sq m, is a primary sediment (and thus ilmenite) source for the broader licence area. The entire sediment package comprising the delta has been estimated at 78-145Mt.

Alongside Dundas, the Company is simultaneously advancing the Disko Nickel, Copper, Cobalt & Platinum Project in West Greenland ('Disko'), which is of significant interest due to its geological similarities to Norilsk-Talnakh, the world's largest nickel/copper sulphide mine in northern Russia ("Norilsk"). Both Disko and Norilsk contain nickel-copper-cobalt-platinum rich Magmatic Massive Sulphides ('MMS'), with one 28-tonne boulder recovered from Disko being so significant that it is now displayed in the foyer of the Danish Geological Museum in Copenhagen. Exploration at this asset is still early stage, but results received from the 2017 field programme are overwhelmingly positive.

*In Area 1 – The Kugg Project, located on the southern peninsular.*

Surface sampling confirmed a working sulphide system with initial chemical assays in oxidised surface material returning 2.02% nickel, 0.8% copper and 0.2% cobalt. Alongside this, handheld XRF sampling on fresh, polished material returned values averaging between 4.6%-9.3% nickel and 1.5-2.8% copper, whilst a Moving Loop, High Powered Electro-Magnetic survey tested a number of low resistivity targets that had been identified by previous licensee holders.

*In Area 2 – The Illug Project, located on the northern peninsular.*

Data compilation and interpretation has identified numerous prospective targets and confirmed the presence of historically identified anomalies. These results are very encouraging and are being used to structure our 2018 work programme, which is focussed on developing drill targets. To support our exploration efforts, we have several parties interested in partnering with us and we will carefully evaluate these to determine the best way forward. Thankfully, due to the project's relatively close proximity to Dundas, we are able to undertake work at both projects cost-effectively.

As a result of the strong results we have received to date and our understanding of Disko and its potential, in May 2018 we acquired an additional 1,616km<sup>2</sup> to increase the project's licence size to 2,586km<sup>2</sup>. To put this into perspective, this now means the Disko project area is approximately the same size as Luxembourg. We believe this asset's scale and potential is yet to be reflected in our share price and accordingly believe Disko provides us with significant upside potential.

Looking at our wider portfolio, we continue to hold the Kangerluarsuk SedEx: Lead-Zinc-Silver Project in Greenland ('Kangerluarsuk') and three high-grade, multi-element base metal deposits in southern Finland. We believe Kangerluarsuk offers good development opportunity in the future. In Finland, our assets are cost sustainable for the long term whilst we assess the best ways in which to realise value. To help us best determine this, a low cost work programme has been put in place for the Outokumpu licence areas, which will include diamond drilling and ground geophysical surveys. The main objective of this work programme to target the "Kuusjärvi depression zone", which is a ~6km long section of the Outokumpu belt. Work will be conducted in two stages, with the first consisting of approximately 1,800m of drilling and ground geophysical surveys that will last approximately 2-3 months, whilst stage 2 will consist of approximately 2,000m of drilling and DHEM surveys, again lasting 2-3 months.

# **BLUEJAY MINING PLC**

## **CHAIRMAN'S REPORT**

### **Financial Review**

The loss before taxation of the Group for the 18-month period ended 31 December 2017 amounted to £2,680,708 (12 months to 30 June 2016: £620,059).

The Group's cash position at 31 December 2017 was £2,901,922 (30 June 2016: £425,046).

In February 2018 the group raised £17m by issuing 77,272,728 new ordinary shares of 0.01 pence at a price of 22 pence per share. The funds raised is to primarily support the rapid advancement of the Dundas project and its fast track into production and commercialisation. This will include completing an Environmental Impact Assessment and Social Impact Assessment, commencing procurement of long lead items to support mine plant construction and supporting infrastructure, finalising the pre-feasibility study, completing the exploitation application and lodgement and facilitating the offtake as well as other general activities. Additionally the raise will help fund the 2018 work programme at Disko and other interests in the wider project portfolio.

### **Outlook**

We have a world class asset with numerous advantages. We anticipate meaningful news flow as we get closer to exploitation licence approval and production at Dundas., Alongside this, our Disko project offers significant upside that could further transform the value of our Company. Indeed, I believe we are in an incredibly strong position to have not one but two incredible assets. Our focus is to commence mining at Dundas in 2019 and establish Bluejay as a highly profitable production company whilst unlocking the value potential of Disko.

To be in the position we are today, is the result of a great deal of hard work and skill shown by all our employees, consultants and partners. Their experience and focus has and is contributing to Bluejay creating a world class portfolio which has positioned us for strong, long-term growth. I would like to thank our shareholders for their long-term support, we are lucky to have a strong and supportive base of investors and we hope that the coming months and years will continue to be value accretive for all our stakeholders.

Michael Hutchinson  
Chairman  
30 May 2018

# BLUEJAY MINING PLC

## STRATEGIC REPORT

The Directors of the Company and its subsidiary undertakings (which together comprise the “Group”) present their Strategic Report on the Group for the period ended 31 December 2017.

### Strategic Approach

The Group’s aim is to create value for shareholders through the discovery and development of economic mineral deposits. The Group’s strategy is to continue to progress the development of its existing projects in Europe and to evaluate its existing and new mineral resource opportunities with a view to potential joint venture arrangements and/or other corporate activities.

### Organisation Overview

The Group’s business is directed by the Board and is managed on a day-to-day basis by the Chief Executive Officer. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and periodic operational reviews.

The Board comprises of one Executive Director and three Non-Executive Directors.

The Corporate Head Office of the Group is located in London, UK, and provides corporate support services to the overseas operations. Overseas operations are managed out of the Group’s office in Outokumpu, Finland and Nuuk, Greenland.

### Review of Business

In January 2017, the Group completed the acquisition of 100% of the share capital of Avannaa Exploration Limited by way of share consideration. In March 2017, the Group acquired the remaining non-controlling interest, 39.63% of the share capital, of BJ Mining Limited by way of share consideration. As a result it now owns 100% of the interest of the company.

Throughout the year, the Dundas ilmenite project has been the primary focus of the Group. The 2017 work program provided the Group with great insights to the grade and volume of ilmenite. The last part of the year’s focus for the project is to secure a offtake partner and heavy mineral concentrates, standard ilmenite and premium ilmenite samples and specifications were shipped to prospective customers. Currently feasibility studies are underway and will provide further support to exceptional results already obtained.

Alongside Dundas, the Group has a wider portfolio of prospective assets situated in the Finland and Disko area of Greenland. In Finland, the Group owns 100% of a portfolio of copper, zinc and nickel projects; the Hammaslahti Copper-Gold-Zinc Project, the Outokumpu Copper Project and the Kelkka Nickel Project. During the period drilling has been conducted on all Finnish licence areas and the Directors remain confident in the commercial potential of these projects. At Disko, the Nickel, Copper, Cobalt & Platinum Project in West Greenland, the sample results have been exceptionally positive and have exceeded the groups expectations. In May 2017, we acquired an additional 1,616km<sup>2</sup> to increase the project’s licence size to 2,586km<sup>2</sup>.

### Financial Performance Review

The loss of the Group for the period ended 31 December 2017 before taxation amounts to £2,680,708 (30 June 2016: £620,059).

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2018.

The three main KPIs for the Group are as follows. These allow the Group to monitor costs and plan future exploration and development activities:

KPI	2017	2016
Cash and cash equivalents	<b>£2,901,922</b>	£425,046
Administrative expenses as a percentage of total assets	<b>9.5%</b>	4.8%
Exploration costs capitalised during the period	<b>£4,600,044</b>	£845,261

Cash has been used to fund the Group’s operations and facilitate its investment activities (refer to the Statements of Cash Flows on page 22).

# BLUEJAY MINING PLC

## STRATEGIC REPORT

Administrative expenses are the expenses related to the Groups ability to run the corporate functions to ensure they can perform there operational commitments. The rise in these expenses for the year is due to the expansion of the Group via acquisitions and increase in operational work as a result of the positive outcome at Dundas.

Exploration costs capitalised during the period consist of exploration expenditure on the Group's exploration licences net of foreign exchange rate movements.

### **Principal Risks and Uncertainties**

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below.

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

#### ***Exploration risks***

The exploration and mining business is controlled by a number of global factors, principally supply and demand which in turn is a key driver of global mineral prices; these factors are beyond the control of the Group. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be an operating mine. At every stage of the exploration process the projects are rigorously reviewed to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets.

The principal assets of the Group comprising the mineral exploration licences are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to legislation defined by the Government; if this legislation is changed it could adversely affect the value of the Group's assets.

#### ***Dependence on key personnel***

The Group and Company is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

#### ***Uninsured risk***

The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

#### ***Funding risk***

The only sources of funding currently available to the Group are through the issue of additional equity capital in the parent company or through bringing in partners to fund exploration and development costs. The Company's ability to raise further funds will depend on the success of the Group's exploration activities and its investment strategy. The Company may not be successful in procuring funds on terms which are attractive and, if such funding is unavailable, the Group may be required to reduce the scope of its exploration activities or relinquish some of the exploration licences held for which it may incur fines or penalties.

#### ***Financial Risks***

The Group's operations expose it to a variety of financial risks that can include market risk (including foreign currency, price and interest rate risk), credit risk, and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

## **BLUEJAY MINING PLC**

### **STRATEGIC REPORT**

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

The Group Strategic Report was approved by the Board on 30 May 2018.

Roderick McIlree  
CEO

# BLUEJAY MINING PLC

## DIRECTORS' REPORT

The Directors present their annual report on the affairs of Bluejay Mining plc together with the audited Consolidated Financial Statements for the period ended 31 December 2017.

On 10 March 2017, the Company changed its name from FinnAust Mining plc to Bluejay Mining plc.

On 13 March 2017, the group has revised their accounting period to be based on a calendar year (1 January to 31 December). As a result of this, the 2017 financial year is extended to an 18-month period from 1 July 2016 to 31 December 2017.

### Dividends

The Directors do not recommend the payment of a dividend for the period (30 June 2016: nil).

### Directors & Directors' Interests

The Directors who served during the period ended 31 December 2017 are shown below and had, at that time the following beneficial interests in the shares of the Company:

	31 December 2017		1 July 2016	
	Ordinary Shares	Options	Ordinary Shares	Options
Roderick McIlree	94,577,778	-	42,966,685	-
Greg Kuenzel <sup>(1)</sup>	36,738,715	1,500,000	17,395,791	3,600,000
Graham Marshall <sup>(2)</sup>	-	-	-	-
Peter Waugh <sup>(3)</sup>	40,385	1,950,000	-	-
Michael Hutchinson <sup>(4)</sup>	-	1,800,000	-	-

(1) Greg Kuenzel's shares are held by Fitel Nominees Limited. Greg Kuenzel's options are held by Heytesbury Corporate LLP of which Greg is a partner.

(2) Graham Marshall resigned on 16 October 2017.

(3) Peter Waugh was appointed on 26 June 2017.

(4) Michael Hutchinson was appointed on 4 September 2017.

Further details on options can be found in Note 14 to the Financial Statements.

### Substantial Shareholders

The substantial shareholders with more than a 3% shareholding at 31 December 2017 are shown below:

	31 December 2017	
	Holding	Percentage
Roderick McIlree	94,577,778	12.26%
Jeremy Whybrow	92,411,111	11.98%
Sandgrove Capital Management LLP	77,301,294	10.02%
Prudential plc	75,000,000	9.72%
Gregory Kuenzal	36,738,715	4.76%
Shaun Bunn	27,241,915	3.53%
Mark McDowell	24,295,300	3.15%

### Corporate Responsibility

#### Environmental

Bluejay undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. Bluejay is a mineral explorer, not a mining company. Hence, the environmental impact associated with its activities is minimal. To ensure proper environmental stewardship on its projects, Bluejay conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

# BLUEJAY MINING PLC

## DIRECTORS' REPORT

### ***Health and safety***

Bluejay operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is regarded as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

### ***Internal Controls***

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the period. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Further details of corporate governance can be found in the Corporate Governance Report on page 12.

### ***Going Concern***

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in Note 2.4 to the Financial Statements.

### ***Directors' and Officers' Indemnity Insurance***

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the period and remain in force at the date of this report.

### ***Events after the reporting period***

Events after the reporting period are set out in Note 27 to the Financial Statements.

### ***Future Developments***

Details of future developments for the Group are disclosed in the Chairman's Report on page 3.

### ***Provision of Information to Auditor***

So far as each of the Directors is aware at the time this report is approved:

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

### ***Auditor***

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 30 May 2018 and signed on its behalf.

Greg Kuenzel  
Director

## **BLUEJAY MINING PLC**

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

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume 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 Group and 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 Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

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

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

# **BLUEJAY MINING PLC**

## **CORPORATE GOVERNANCE REPORT**

The Board of Directors currently comprises three Non-Executive Directors, one of whom is the Chairman. The Company is not required to comply with the UK Code of Corporate Governance. However, the Directors recognise the importance of sound corporate governance and the Board intends, to the extent it considers appropriate in light of the Group's size, stage of development and resources, to implement certain corporate governance recommendations.

The Directors have responsibility for the overall corporate governance of the Group and recognise the need for the highest standards of behaviour and accountability. The Board has a wide range of experience directly related to the Group and its activities and its structure ensures that no one individual or group dominates the decision making process.

### **Board Meetings**

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

### **Board Committees**

The Group has established an Audit Committee and a Remuneration Committee. In light of the size of the Board, the Directors do not consider it necessary to establish a Nomination Committee. However, this will be kept under regular review.

#### ***Audit Committee***

The Audit Committee, comprising Peter Waugh, Michael Hutchinson and Greg Kuenzel, reviews the Group's annual and interim financial statements before submission to the Board for approval. The Committee also reviews regular reports from management and the external auditor on accounting and internal control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment, and reviews the fees, of the external auditor. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

#### ***Remuneration Committee***

The Remuneration Committee, comprising Peter Waugh, Michael Hutchinson and Greg Kuenzel, is responsible for reviewing the performance of the Chief Executive Officer and for setting the scale and structure of his remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

### **Internal Controls**

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

### **Risk Management**

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

### **Securities Trading**

The Group has adopted a share dealing code for dealings in shares by directors and senior employees which is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees.

### **Relations with Shareholders**

The Board is committed to providing effective communication with the Shareholders of the Group. Significant developments are disseminated through stock exchange announcements and regular updates of the Group's website. The Board views the AGM as a forum for communication between the Group and its shareholders and encourages their participation in its agenda.

# BLUEJAY MINING PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUEJAY MINING PLC

### Opinion

We have audited the Financial Statements of Bluejay Mining plc (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2017 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's and Parent Company's loss for the period then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 23 to the Financial Statements and within the Critical Accounting Estimates and Judgements concerning the ongoing dispute with HMRC regarding the recovery of input VAT. The dispute will be heard at tribunal, the outcome of which is uncertain and this along with the other matters explained in note 23 to the Financial Statements, indicates the existence of a material uncertainty. The financial statements do not include the adjustments that would result if the Company was unsuccessful with its case at the tribunal.

### Our application of materiality

Group materiality 2017	Group materiality 2016	Basis for materiality
£400k	£345k	2% of gross assets

Our calculation of materiality increased from 2016 along with the increase in the Group's gross assets. We consider gross assets to be the most significant determinant of the Group's financial position and performance used by shareholders.

Whilst materiality for the Financial Statements as a whole was £400k, each significant component of the Group was audited to a level of materiality ranging between £30k - £400k. We apply the concept of materiality both in planning and performing

# BLUEJAY MINING PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUEJAY MINING PLC

our audit, and in evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £20k (2016: £17k). There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

### An overview of the scope of our audit

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

Of the 8 reporting components of the group, a full scope audit was performed on the complete financial information of 5 components and, for the other components, a limited scope review was performed because they were not material to the Group.

Of the 8 reporting components of the group, 2 are located in Finland and audited by a component auditor operating under our instruction, 1 component is located in Greenland and audited by a PKF network firm operating under our instruction and the audit of the remaining components were principally performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing mining exploration entities and publicly listed entities. The Senior Statutory Auditor interacted regularly with the component audit teams during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the Group and Parent Company financial statements.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of intangible assets	How the scope of our audit responded to the key audit matter
<p><b>The Group holds exploration and evaluation assets of £17.97m which relate to the Dundas Titanium Project in Greenland and a portfolio of copper, zinc and nickel projects in Finland.</b></p> <p><b>There is a risk that the exploration and evaluation assets are impaired.</b></p>	<p>We have obtained and reviewed the Directors impairment review of intangible assets which considered the areas listed as indicators of impairment under IFRS 6. Our work included the following:</p> <ul style="list-style-type: none"><li>• Obtaining the exploration licenses and ensuring they remain valid;</li><li>• Performing substantive testing on certain components capitalised additions;</li><li>• Reviewing the responses of component auditors to our instructions and reviewing their working papers;</li><li>• Reviewing the basis for valuation of exploration assets acquired through business combinations for compliance with IFRS;</li><li>• Reviewing key external reports for indicators of impairment;</li><li>• Considering the Group's future plans for the exploration projects and that activity and expenditure thereto was planned; and</li><li>• Considering whether there was an indicator that the carrying amount of capitalised expenditure was not recoverable.</li></ul>

# BLUEJAY MINING PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUEJAY MINING PLC

Investments in investments in subsidiaries (including in intercompany receivables)	How the scope of our audit responded to the key audit matter
<p>The Parent Company's net investment in subsidiaries is £19,717,873.</p> <p>The carrying value of the net investment in subsidiaries is ultimately dependent on the value of the underlying assets. Many of the underlying assets are exploration projects which are at an early stage of exploration making it difficult to determine their value. Valuations for these sites are therefore based on judgments and estimates made by the Directors - which leads to a risk of misstatement.</p>	<p>We have obtained and reviewed the Directors impairment review of the carrying value of the Parent Company's net investment in the subsidiaries. Our work included:</p> <ul style="list-style-type: none"><li>• Reviewing the impairment indicators listed in IFRS 6 including specific consideration regarding the renewal of the exploration licenses;</li><li>• Obtaining and reviewing available key external reports;</li><li>• Reviewing the audit working papers of certain components to assess impairment considerations of exploration assets made by their auditors; and</li><li>• Discussing with management the basis for impairment or non-impairment of investment in subsidiaries and loans receivable from subsidiaries.</li></ul>

### Other information

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the Group and Parent Company Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

## **BLUEJAY MINING PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUEJAY MINING PLC**

#### **Auditor's responsibilities for the audit of the Financial Statements**

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

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

#### **Use of our report**

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

**Zahir Khaki (Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor**

1 Westferry Circus  
Canary Wharf  
London E14 4HD

30 May 2018

# BLUEJAY MINING PLC

## STATEMENTS OF FINANCIAL POSITION As at 31 December 2017

Company number: 05389216

	Note	Group		Company	
		31 December 2017 £	30 June 2016 £	31 December 2017 £	30 June 2016 £
<b>Non-Current Assets</b>					
Property, plant and equipment	6	631,054	16,883	8,333	4,577
Intangible assets	7	17,971,795	12,627,680	-	-
Investment in subsidiaries	8	-	-	19,717,873	13,505,274
		<b>18,602,849</b>	12,644,563	<b>19,726,206</b>	13,509,851
<b>Current Assets</b>					
Trade and other receivables	9	642,870	175,685	620,891	111,176
Cash and cash equivalents	10	2,901,922	425,046	2,820,884	371,485
		<b>3,544,792</b>	600,731	<b>3,441,775</b>	482,661
<b>Total Assets</b>		<b>22,147,641</b>	13,245,294	<b>23,167,981</b>	13,992,512
<b>Non-Current Liabilities</b>					
Deferred Tax Liabilities	12	496,045	373,343	-	-
		<b>496,045</b>	373,343	-	-
<b>Current Liabilities</b>					
Trade and other payables	11	564,471	392,754	358,306	368,403
<b>Total Liabilities</b>		<b>1,060,516</b>	766,097	<b>358,306</b>	368,403
<b>Net Assets</b>		<b>21,087,125</b>	12,479,197	<b>22,809,675</b>	13,624,109
<b>Equity attributable to owners of the Parent</b>					
Share capital	13	5,967,268	5,938,572	5,967,268	5,938,572
Share premium	13	27,220,576	16,183,675	27,220,576	16,183,675
Deferred shares		1,825,104	1,825,104	1,825,104	1,825,104
Reverse acquisition reserve		(8,071,001)	(8,071,001)	-	-
Other reserves	15	1,121,097	470,700	312,045	355,809
Retained losses		(6,975,919)	(4,458,414)	(12,515,318)	(10,679,051)
<b>Total equity attributable to owners of the Parent</b>		<b>21,087,125</b>	11,888,636	<b>22,809,675</b>	13,624,109
<b>Non-controlling interest</b>		-	590,561	-	-
<b>Total Equity</b>		<b>21,087,125</b>	12,479,197	<b>22,809,675</b>	13,624,109

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income. The loss for the Company for the period ended 31 December 2017 was £1,999,470 (year ended 30 June 2016: £10,247).

The Financial Statements were approved and authorised for issue by the Board of Directors on 30 May 2018 and were signed on its behalf by:

Greg Kuenzel  
Director

The Notes on pages 23 to 48 form part of these Financial Statements.

# BLUEJAY MINING PLC

## CONSOLIDATED INCOME STATEMENT For the period ended 31 December 2017

		Period ended 31 December 2017	Year ended 30 June 2016
	Note	£	£
<b>Continued operations</b>			
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>			
Administrative expenses	21	(2,111,312)	(629,046)
Foreign exchange		70,953	8,737
<b>Operating Loss</b>			
Impairments	7	(643,168)	-
Finance income	18	1,717	250
Other income		1,102	-
<b>Loss before Income Tax</b>			
Income tax expense	19	-	-
<b>Loss for the Period</b>			
<b>Loss attributable to</b>			
- Owners of the Parent		(2,680,708)	(613,849)
- Non-Controlling interests		-	(6,210)
<b>Loss for the Period</b>			
<b>Loss for the Period</b>			
<b>Loss for the Period</b>			
<b>Basic and Diluted Earnings Per Share attributable to owners of the parent during the period (expressed in pence per share)</b>	20	<b>(0.408) p</b>	<b>(0.172) p</b>

The Notes on pages 23 to 48 form part of these Financial Statements.

## BLUEJAY MINING PLC

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the period ended 31 December 2017

	Period ended 31 December 2017 £	Year ended 30 June 2016 £
Loss for the period	(2,680,708)	(620,059)
<b>Other Comprehensive Income:</b>		
<b>Items that may be subsequently reclassified to profit or loss</b>		
Currency translation differences	694,161	1,487,405
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,986,547)</b>	867,346
<b>Total Comprehensive Income for the Period Attributable to</b>		
- Owners of the Parent	(1,986,547)	873,556
- Non-Controlling interests	-	(6,210)
<b>Total Comprehensive Income</b>	<b>(1,986,547)</b>	867,346

The Notes on pages 23 to 48 form part of these Financial Statements.

# BLUEJAY MINING PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the period ended 31 December 2017

	Note	Attributable to owners of the Parent						Non-controlling interest	Total equity
		Share capital	Share premium	Deferred shares	Other reserves	Retained losses	Total		
		£	£	£	£	£	£	£	
<b>Balance as at 1 July 2015</b>		<b>5,919,731</b>	<b>14,274,528</b>	<b>1,825,104</b>	<b>(9,045,505)</b>	<b>(3,916,223)</b>	<b>9,057,635</b>	<b>-</b>	<b>9,057,635</b>
Loss for the period		-	-	-	-	(613,849)	(613,849)	(6,210)	(620,059)
<b>Other comprehensive income for the period</b>									
<b>Items that may be subsequently reclassified to profit or loss</b>									
Currency translation differences		-	-	-	1,487,405	-	1,487,405	-	1,487,405
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,487,405</b>	<b>(613,849)</b>	<b>873,556</b>	<b>(6,210)</b>	<b>867,346</b>
Proceeds from share issues	13	5,807	1,155,537	-	-	-	1,161,344	-	1,161,344
Issue costs	13	-	(44,108)	-	-	-	(44,108)	-	(44,108)
Share based payments		13,034	797,718	-	-	-	810,752	-	810,752
Issued options		-	-	-	29,457	-	29,457	-	29,457
Expired options		-	-	-	(71,658)	71,658	-	-	-
Non-controlling interest arising on business combination		-	-	-	-	-	-	596,771	596,771
<b>Total transactions with owners, recognised directly in equity</b>		<b>18,841</b>	<b>1,909,147</b>	<b>-</b>	<b>(42,201)</b>	<b>71,658</b>	<b>1,957,445</b>	<b>596,771</b>	<b>2,554,216</b>
<b>Balance as at 30 June 2016</b>		<b>5,938,572</b>	<b>16,183,675</b>	<b>1,825,104</b>	<b>(7,600,301)</b>	<b>(4,458,414)</b>	<b>11,888,636</b>	<b>590,561</b>	<b>12,479,197</b>
<b>Balance as at 1 July 2016</b>		<b>5,938,572</b>	<b>16,183,675</b>	<b>1,825,104</b>	<b>(7,600,301)</b>	<b>(4,458,414)</b>	<b>11,888,636</b>	<b>590,561</b>	<b>12,479,197</b>
Loss for the period		-	-	-	-	(2,680,708)	(2,680,708)	-	(2,680,708)
<b>Other comprehensive income for the period</b>									
<b>Items that may be subsequently reclassified to profit or loss</b>									
Currency translation differences		-	-	-	694,161	-	694,161	-	694,161
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>694,161</b>	<b>(2,680,708)</b>	<b>(1,986,547)</b>	<b>-</b>	<b>(1,986,547)</b>
Proceeds from share issues	13	28,596	11,645,757	-	-	-	11,674,353	-	11,674,353
Issue costs	13	-	(678,756)	-	-	-	(678,756)	-	(678,756)
Share based payments	14	100	69,900	-	-	-	70,000	-	70,000
Issued options	14	-	-	-	119,439	-	119,439	-	119,439
Exercised options	14	-	-	-	(163,203)	163,203	-	-	-
Acquisition of non-controlling interest on business combination	24	-	-	-	-	-	-	(590,561)	(590,561)
<b>Total transactions with owners, recognised directly in equity</b>		<b>28,696</b>	<b>11,036,901</b>	<b>-</b>	<b>(43,764)</b>	<b>163,203</b>	<b>11,185,036</b>	<b>(590,561)</b>	<b>10,594,475</b>
<b>Balance as at 31 December 2017</b>		<b>5,967,268</b>	<b>27,220,576</b>	<b>1,825,104</b>	<b>(6,949,904)</b>	<b>(6,975,919)</b>	<b>21,087,125</b>	<b>-</b>	<b>21,087,125</b>

The Notes on pages 23 to 48 form part of these Financial Statements.

# BLUEJAY MINING PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY For the period ended 31 December 2017

Attributable to equity shareholders							
	Note	Share capital £	Share premium £	Deferred shares £	Other reserves £	Retained losses £	Total equity £
<b>Balance as at 1 July 2015</b>		<b>5,919,731</b>	<b>14,274,528</b>	<b>1,825,104</b>	<b>398,010</b>	<b>(10,740,462)</b>	<b>11,676,911</b>
Loss for the period		-	-	-	-	(10,247)	(10,247)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,247)</b>	<b>(10,247)</b>
Proceeds from share issues	13	5,807	1,155,537	-	-	-	1,161,344
Issue costs	13	-	(44,108)	-	-	-	(44,108)
Share based payments		13,034	797,718	-	-	-	810,752
Issued options		-	-	-	29,457	-	29,457
Expired options		-	-	-	(71,658)	71,658	-
<b>Total transactions with owners, recognised directly in equity</b>		<b>18,841</b>	<b>1,909,147</b>	<b>-</b>	<b>(42,201)</b>	<b>71,658</b>	<b>1,957,445</b>
<b>Balance as at 30 June 2016</b>		<b>5,938,572</b>	<b>16,183,675</b>	<b>1,825,104</b>	<b>355,809</b>	<b>(10,679,051)</b>	<b>13,624,109</b>
<b>Balance as at 1 July 2016</b>		<b>5,938,572</b>	<b>16,183,675</b>	<b>1,825,104</b>	<b>355,809</b>	<b>(10,679,051)</b>	<b>13,624,109</b>
Loss for the period		-	-	-	-	(1,999,470)	(1,999,470)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,999,470)</b>	<b>(1,999,470)</b>
Proceeds from share issues	13	28,596	11,645,757	-	-	-	11,674,353
Issue costs	13	-	(678,756)	-	-	-	(678,756)
Share based payments	14	100	69,900	-	-	-	70,000
Issued options	14	-	-	-	119,439	-	119,439
Exercised options	14	-	-	-	(163,203)	163,203	-
<b>Total transactions with owners, recognised directly in equity</b>		<b>28,696</b>	<b>11,036,901</b>	<b>-</b>	<b>(43,764)</b>	<b>163,203</b>	<b>11,185,036</b>
<b>Balance as at 31 December 2017</b>		<b>5,967,268</b>	<b>27,220,576</b>	<b>1,825,104</b>	<b>312,045</b>	<b>(12,515,318)</b>	<b>22,809,675</b>

The Notes on pages 23 to 48 form part of these Financial Statements.

# BLUEJAY MINING PLC

## STATEMENTS OF CASH FLOWS For the period ended 31 December 2017

	Note	Group		Company	
		Period ended 31 December 2017 £	Year ended 30 June 2016 £	Period ended 31 December 2017 £	Year ended 30 June 2016 £
<b>Cash flows from operating activities</b>					
Loss before income tax		(2,680,708)	(620,059)	(1,999,470)	(10,247)
Adjustments for:					
Depreciation	6	46,868	5,037	9,504	1,547
Share options expense	14	119,439	29,457	119,439	29,457
Share based payments	14	70,000	129,302	70,000	129,302
Intercompany management fees		-	-	(280,628)	(120,855)
Impairment on Assets		643,168	-	646,319	-
Foreign exchange		(70,953)	(2,541)	(15,915)	(522,341)
Changes in working capital:					
Increase in trade and other receivables	9	(145,345)	(99,323)	(82,277)	(72,652)
Increase/(Decrease) in trade and other payables	11	127,963	(25,000)	4,142	94,583
<b>Net cash used in operating activities</b>		<b>(1,889,568)</b>	<b>(583,127)</b>	<b>(1,528,886)</b>	<b>(471,206)</b>
<b>Cash flows from investing activities</b>					
Cash consideration for subsidiaries net of cash		-	4,182	-	-
Purchase of property plant and equipment	6	(653,568)	(2,307)	(5,909)	-
Purchase of software	6	(7,352)	(5,312)	(7,352)	(5,312)
Loans granted to subsidiary undertakings		-	-	(5,631,501)	(984,816)
Loans granted to third parties		(54,000)	-	(54,000)	-
Repayment of borrowings		-	-	-	-
Purchase of intangible assets	7	(4,600,044)	(845,261)	-	-
<b>Net cash used in investing activities</b>		<b>(5,314,964)</b>	<b>(848,698)</b>	<b>(5,698,762)</b>	<b>(990,128)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of share capital	13	10,355,803	1,161,344	10,355,803	1,161,344
Transaction costs of share issue	13	(678,756)	(44,108)	(678,756)	(44,108)
Repayment of borrowings		-	(62,500)	-	-
<b>Net cash generated from financing activities</b>		<b>9,677,047</b>	<b>1,054,736</b>	<b>9,677,047</b>	<b>1,117,236</b>
<b>Net decrease/(increase) in cash and cash equivalents</b>		<b>2,472,515</b>	<b>(377,089)</b>	<b>2,449,399</b>	<b>(344,098)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>425,046</b>	<b>795,368</b>	<b>371,485</b>	<b>715,583</b>
Exchange gain on cash and cash equivalents		4,361	6,767	-	-
<b>Cash and cash equivalents at end of period</b>	10	<b>2,901,922</b>	<b>425,046</b>	<b>2,820,884</b>	<b>371,485</b>

### Major non-cash transactions

During the year, the Group entered into the following major non-cash transactions:

- The acquisition of Avannaa Resources Limited for consideration of £500,000 which was settled wholly by issuing shares in the Parent Company; and
- The acquisition of the non-controlling interest in Bluejay Mining Limited for £594,393 which was settled wholly by issuing shares in the Parent Company.
- The deferred consideration due on the acquisition of Bluejay Mining Limited in the prior year for £224,157 which was settled wholly by issuing shares in the Parent Company.

Further details on these acquisitions can be found in Note 24 to the Financial Statements.

The Notes on pages 23 to 48 form part of these Financial Statements.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 1. General information

The principal activity of Bluejay Mining plc (the 'Company') and its subsidiaries (together the 'Group') is the exploration and development of precious and base metals. The Company's shares are listed on the AIM of the London Stock Exchange and the Frankfurt Stock Exchange. The Company is incorporated and domiciled in England.

The address of its registered office is 7-9 Swallow Street, London, W1B 4DE.

The group has revised their accounting period to be based on a calendar year (1 January to 31 December). As a result of this, the 2017 financial year is extended to an 18-month period from 1 July 2016 to 31 December 2017.

### 2. Summary of Significant Accounting Policies

The principal Accounting Policies applied in the preparation of these Consolidated Financial Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 2.1. Basis of Preparation of Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRS IC') as adopted by the European Union, the Companies Act 2006 that applies to companies reporting under IFRS and IFRS IC interpretations. The Consolidated Financial Statements have also been prepared under the historical cost convention, except as modified for assets and liabilities recognised at fair value on business combination.

The Financial Statements are presented in Pound Sterling rounded to the nearest pound.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 4.

#### 2.2. New and Amended Standards

*(a) New and amended standards mandatory for the first time for the financial periods beginning on or after 1 July 2016*

The following IFRSs or IFRIC interpretations were effective for the first time for financial periods beginning on or after 1 July 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

<b>Standard</b>	<b>Impact on initial application</b>	<b>Effective date</b>
IAS 1	Amendments to Disclosure Initiative	1 January 2016
IFRS 12	Annual Improvements 2012 -2014 cycle	1 January 2016

*(b) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted*

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

<b>Standard</b>	<b>Impact on initial application</b>	<b>Effective date</b>
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	*1 January 2019
IFRS 2 (Amendments)	Share-based payments – classification and measurement	1 January 2018
Annual Improvements	2014-2016 Cycle	1 January 2018
IFRIC Interpretation 22	Foreign currency transactions and advanced consideration	*1 January 2018
IFRIC 23	Uncertainty over Income tax treatments	*1 January 2018

\* Subject to EU endorsement

The Group is evaluating the impact of the new and amended standards above. The Directors believe that these new and amended standards are not expected to have a material impact on the Group's results or shareholders' funds.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 2.3. Basis of Consolidation

The Consolidated Financial Statements consolidate the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Investments in subsidiaries are accounted for at cost less impairment within the parent company financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group. All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

### 2.4. 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 on pages 3-5. In addition, Note 3 to the Consolidated Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to market, credit and liquidity risk.

The Consolidated Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors are of the view that the Group has sufficient funds to undertake its operating activities over the next 12 months from the date these financial statements are approved including any additional payments required in relation to its current exploration projects. The Group has financial resources which the Directors consider will be sufficient to fund the Group's committed expenditure both operationally and on various exploration projects for this time period. However, in order to complete other exploration work over the life of existing projects and as additional projects are identified, additional funding will be required. The amount of funding cannot be forecast with any certainty at the point of approval of these Financial Statements and the Group will be required to raise additional funds either via an issue of equity or through the issuance of debt. The Directors are reasonably confident that funds will be forthcoming if and when they are required. Should additional funding not be forthcoming the Directors have agreed, if circumstances require, to defer payment of their fees until such time as adequate funding is received and if necessary scale back exploration activity.

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Group and Company Financial Statements.

### 2.5. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 2.6. Foreign Currencies

#### (a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK parent

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS

### For the period ended 31 December 2017

entity and UK subsidiary is Pound Sterling, the functional currency of the Finnish and Austrian subsidiaries is Euros and the functional currency of the Greenlandic subsidiaries is Danish Krone. The Financial Statements are presented in Pounds Sterling which is the Company's functional and Group's presentation currency.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### *(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each period end date presented are translated at the period-end closing rate;
- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the Income Statement as part of the gain or loss on sale.

## 2.7. Intangible assets

### *Exploration and evaluation assets*

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

### *Exploration and evaluation assets are recorded and held at cost*

Exploration and evaluation assets are not subject to amortisation, but are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units ("CGU's"), which are based on specific projects or geographical areas. The CGU's are then assessed for impairment using a variety of methods including those specified in IFRS 6.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Income Statement.

### *Exploration and evaluation assets recorded at fair-value on business combination*

Exploration assets which are acquired as part of a business combination are recognised at fair value in accordance with IFRS 3. When a business combination results in the acquisition of an entity whose only significant assets are its exploration asset and/or rights to explore, the Directors consider that the fair value of the exploration assets is equal to the consideration. Any excess of the consideration over the capitalised exploration asset is attributed to the fair value of the exploration asset.

## 2.8. Investments in subsidiaries

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

## 2.9. Property, Plant and Equipment

Property, Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

## BLUEJAY MINING PLC

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

Office Equipment – 20% straight line  
Machinery and Equipment – 10% straight line  
Software – 50% straight line

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains' in the Income Statement.

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

Assets that have an indefinite useful life, for example, intangible assets not ready to use, and goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **2.11. Financial Assets**

##### *(a) Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

##### *(b) Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

##### *(c) Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio;

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS

### For the period ended 31 December 2017

For loans and receivables, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Income Statement.

#### 2.12. Financial Liabilities

Financial liabilities comprise trade and other payables in the Statement of Financial Position and are held at amortised cost.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

#### 2.13. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

#### 2.14. Equity

Equity comprises the following:

- "Share capital" represents the nominal value of the Ordinary shares;
- "Share Premium" represents consideration less nominal value of issued shares and costs directly attributable to the issue of new shares;
- "Other reserves" represents the merger reserve, foreign currency translation reserve, redemption reserve and share option reserve where:
  - "Merger reserve" represents the difference between the fair value of an acquisition and the nominal value of the shares allotted in a share exchange;
  - "Foreign currency translation reserve" represents the translation differences arising from translating the financial statement items from functional currency to presentational currency;
  - "Redemption reserve" represents a non-distributable reserve made up of share capital;
  - "Share option reserve" represents share options awarded by the group;
- "Retained earnings" represents retained losses.

#### 2.15. Share capital, share premium and deferred shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of tax, from the proceeds provided there is sufficient premium available. Should sufficient premium not be available placing costs are recognised in the Income Statement.

Deferred shares are classified as equity. Deferred shares have no rights to receive dividends, or to attend or vote at general meetings of the Company and are only entitled to a return of capital after payment to holders of new ordinary shares of £100,000 per each share held.

#### 2.16. Share Based Payments

The Group operates a number of equity-settled, share-based schemes, under which the Group receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Income Statement or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Income Statement and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The fair value of the share options and warrants are determined using the Black Scholes valuation model.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

### 2.17. Taxation

No current tax is yet payable in view of the losses to date.

Deferred tax is recognised for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from 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.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets (including those arising from investments in subsidiaries), are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be used.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply to the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are not discounted.

## 3. Financial Risk Management

### 3.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. None of these risks are hedged.

Risk management is carried out by the London based management team under policies approved by the Board of Directors.

#### **Market Risk**

##### *(a) Foreign currency risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Danish Krone and the British Pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group negotiates all material contracts for activities in relation to its subsidiaries in either British Pounds, Euros or Danish Krone. The Group does not hedge against the risks of fluctuations in exchange rates. The volume of transactions is not deemed sufficient to enter into forward contracts as most of the foreign exchange movements result from the retranslation of inter company loans. The Group has not sensitised the figures for fluctuations in foreign exchange rates as the Directors are of the opinion that these fluctuations, apart from the retranslation of intercompany loans at the closing rate, would not have a significant impact on the financial statements of the Group. However, the Directors acknowledge that, at the present time, the foreign exchange retranslations have resulted in rather higher than normal fluctuations which are separately disclosed, and

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

is predominantly due to the exceptional nature of the Euro exchange rate in the last two years in the current economic climate. The Directors will continue to assess the effect of movements in exchange rates on the Group's financial operations and initiate suitable risk management measures where necessary.

### (b) Price risk

The Group is not exposed to commodity price risk as a result of its operations, which are still in the exploration phase. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

The Group has no exposure to equity securities price risk, as it has no listed or unlisted equity investments other than investments in wholly owned subsidiaries.

### Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

### Liquidity Risk

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

With exception to deferred taxation, financial liabilities are all due within one year.

## 3.2. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to enable the Group to continue its exploration and evaluation activities, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

At 31 December 2017 the Group had borrowings of £nil (30 June 2016: £nil) and defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

Given the Group's level of debt versus its cash at bank and cash equivalents, the gearing ratio is immaterial.

## 3.3. Sensitivity Analysis

On the assumption that all other variables were held constant, and in respect of the Group and the Company's expenses the potential impact of a 10% increase/decrease in the UK Sterling: Euro and UK Sterling: DKK Foreign exchange rates on the Group's loss for the period and on equity is as follows:

Potential impact on euro expenses: 2017	Effect on loss before tax for the period ended		Effect on equity before tax for the year ended	
	Group	Company	Group	Company
Increase/(decrease) in foreign exchange rate	£	£	£	£
10%	(2,752,612)	<b>(2,680,708)</b>	22,427,782	13,624,108
-10%	(2,608,804)	<b>(2,680,708)</b>	19,746,470	13,624,108
Potential impact on DKK expenses: 2017	Effect on loss before tax for the period ended		Effect on equity before tax for the year ended	
Increase/(decrease) in foreign exchange rate	Group	Company	Group	Company
Increase/(decrease) in foreign exchange rate	£	£	£	£
10%	(2,709,050)	<b>(2,680,708)</b>	21,092,538	13,624,108
-10%	(2,652,366)	<b>(2,680,708)</b>	21,081,714	13,624,108

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 4. Critical Accounting Estimates and Judgements

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Items subject to such estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, include but are not limited to:

#### *Impairment of intangible assets – exploration and evaluation costs*

Exploration and evaluation costs have a carrying value at 31 December 2017 of £17,971,795 (2016: £12,627,681). Such assets have an indefinite useful life as the Group has a right to renew exploration licences and the asset is only amortised once extraction of the resource commences. Management tests for impairment annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the period warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration; an impairment charge will then be recognised in the Income Statement. The Directors have reviewed the estimated value of each project prepared by management and have concluded that the Austrian exploration asset be impaired in full.

#### *Share based payment transactions*

The Group has made awards of options and warrants over its unissued share capital to certain Directors as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 14.

#### *VAT receivable*

At 31 December 2017, the Group and Company have recognised an amount of £287,731 within trade and other receivables which relates to VAT receivable. The amount is subject to an on-going dispute with HMRC, further details of which can be found in Note 23. The Directors believe that the amount will be recovered in full and therefore have not recognised any impairment to the carrying value of this amount.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 5. Segment Information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the period the Group had interests in four geographical segments; the United Kingdom, Greenland, Austria, and Finland. Activities in the UK are mainly administrative in nature whilst the activities in Austria and Finland relate to exploration and evaluation work.

The Group had no turnover during the period.

<b>2017</b>	<b>Greenland £</b>	<b>Austria £</b>	<b>Finland £</b>	<b>UK £</b>	<b>Total £</b>
Revenue	-	-	-	-	-
Administrative expenses	27,846	(13,317)	(97,633)	(2,028,208)	<b>(2,111,312)</b>
Foreign Exchange	1,791	71,421	(8)	(2,251)	<b>70,953</b>
Finance Income	-	-	15	1,702	<b>1,717</b>
Other Income	1,102	-	-	-	<b>1,102</b>
Impairment on intangible asset	-	(643,168)	-	-	<b>(643,168)</b>
Loss before tax per reportable segment	30,739	(585,064)	(97,626)	(2,028,757)	<b>(2,680,708)</b>
Additions to PP&E	647,660	-	-	13,260	<b>660,920</b>
Additions to intangible asset	3,986,730	-	2,000,553	-	<b>5,987,283</b>
Reportable segment assets	6,982,095	11,666	11,867,293	3,286,587	<b>22,147,641</b>
Reportable segment liabilities	713,940	4,194	147,594	194,787	<b>1,060,515</b>

<b>2016</b>	<b>Greenland £</b>	<b>Austria £</b>	<b>Finland £</b>	<b>UK £</b>	<b>Total £</b>
Revenue	-	-	-	-	-
Administrative expenses	(3,629)	(69,858)	(34,630)	(520,929)	(629,046)
Foreign Exchange	196	(394)	9690	(755)	8,737
Finance Income	-	-	11	239	250
Other Income	-	-	-	-	-
Loss before tax per reportable segment	(3,433)	(70,252)	(24,929)	(521,445)	(620,059)
Additions to PP&E	993	-	-	3,563	4,556
Additions to intangible asset	2,265,857	93,313	1,836,448	-	4,195,618
Reportable segment assets	2,302,853	612,887	9,812,573	473,790	13,202,103
Reportable segment liabilities	1094	2,116	21,140	741,747	766,097

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 6. Property, Plant and Equipment

#### Group

	Software £	Machinery & equipment £	Office equipment £	Total £
<b>Cost</b>				
<b>As at 1 July 2015</b>	-	18,567	3,124	21,691
Exchange differences	-	3,183	-	3,183
Additions	5,312	-	2,307	7,619
<b>As at 30 June 2016</b>	<b>5,312</b>	<b>21,750</b>	<b>5,431</b>	<b>32,493</b>
<b>As at 1 July 2016</b>	<b>5,312</b>	<b>21,750</b>	<b>5,431</b>	<b>32,493</b>
Exchange Differences	-	1,602	-	1,602
Additions	7,352	647,659	5,909	660,920
<b>As at 31 December 2017</b>	<b>12,664</b>	<b>671,011</b>	<b>11,340</b>	<b>695,015</b>
<b>Depreciation</b>				
<b>As at 1 July 2015</b>	-	7,052	2,312	9,364
Charge for the year	734	2,177	2,126	5,037
Exchange differences	-	1,209	-	1,209
<b>As at 30 June 2016</b>	<b>734</b>	<b>10,438</b>	<b>4,438</b>	<b>15,610</b>
<b>As at 1 July 2016</b>	<b>734</b>	<b>10,438</b>	<b>4,438</b>	<b>15,610</b>
Charge for the period	7,379	36,371	3,118	46,868
Exchange differences	-	1,483	-	1,483
<b>As at 31 December 2017</b>	<b>8,113</b>	<b>48,292</b>	<b>7,556</b>	<b>63,961</b>
<b>Net book value as at 30 June 2016</b>	<b>4,578</b>	<b>11,312</b>	<b>993</b>	<b>16,883</b>
<b>Net book value as at 31 December 2017</b>	<b>4,551</b>	<b>622,719</b>	<b>3,784</b>	<b>631,054</b>

Depreciation expense of £46,868 (30 June 2016: £5,037) for the Group has been charged in administration expenses.

**BLUEJAY MINING PLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 31 December 2017**

Company	Software £	Office equipment £	Total £
<b>Cost</b>			
<b>As at 1 July 2015</b>	-	3,124	3,124
Additions	5,312	-	5,312
<b>As at 30 June 2016</b>	<b>5,312</b>	<b>3,124</b>	<b>8,436</b>
<b>As at 1 July 2016</b>	<b>5,312</b>	<b>3,124</b>	<b>8,436</b>
Additions	7,352	5,909	13,261
<b>As at 31 December 2017</b>	<b>12,664</b>	<b>9,033</b>	<b>21,697</b>
<b>Depreciation</b>			
<b>As at 1 July 2015</b>	-	2,311	2,311
Charge for the year	734	813	1,547
<b>As at 30 June 2016</b>	<b>734</b>	<b>3,124</b>	<b>3,858</b>
<b>As at 1 July 2016</b>	<b>734</b>	<b>3,124</b>	<b>3,858</b>
Charge for the period	7,379	2,126	9,505
<b>As at 31 December 2017</b>	<b>8,113</b>	<b>5,250</b>	<b>13,363</b>
<b>Net book value as at 30 June 2016</b>	<b>4,577</b>	-	<b>4,577</b>
<b>Net book value as at 31 December 2017</b>	<b>4,550</b>	<b>3,783</b>	<b>8,333</b>

Depreciation expense of £9,505 (30 June 2016: £1,547) for the Company has been charged in administration expenses.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 7. Intangible Assets

Intangible assets comprise exploration and evaluation costs. Exploration and evaluation assets are all internally generated.

	Group	
	31 December 2017	30 June 2016
	£	£
<b>Exploration &amp; Evaluation Assets - Cost and Net Book Value</b>		
As at 1 July	12,627,680	8,432,062
Additions	4,600,044	842,281
Acquired through acquisition (at fair value) (Note 24)	622,702	1,912,886
Exchange differences	764,537	1,440,451
Impairments	(643,168)	-
<b>As at end of period</b>	<b>17,971,795</b>	<b>12,627,680</b>

Exploration projects in Finland and Greenland are at an early stage of development and there are JORC (Joint Ore Reserves Committee) or non-JORC compliant resource estimates are available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal;
- No further exploration or evaluation is planned or budgeted for;
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; or
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

Following their assessment the Directors concluded that impairment charge of £643,168 was necessary for the period ended 31 December 2017 as the asset was not leading to the discovery of commercially viable quantities of mineral resources.

### 8. Investments in Subsidiary Undertakings

	Company	
	31 December 2017	30 June 2016
	£	£
Shares in Group Undertakings		
At beginning of period	8,605,609	7,700,002
Additions in period (see note 24)	1,094,393	905,607
At end of period	9,700,002	8,605,609
Loans to Group undertakings	10,017,871	4,899,665
<b>Total</b>	<b>19,717,873</b>	<b>13,505,274</b>

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### Subsidiaries

Name of subsidiary	Registered office address	Country of incorporation and place of business	Proportion of ordinary shares held by parent (%)	Proportion of ordinary shares held by the Group (%)	Nature of business
Centurion Mining Limited	2nd Floor 7-9 Swallow Street, London, England, W1B 4DE	United Kingdom	100%	100%	Dormant
Centurion Universal Limited	2nd Floor 7-9 Swallow Street, London, England, W1B 4DE	United Kingdom	100%	100%	Holding
Centurion Resources GmbH	Schottenring 14 /525 1010 Vienna, Austria	Austria	Nil	100%	Exploration
Finland Investments Limited	2nd Floor 7-9 Swallow Street, London, England, W1B 4DE	United Kingdom	100%	100%	Holding
FinnAust Mining Finland Oy	Kummunkatu 23, FI-83500 Outokumpu, Finland	Finland	Nil	100%	Exploration
FinnAust Mining Northern Oy	Kummunkatu 23, FI-83500 Outokumpu, Finland	Finland	Nil	100%	Exploration
BJ Mining Limited	2nd Floor 7-9 Swallow Street, London, England, W1B 4DE	BVI	100%	100%	Exploration
Disko Exploration Limited	2nd Floor 7-9 Swallow Street, London, England, W1B 4DE	United Kingdom	100%	100%	Exploration
Dundas Titanium A/S	c/o Nuna Advokater ApS, Qullilerfik 2, 6, Postboks 59, Nuuk 3900, Greenland	Greenland	Nil	100%	Exploration

All subsidiary undertakings are included in the consolidation.

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

### 9. Trade and Other Receivables

	Group		Company	
	31 December 2017	30 June 2016	31 December 2017	30 June 2016
Current	£	£	£	£
Trade receivables	30,614	-	30,614	-
Amounts owed by Group undertakings	-	-	163,519	-
Amounts owed by Directors (see note 25)	41,623	-	41,623	-
Prepayments	55,587	72,510	43,404	33,362
VAT receivable (See note 23)	346,274	78,142	287,731	77,814
Other receivables	168,772	25,033	54,000	-
<b>Total</b>	<b>642,870</b>	<b>175,685</b>	<b>620,891</b>	<b>111,176</b>

The fair value of all receivables is the same as their carrying values stated above.

At 31 December 2017 all trade and other receivables were fully performing. No ageing analysis is considered necessary as the Group has no significant trade receivable receivables which would require such an analysis to be disclosed under the requirements of IFRS 7.

## BLUEJAY MINING PLC

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	31 December	30 June	31 December	30 June
	2017	2016	2017	2016
	£	£	£	£
UK Pounds	<b>463,315</b>	140,666	<b>620,891</b>	111,176
Euros	<b>82,615</b>	35,019	-	-
Danish Krone	<b>96,940</b>	-	-	-
	<b>642,870</b>	175,685	<b>620,891</b>	111,176

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

#### 10. Cash and Cash Equivalents

	Group		Company	
	31 December	30 June	31 December	30 June
	2017	2016	2017	2016
	£	£	£	£
Cash at bank and in hand	<b>2,901,922</b>	425,046	<b>2,820,884</b>	371,485

All of the UK entities cash at bank is held with institutions with an AA- credit rating. The Finland & Greenland entities cash at bank is held with institutions whose credit rating is unknown.

The carrying amounts of the Group and Company's cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31 December	30 June	31 December	30 June
	2017	2016	2017	2016
	£	£	£	£
UK Pounds	<b>2,820,998</b>	377,998	<b>2,820,884</b>	371,485
Euros	<b>68,491</b>	47,048	-	-
Danish Krone	<b>12,433</b>	-	-	-
	<b>2,901,922</b>	425,046	<b>2,820,884</b>	371,485

#### 11. Trade and Other Payables

	Group		Company	
	31 December	30 June	31 December	30 June
	2017	2016	2017	2016
	£	£	£	£
Trade payables	<b>424,372</b>	136,559	<b>297,504</b>	124,786
Other creditors	<b>76,422</b>	229,361	<b>8,657</b>	224,159
Accrued expenses	<b>63,677</b>	26,834	<b>52,145</b>	19,458
	<b>564,471</b>	392,754	<b>358,306</b>	368,403

Trade payables include amounts due of £322,716 in relation to exploration and evaluation activities.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 12. Deferred Tax

An analysis of deferred tax liabilities is set out below.

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
<b>Deferred tax liabilities</b>				
- Deferred tax liability after more than 12 months	<b>496,045</b>	373,343	-	-
<b>Deferred tax liabilities</b>	<b>496,045</b>	373,343	-	-

The movement in the deferred tax account is as follows:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
At 1 June 2016	<b>373,343</b>	-	-	-
Acquisition of subsidiary (Note 23)	<b>122,702</b>	<b>373,343</b>	-	-
As at 31 December	<b>496,045</b>	<b>373,343</b>	-	-

The Group has additional capital losses of approximately £643,168 (2016: £nil) and other losses of approximately £5,728,559 (2016: £4,752,742) available to carry forward against future taxable profits. No deferred tax asset has been recognised in respect of these tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset.

### 13. Share capital and premium

#### Group and Company

Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
<b>At 30 June 2016</b>	<b>484,400,804</b>	<b>5,938,572</b>	<b>16,183,675</b>	<b>22,122,247</b>
Issue of new shares – 13 July 2016 <sup>(1)</sup>	10,000,000	1,000	479,100	480,100
Issue of new shares – 8 December 2016 <sup>(2 &amp; 3)</sup>	117,184,457	11,719	5,228,092	5,239,811
Issue of new shares – 4 January 2017 <sup>(4)</sup>	7,584,238	758	499,242	500,000
Exercise of Options – 22 February 2017	1,000,000	100	19,900	20,000
Exercise of Options – 27 February 2017	2,000,000	200	144,800	145,000
Issue of new shares – 13 March 2017 <sup>(5)</sup>	108,071,388	10,807	583,586	594,393
Exercise of Options – 31 March 2017	1,333,333	133	99,867	100,000
Exercise of Options – 4 April 2017	1,625,000	163	52,338	52,501
Exercise of Options – 20 April 2017	2,766,667	277	228,473	228,749
Exercise of Options – 8 May 2017	250,000	25	18,725	18,750
Exercise of Options – 24 May 2017	1,500,000	150	112,350	112,500
Issue of new shares – 9 June 2017 <sup>(6)</sup>	29,166,667	2,917	3,172,574	3,175,490
Exercise of Options – 28 July 2017	1,550,000	155	154,845	155,000
Exercise of Options – 31 October 2017	1,284,366	128	128,308	128,436
Exercise of Warrants – 1 November 2017	1,000,000	100	69,900	70,000
Exercise of Warrants – 18 December 2017	640,946	64	44,802	44,866
<b>As at 31 December 2017</b>	<b>771,357,866</b>	<b>5,967,268</b>	<b>27,220,576</b>	<b>33,187,843</b>

## BLUEJAY MINING PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### For the period ended 31 December 2017

- (1) Includes issue costs of £19,900
- (2) Issue of shares for deferred cash consideration for BJ Mining Limited.
- (3) Includes issue costs of £334,347
- (4) Issue of shares for acquisition of Avannaa Exploration Limited
- (5) Issue of shares for remaining ownership in BJ Mining Limited
- (6) Includes issue costs of £324,509

On 13 July 2016 the Company raised £500,000 via the issue and allotment of 10,000,000 new ordinary shares of 0.01 pence each fully paid ('Ordinary Shares') at a price of 5 pence per share.

On 8 December 2016 the Company issued and allotted 40,755,885 new Ordinary Shares at a price of 0.55 pence per share as deferred consideration for a business acquisition. On the same date the Company raised £5,350,000 via the issue and allotment of 76,428,572 new Ordinary Shares at a price of 7 pence per share.

On 4 January 2017 the Company issued and allotted 7,584,238 new Ordinary Shares at a price of 6.59 pence per share as consideration for a business acquisition.

On 22 February 2017 the Company issued and allotted 1,000,000 new Ordinary Shares at a price of 2 pence per share as an exercise of options.

On 27 February 2017 the Company issued and allotted 1,000,000 new Ordinary Shares at a price of 7.5 pence per share as an exercise of options. On the same date the Company issued and allotted 1,000,000 via the issue and allotment of 10,000,000 new Ordinary Shares at a price of 7 pence per share.

On 13 March 2017 the Company issued and allotted 108,071,388 new Ordinary Shares at a price of 0.55 pence per share as consideration for business acquisition.

On 31 March 2017 the Company issued and allotted 1,333,333 new Ordinary Shares at a price of 7.5 pence per share as an exercise of options.

On 4 April 2017 the Company issued and allotted 625,000 new Ordinary Shares at a price of 2 pence per share as an exercise of options. On the same date the Company issued and allotted 1,000,000 new Ordinary Shares at a price of 4 pence per share as an exercise of options.

On 20 April 2017 the Company issued and allotted 1,916,667 new Ordinary Shares at a price of 7.5 pence per share as an exercise of options. On the same date the Company issued and allotted 850,000 new Ordinary Shares at a price of 10 pence per share as consideration for services provided

On 8 May 2017 the Company issued and allotted 250,000 new Ordinary Shares at a price of 7.5 pence per share as an exercise of options.

On 24 May 2017 the Company issued and allotted 1,500,000, new Ordinary Shares at a price of 7.5 pence per share as consideration for services provided

On 9 June 2017 the Company raised £3,175,490 via the issue and allotment of 29,166,667 new Ordinary Shares at a price of 12 pence per share.

On 28 July 2017 the Company issued and allotted 1,550,000 new Ordinary Shares at a price of 10 pence per share as an exercise of options.

On 31 October 2017 the Company issued and allotted 1,284,366 new Ordinary Shares at a price of 10 pence per share as an exercise of options.

On 1 November 2017 the Company issued and allotted 1,000,000 new Ordinary Shares at a price of 7 pence per share as an exercise of warrants.

On 18 December 2017 the Company issued and allotted 640,946 new Ordinary Shares at a price of 7 pence per share as an exercise of warrants.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 14. Share Based Payments

#### Shares issued to employees

On 27 February 2017 the company issued and allotted 1,000,000 Ordinary Shares to employees at a price of 7 pence per share.

#### Share options

Share options and warrants outstanding and exercisable at the end of the period have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise price in £ per share	Options & Warrants	
			31 December 2017	30 June 2016
29 November 2013	29 May 2017	0.075	-	6,000,000
12 November 2012	12 November 2017	0.10	-	3,684,366
29 November 2013	29 May 2019	0.10	6,000,000	6,000,000
4 March 2016	3 March 2017	0.02	-	1,000,000
4 March 2016	3 March 2018	0.04	-	1,000,000
4 March 2016	3 March 2019	0.06	1,000,000	1,000,000
15 April 2016	14 April 2021	0.02	-	625,000
17 December 2016	17 December 2021	0.07	2,689,768	-
9 June 2017	9 June 2022	0.165	1,025,000	-
17 October 2017	17 October 2020	0.20	5,350,000	-
17 October 2017	17 October 2020	0.25	5,350,000	-
17 October 2017	17 October 2020	0.30	5,350,000	-
			26,764,768	19,309,366

The Company and Group have no legal or constructive obligation to settle or repurchase the options or warrants in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2013 Options	2016 Options	2016 Options	2017 Options
Granted on:	29/11/2013	4/3/2016	17/12/2016	9/6/2017
Life (years)	5.5 years	3 years	5 years	5 years
Share price (pence per share)	5.7p	3.03p	7p	15.5p
Risk free rate	2.25%	0.81%	0.81%	0.56%
Expected volatility	26.41%	48.40%	17.64%	31.83%
Expected dividend yield	-	-	-	-
Marketability discount	20%	20%	20%	20%
Total fair value (£000)	4	3	17	34

  

	2017 Options	2017 Options	2017 Options
Granted on:	17/10/2017	17/10/2017	17/10/2017
Life (years)	3 years	3 years	3 years
Share price (pence per share)	17.75p	17.75p	17.75p
Risk free rate	0.5%	0.5%	0.5%
Expected volatility	13.85%	13.85%	13.85%
Expected dividend yield	-	-	-
Marketability discount	20%	20%	20%
Total fair value (£000)	42	8	1

The expected volatility of the 2013, 2016 and 2017 options is based on historical volatility for the six months prior to the date of granting.

The risk-free rate of return is based on zero yield government bonds for a term consistent with the option life.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

A reconciliation of options and warrants granted over the period to 31 December 2017 is shown below:

	2017		2016	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
<b>Outstanding at beginning of period</b>	<b>19,309,366</b>	<b>0.1347</b>	17,366,296	0.1237
Expired	-	-	(1,681,930)	0.0043
Exercised	(13,950,312)	0.1347	-	-
Granted	21,405,714	0.2210	3,625,000	0.0366
<b>Outstanding as at period end</b>	<b>26,764,768</b>	<b>0.1900</b>	19,309,366	0.1347
<b>Exercisable at period end</b>	<b>26,764,768</b>	<b>0.1900</b>	19,309,366	0.1347

Range of exercise prices (£)	2017			2016				
	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0 – 0.05	-	-	-	-	0.37	3,625,000	2.20	2.20
0.05 – 2.00	0.1900	26,764,768	2.61	2.61	0.15	15,684,366	1.78	1.78

During the period there was a charge of £119,439 (2016: £29,457) in respect of share options.

### 15. Other Reserves

	Group				
	Merger reserve £	Foreign currency translation reserve £	Redemption reserve £	Share option reserve £	Total £
<b>At 30 June 2016</b>	<b>166,000</b>	<b>114,891</b>	<b>36,463</b>	<b>153,346</b>	<b>470,700</b>
Currency translation differences	-	694,161	-	-	694,161
Issued options	-	-	-	119,439	119,439
Exercised options	-	-	-	(163,203)	(163,203)
<b>At 31 December 2017</b>	<b>166,000</b>	<b>809,052</b>	<b>36,463</b>	<b>109,582</b>	<b>1,121,097</b>

  

	Company			
	Merger reserve £	Redemption reserve £	Share option reserve £	Total £
<b>At 30 June 2016</b>	<b>166,000</b>	<b>36,463</b>	<b>153,346</b>	<b>355,809</b>
Issued options	-	-	119,439	119,439
Exercised options	-	-	(163,203)	(163,203)
<b>At 31 December 2017</b>	<b>166,000</b>	<b>36,463</b>	<b>109,582</b>	<b>312,045</b>

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 16. Employee benefit expense

	Group		Company	
	Period ended 31 December 2017 £	Year ended 30 June 2016 £	Period ended 31 December 2017 £	Year ended 30 June 2016 £
<b>Staff costs (excluding Directors)</b>				
Salaries and wages	242,059	134,781	216,984	19,831
Social security costs	18,656	3,679	16,476	-
Retirement benefit costs	700	40,018	700	-
	<b>261,415</b>	<b>178,478</b>	<b>234,160</b>	<b>19,831</b>

The average monthly number of employees for the Group during the period was 11 (30 June 2016: 6) and the average monthly number of employees for the Company was 6 (30 June 2016: 3).

Of the above Group staff costs, £135,513 (30 June 2016: £169,846) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the period.

### 17. Directors' Remuneration

	Period ended 31 December 2017			
	Short-term benefits £	Post- employment benefits £	Share based payments £	Total £
<b>Executive Directors</b>				
Roderick McIlree	34,524	106	-	34,630
<b>Non-executive Directors</b>				
Greg Kuenzel	49,328	109	-	49,437
Graham Marshall <sup>(1)</sup>	-	-	-	-
Peter Waugh	12,328	94	6,278	18,700
Michael Hutchinson	8,334	-	5,795	14,129
	<b>104,514</b>	<b>309</b>	<b>12,073</b>	<b>116,896</b>

Of the above Group Directors Remuneration, £18,075 (30 June 2016: £19,865) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the period.

	Year ended 30 June 2016			
	Short-term benefits £	Post- employment benefits £	Share based payments £	Total £
<b>Executive Directors</b>				
Roderick McIlree	11,370	-	-	11,370
<b>Non-executive Directors</b>				
Greg Kuenzel	12,000	-	-	12,000
Graham Marshall <sup>(1)</sup>	-	-	-	-
Peter Waugh	-	-	-	-
Michael Hutchinson	-	-	-	-
	<b>23,370</b>	<b>-</b>	<b>-</b>	<b>23,370</b>

<sup>(1)</sup> Graham Marshall resigned on 16 October 2017

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

Details of fees paid to Companies and Partnerships of which the Directors detailed above are Directors and Partners have been disclosed in Note 25.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

### 18. Finance Income

	Group	
	Period ended 31 December 2017 £	Year ended 30 June 2016 £
Interest received from cash and cash equivalents	1,717	250
<b>Finance Income</b>	<b>1,717</b>	<b>250</b>

### 19. Income Tax Expense

No charge to taxation arises due to the losses incurred.

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	Group	
	Period ended 31 December 2017 £	Year ended 30 June 2016 £
Loss before tax	(2,680,708)	(620,059)
Tax at the applicable rate of 21.82% (2016: 19.20%)	(584,943)	(119,065)
Effects of:		
Expenditure not deductible for tax purposes	5,120	1,401
Depreciation in excess of/(less than) capital allowances	(593)	967
Net tax effect of losses carried forward	580,416	116,696
Tax charge	-	-

The weighted average applicable tax rate of 21.82% (2016: 19.20%) used is a combination of the 19% standard rate of corporation tax in the UK, 20% Finnish corporation tax, 25% Austrian corporation tax and 30% Greenlandic corporation tax.

The Group has a potential deferred income tax asset of approximately £2,079,073 (2016: £1,498,657) due to tax losses available to carry forward against future taxable profits. The Company has tax losses of approximately £5,067,761 (2016: £4,752,742) available to carry forward against future taxable profits. No deferred tax asset has been recognised on accumulated tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset.

### 20. Earnings per Share

#### Group

The calculation of the total basic earnings per share of (0.408) pence (30 June 2016: (0.172) pence) is based on the loss attributable to equity holders of the parent company of £2,680,708 (30 June 2016: £613,849) and on the weighted average number of ordinary shares of 656,936,094 (30 June 2016: 357,925,047) in issue during the period.

In accordance with IAS 33, basic and diluted earnings per share are identical for the Group as the effect of the exercise of share options would be to decrease the earnings per share. Details of share options that could potentially dilute earnings per share in future periods are set out in Note 14.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 21. Expenses by nature

	Group	
	Period ended 31 December 2017 £	Year ended 30 June 2016 £
Directors' fees	81,914	3,505
Employee salaries	211,175	8,632
AIM related costs (including Public Relations)	461,770	164,811
Establishment expenses	111,308	30,000
Auditor remuneration	57,981	16,000
Auditor fees for other services	127,096	1,000
Travel & subsistence	160,549	60,787
Professional & consultancy fees	496,622	253,783
Insurance	57,102	17,238
Depreciation	46,868	5,037
Share Option expense	119,439	-
Other expenses	179,488	68,253
<b>Total administrative expenses</b>	<b>2,111,312</b>	<b>629,046</b>

### Services provided by the Company's auditor and its associates

During the period, the Group (including overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	Group	
	Period ended 31 December 2017 £	Year ended 30 June 2016 £
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and Consolidated Financial Statements	44,500	16,000
Fees payable to the Company's auditor for tax compliance & other services	92,235	1,000

### 22. Commitments

#### (a) Royalty agreements

As part of the contractual arrangement with Magnus Minerals Limited ("Magnus") the Group has agreed to pay royalties on revenue from mineral sales arising from mines developed by the Group. Under the terms of the respective Royalty Agreements between Magnus and the Company, the Group shall pay the following:

- 0.5% of net smelter returns over mineral production from the Kainuu Schist Belt tenements;
- 1.0% of net smelter returns over mineral production from the Outokumpu Savonara Mine Belt tenements;
- 1.5% of net smelter returns over mineral production from the Enonoski Area tenements; and
- 2.5% of net smelter returns over mineral production from the Hammaslahti Area tenements.

The Enonoski and Hammaslahti Royalty Agreements further provide that royalty entitlements may be extended to future rights with the respective areas of influence defined with the agreements.

Additionally, under the terms of the Kainuu Schist Belt Royalty Agreement and the Outokumpu Savonara Mine Belt Royalty Agreement the Group is obligated to pay SES Finland Limited a 0.5% net smelter royalty in respect of production from the associated tenements and Western Areas Limited ("Western Areas") 0.5% of net smelter returns over mineral production of the tenements using a biological leaching technology owned by Western Areas.

## BLUEJAY MINING PLC

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

#### (b) License commitments

Bluejay now owns 4 mineral exploration licenses in Greenland. Licence 2015/08 was acquired via the acquisition of BJ Mining Limited in 2016. On 4 January 2017, via the acquisition of Disko Exploration Limited, the Group acquired another 2 mineral exploration licenses, 2011/31 and 2012/29 in Greenland. These licences include commitments to pay annual licence fees and minimum spend requirements.

As at 31 December 2017 these are as follows:

Group	Group		
	License fees £	Minimum spend requirement £	Total £
Not later than one year	114,792	334,438	449,230
Later than one year and no later than five years	271,910	2,637,800	2,909,710
<b>Total</b>	<b>386,702</b>	<b>2,972,238</b>	<b>3,358,941</b>

#### (c) Operating lease commitments

The Group leases office premises under a non-cancellable operating lease agreement. The lease is on an initial fixed term of two years from 31 July 2017. The lease expenditure charged to the Income Statement during the period is disclosed in Note 21 and is included within establishment expenses.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	31 December 2017 £	30 June 2016 £
Not later than one year	<b>60,000</b>	36,000
Later than one year but not later than five years	<b>35,000</b>	-
<b>Total lease commitment</b>	<b>95,000</b>	36,000

### 23. Contingent liabilities

The Directors are in the process of appealing an assessment made by HMRC which relates to the Company's ability to claim input VAT because, in the view of HMRC, the Company does not technically constitute a business for the purposes of VAT and is not eligible to make such claims in connection with services it supplied to the Company's subsidiaries. The initial assessment raised by HMRC is for an amount of £255,492 and relates to input VAT claimed and repaid by HMRC between 2012-2015. At the point the assessment was raised, HMRC ceased to repay any further claims for input VAT made by the Company. The Company has continued to submit the appropriate returns to HMRC and as a result, the Company has a receivable from HMRC of £287,731 at 31 December 2017 which is included within trade and other receivables. HMRC has made a further protective assessment for this amount, bringing the total amount of the dispute at 31 December 2017 to £543,223.

The Directors strongly refute the view of HMRC that the Company does not constitute a business for VAT purposes. The case is proceeding to Tribunal and resolution is not expected any earlier than Q4 2018. The Company has engaged professional services of legal counsel who will be representing it before the Tribunal. Counsel confirms the Company has a strong case.

Accordingly, the Directors believe that the amount of £543,223 will be recovered in full and therefore have not recognised any impairment to the carrying value of this amount.

## BLUEJAY MINING PLC

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

#### 24. Business Combinations

##### i) **Disko Exploration Limited (formerly Avannaa Exploration Limited)**

On 4 January 2017, the Group acquired 100% of the share capital of Disko Exploration Limited ('Disko') for £500,000. Disko is registered in United Kingdom and holds 3 mineral exploration licences in Greenland. As a result of this acquisition the Group is expected to increase its presence in this market and commodity.

The following tables summarise the nature of the acquisition, the consideration paid for Disko and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Disko was acquired so as to continue the expansion of the Group's operations in the exploration of mineral assets in Greenland.

<b>Consideration at 4 January 2017</b>	£
Equity instruments (76,428,572 ordinary shares at 6.59262 pence per share)	500,000
<b>Total consideration</b>	<b>500,000</b>

Acquisition related costs amounting to £88,642 have been excluded from the consideration transferred and have been recognised in profit or loss in the current period.

<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	<b>Book value</b>	<b>FV adj.</b>	<b>Total</b>
			£
Cash and cash equivalents	-	-	-
Exploration assets (included within Intangible Assets) (Note 7)	9,193	613,509	622,702
Other identifiable assets and liabilities	-	-	-
Deferred tax liability	-	(122,702)	(122,702)
<b>Total identifiable net assets</b>	<b>9,193</b>	<b>490,807</b>	<b>500,000</b>
<b>Goodwill</b>			<b>-</b>
<b>Total consideration</b>			<b>500,000</b>

The fair value of the 76,428,572 Ordinary Shares for the Company was based on the agreed price of 6.59262 pence and 0.001 pence per Ordinary Share respectively.

The fair value of the exploration assets of £500,000 was estimated by applying a number of valuation metrics which include; geological upside potential, mineralogy, market benchmarks and the application of local market factors. In the Directors' opinion, the value of the consideration paid to effect the acquisition related primarily to the value of the exploration licences and upside potential representing a price agreed between willing and knowledgeable parties on an arm's length basis. Therefore, the fair value of the consideration transferred, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, has been used as a basis for valuing the exploration assets acquired

Since 4 January 2017 Disko contributed a loss of £132,301. No revenue was recognised in the consolidated statement of comprehensive income in respect of Disko.

Had Disko been consolidated from 1 July 2016, the consolidated statement of income would show a loss of £187,310 and revenue would remain unchanged.

##### ii) **BJ Mining Limited (formerly Bluejay Mining Limited)**

###### a) *Initial acquisition in the year ended 30 June 2016*

On 8 March 2016, the Group acquired 60.37% of the share capital of BJ Mining Limited ('BJM') for £905,607 (the 'BJM Acquisition'). BJM is registered in the British Virgin Islands and held a 126km sq. mineral exploration licence in Greenland. As a result of this acquisition the Group increased its presence in this market and commodity.

## BLUEJAY MINING PLC

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

Gregory Kuenzel and Roderick McIlree were both shareholders in BJM and received consideration shares resulting from the BJM Acquisition. Refer to Note 25 for more details.

The following table summarises the consideration paid for BJM and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

<b>Consideration at 8 March 2016</b>	£
Deferred Equity Consideration (40,755,885 ordinary shares at 0.55 pence per share)	224,157
Equity instruments (123,900,000 ordinary shares at 0.55 pence per share)	681,450
<b>Total consideration</b>	<b>905,607</b>

<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	<b>Book value</b>	<b>FV adj.</b>	<b>Total</b>
			£
Cash and cash equivalents	-	-	-
Exploration assets (included within Intangible Assets)	46,171	1,866,715	1,912,886
Other identifiable assets and liabilities	(37,165)	-	(37,165)
Deferred tax liability	-	(373,343)	(373,343)
<b>Total identifiable net assets</b>	<b>9,006</b>	<b>1,493,372</b>	<b>1,502,378</b>
<b>Goodwill</b>			<b>-</b>
<b>Non-controlling interest</b>			<b>(596,771)</b>
<b>Total consideration</b>			<b>905,607</b>

The fair value of the 40,755,885 Ordinary Shares and 123,900,000 Ordinary shares issued as consideration for Bluejay was based on the agreed price of 0.55 pence and 0.0055 pence per Ordinary Share respectively.

The fair value of the exploration assets of £1,912,886 was estimated by applying a number of valuation metrics which include; geological upside potential, mineralogy, market benchmarks and the application of local market factors. In the Directors' opinion, the value of the consideration paid to effect the acquisition related primarily to the value of the exploration licences and upside potential representing a price agreed between willing and knowledgeable parties on an arm's length basis. Therefore, the fair value of the consideration transferred, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, has been used as a basis for valuing the exploration assets acquired.

#### *b) Acquisition of NCI in the period ended 31 December 2017*

On 10 March 2017, the Group acquired the remaining non-controlling interest ('NCI') in BJM (being 39.63% of the total shares in the Company). As a result the Group now owns 100% of the interest of BJM, consolidating its already controlling interest.

<b>Consideration at 10 March 2017</b>	£
Cash	-
Equity instruments (108,071,388 ordinary shares at 0.55 pence per share)	594,393
<b>Total consideration</b>	<b>594,393</b>

The consideration equalled the value of the NCI held at the date of acquisition.

# BLUEJAY MINING PLC

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

### 25. Related Party Transactions

#### Loans to Group undertakings

Amounts receivable as a result of loans granted to subsidiary undertakings are as follows:

	Company	
	31 December 2017	30 June 2016
	£	£
Centurion Universal Limited	-	564,300
Centurion Resources GmbH	-	85,155
Finland Investments Ltd	310,452	289,153
FinnAust Mining Finland Oy	5,087,869	3,515,060
Centurion Mining Limited	195	195
BJ Mining Limited	1,155,963	445,802
Dundas Titanium A/S	3,256,326	-
Disko Exploration Limited	207,067	-
At 31 December (Note 8)	10,017,871	4,899,665

The loans due from Centurion Universal Limited and Centurion Resources GmbH were impaired during the period in line with the impairment to the Austrian exploration assets following the Directors impairment assessment.

Loans granted to subsidiaries have increased during the period due to additional loans being granted to the subsidiaries, and foreign exchange losses of £338,674, given that no loans were repaid during the period.

These amounts are unsecured, interest free and repayable in Euros when sufficient cash resources are available in the subsidiaries.

All intra Group transactions are eliminated on consolidation.

#### Other Transactions

The Group defines its key management personnel as the Directors of the Company as disclosed in the Directors' Report.

Heytesbury Corporate LLP, a limited liability partnership of which Gregory Kuenzel is a partner, was paid a fee of £126,000 for the 18 month period ended 31 December 2017 (12 months to 30 June 2016: £84,000) for the provision of corporate management, accounting and consulting services to the Company. There was no balance outstanding at the period-end.

RM Corporate Limited (formerly Tabasco Consulting Limited), a limited company of which Roderick McIlree is a director, was paid a fee of £97,500 for the 18 month period ended 31 December 2017 (12 months to 30 June 2016: £55,930) for the provision of corporate management and consulting services to the Company. There was no balance outstanding at the period-end.

Greenland Gas & Oil Limited, a limited company of which Roderick McIlree and Gregory Kuenzel are directors, was paid a fee of £45,400 for the 18 month period ended 31 December 2017 (12 months to 30 June 2016: £9,300) for geological information systems consulting services to the Company. There was no balance outstanding at the period-end.

JW Geological Limited, a limited company of which Jeremy Whybrow, is a director, was paid a fee of £63,988 for the 18 month period ended 31 December 2017 (12 months to 30 June 2016: £20,000) for consulting services to the Company. Jeremy Whybrow is a substantial shareholder of the Company. There was no balance outstanding at the period-end.

Gregory Kuenzel, had a balance of £41,662 outstanding to the Company (2016: £nil) for exercise of option funds in the 2017 period which was paid subsequent to year end.

### 26. Ultimate Controlling Party

The Directors believe there is no ultimate controlling party.

## **BLUEJAY MINING PLC**

### **NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017**

#### **27. Events after the Reporting Date**

On 1 February 2018 the Company raised £17,000,000 via the issue and allotment of 77,272,728 new ordinary shares of 0.0001 pence each fully paid at a price of 22 pence per share.