CEMOS GROUP PLC

ANNUAL REPORT 2017

CEMOS GROUP

Contents

CEMOS GROUP

Board of Directors and advisors

Board of Directors

The Board remained unchanged and participated on an active basis in all Cemos Group Plc ("Company") activities during the year. The board represents proven expertise in all areas which are typical for resource development companies that are moving into first production as well as in depth knowledge specifically relating to the commercial utilisation of surface oil shale deposits, including the planned Phase-2 Cemos project in Tarfaya, Morocco as well as the Julia Creek, oil shale resource in Queensland.

Petri Karjalainen Executive Chairman
Executive Chairman for Cemos Group and currently resident President Directeur Générale in Laayoune, Morocco for Cemos Ciment cement operations. More than 25 years experience in resources sector and emerging markets operations as former Managing Director for Williams de Broë Bankers (member of ING Group) and Managing Partner for Equest based in London. Principal in ECAP Investments, which is a lead investor for Cemos Group Plc.

George Lloyd Non-Executive Director
An experienced resource company senior executive and director with a focus on business development, strategy and corporate finance. Chairman of Ausenco Pty Ltd, a global company providing consulting, engineering, project delivery and asset operations, management and optimisation solutions to the minerals & metals, oil & gas and industrial sectors with 26 offices in 14 countries and over 2,500 employees. Former Executive Director of Southern Pacific Petroleum NL, the Australian oil shale pioneering company.

Harri Turpeinen Director and Chief Technology Officer
More than 38 years experience in the oil & gas sector with Neste Oil (Finland), including Director for Research & Development operations managing some 250 persons and having managed the firms launch as a world leader in energy and bio fuels segment. Also held positions as Director for Bitumen Products, Specialist Chemicals and Corporate Relations at Neste and former Board Member of Nynäs Petroleum AB.

Trevor Steel Non-Executive Director (appointed on 27 September 2017)
Chief Investment Officer for Baker Steel Capital Managers and investment manager for Baker Steel Resources Trust Ltd, which is a lead investor for Cemos Group Plc. More than 25 years of investment expertise in resources companies globally having been a fund manager with Merrill Lynch Asset Management and a founder of Baker Steel Capital Managers in London.

Board of Directors and advisors (continued)

Cemos Group Plc
Registered Office
Forum 4, Grenville Street
St Helier, Jersey Channel Islands, JE4 8TQ

Subsidiaries and Representative Office

Main Representative Office
Winchester House
259-269 Old Marylebone Road
London NW1 5RA
United Kingdom

Global Oil Shale Australia Ltd ("GOSA")
Level 6, Brisbane Club Tower
241 Adelaide Street
Brisbane QLD 4000
Australia

Global Oil Shale Oy ("GOS OY")
Energiakuja 3
Helsinki 00180
Finland

GOStek Oü
Udeselja 8-7
Tallinn 11913
Estonia

Cemos Ciment S.A.
Hay Jedid
Rue Principale SN
Tarfaya
Morocco

Cemos Limited
Forum 4, Grenville Street
St Helier, Jersey
Channel Islands, JE4 8TQ

Auditors

Deloitte LLP
Gaspe House, 66-72 the Esplanade
St Helier, Jersey, Channel Islands, JE4 8WA

Solicitors

Trinity International (Group Legal Council)
Dashwood House
69 Old Broad Street
London EC2M 1QS
United Kingdom

Howard Law (Jersey law)
Ordnance house
31 Pier Road
Jersey, Channel Islands, JE3 9AR

Castren & Snellman (Finnish Law)
Etelä Esplanadi 14
00131 Helsinki, Finland

HWL Ebsworth Lawyers (for Australian Law)
Level 23, Riverside Centre, 123 Eagle Street
Brisbane QLD 4000 Australia

Board of Directors and advisors (continued)

Solicitors (continued)

Your Office (for Estonian Law)
Lootsa tn 8a
11415 Tallinn, Estonia

Kettani Law Firm (for Moroccan Law)
8, Rue Lahcen Basri
Casablanca 20000, Morocco

Bankers

Barclays Bank (Cemos Group Plc)
39-41 Broad Street
St Helier
Jersey, Channel Islands, JE4 8PU

Handelsbanken (GOStek Oü)
Kentmanni 6
10116 Tallinn
Estonia

BMCE Bank (Cemos Ciment S.A.)
140 Avenue Hassan II
Casablanca
Morocco

Handelsbanken (Global Oil Shale Oy)
Helsinki Esplanadi
PL 121
00131 Helsinki

National Australia Bank (GOSA Pty Ltd)
Brisbane City Business Banking Centre
Level 22, 100 Creek Street Brisbane QLD 4000
Australia

Chairman's Statement

Dear Shareholders,

I am pleased to present the Cemos Group Plc ("Cemos or the Company") Annual Report for 2017 and to provide an update on activities during 2018.

2017 was Cemos' seventh year of operations and saw the progression of activities towards cement production in the growing cement markets of Morocco and, in due course, Sub-Saharan Africa.

The short-term target has been the launch of the Company's first cement grinding operation in Tarfaya, Morocco; this is the first step in Phase 1 of the Company's cement production strategy. Tarfaya is located on the Atlantic coast of Morocco, approximately 425km southwest of the city of Agadir.

Further Phase 1 projects will involve the deployment of up to four additional cement grinding plants across Morocco and Sub-Saharan Africa over the period 2019 - 2022. The raw materials feed to the Phase 1 projects will comprise imported clinker and locally sourced gypsum, limestone and minor raw materials.

I am pleased to advise that, as of December 2018, our wholly-owned Moroccan subsidiary has commenced cement production, using a new Loesche CCG type 45 tonnes per hour (tph) cement grinding plant, and is moving into commercial activities with the first sales of its Cemos Ciment branded cement products. The plant has a nominal production capacity of 270,000 tonnes per year of cement based on a 3 shift per day operation.

Our Phase 2 strategy, and longer-term target, involves the construction of a plant for the production of cement clinker, utilising the mineral and energy properties of oil shale resources located in proximity to Tarfaya, and providing the clinker to our cement grinding network and other users.

Cemos is currently working towards the securing long term rights over surface mineable oil shale resources near Tarfaya. These were previously held under a Memorandum of Understanding (MOU) with the Office National de Hydrocarbon et Mines (ONHYM).

Additionally, the company holds a 2 billion tonne oil shale resource near Julia Creek in Northern Queensland, Australia; the development of this resource is a secondary focus for the company. The Julia Creek oil shale resources are held by our subsidiary company, Global Oil Shale Australia Pty Ltd, under a Minerals Development Licence (MDL 522) issued by the Queensland Government.

Chairman's statement (continued)

The Tarfaya Cement Project

The all-in project capital cost of the Tarfaya Cement Project was €12.9 million which included the purchase of the Loesche CCG cement grinding plant, project management costs as well as necessary infrastructure such as an administration block, laboratory, materials handling facilities and raw materials storage areas on the Company's 5.2ha industrial site, 6km south of the Tarfaya port and township. The final CAPEX for the Tarfaya Cement Project is considered to be highly efficient and well below customary cement industry standards for similar type of plant installations.

Loesche Gmbh is Cemos' manufacturing partner for the Phase 1 rollout of cement grinders. With a global market share of 55% and a 112 year history, Loesche is the world-leading cement grinding plant manufacturer. The effective date for the commencement of the Loesche CCG plant delivery was 7 December 2017. However, with our first Loesche CCG plant we experienced significant delays in installation leading to a 6 month delay to the commencement of operations.

The main financing for the Tarfaya Cement Project was completed in November 2017 with Cemos Group's issuance of €6.3m in Convertible Unsecured Loan Stock (CULS) notes to existing shareholders and new investors and €4.53m in deferred payment and vendor loans by equipment supplier and project manager, Loesche Gmbh. The financing was supported by a second issue of CULS in the second half of 2018 to raise an additional €3.4m.

The target for the Tarfaya Cement Project operation is to launch Cemos branded products into local markets, commencing in December 2018, and building a high-quality client portfolio. Production will be ramped up during 2019 from 1 shift initially to a second shift and then to continuous operations with a third shift. The manufacturer guaranteed cement production capacity of the cement grinding plant is 6,200h per year which, in revenue terms, is equivalent to approximately €30 million per year based on current market prices. The sales development is subject to the success of year 2019 ramp up period and normal market risks in success for selling our products in the market. Additionally we need to invest in further silo capacity for the CCG plant in order to achieve maximum levels of sales. Based on the optimised investment cost, the financial breakeven cost for operations, including Loesche loans and CULS interest payments, is around 25% of production capacity. The estimated EBITDA margin is in excess of 30% and up to 40% subject to production capacity and product mix.

Phase2 – Clinker and Energy production using Tarfaya oil shales and limestone

Phase 2 of the Tarfaya Cement Project involves the development of a cement clinker production plant based on the exploitation of the Tarfaya oil shale resource, which is situated approximately 40 km east of the Tarfaya township, and other locally available raw materials. It will provide cement clinker to the cement grinding facilities established in Phase 1 and potentially other markets within Morocco and Sub-Saharan Africa.

Materials and process testing and design for the Phase 2 project will be conducted in parallel with the rollout of the Phase 1 project with a view to the construction of a plant producing 1 to 1.5 million tonnes per year of cement clinker. A significant portion of the clinker raw materials

feedstock will be sourced from oil shale which also has the potential to provide some electrical power for use in the plant.

The utilisation of oil shale as a minerals and energy source for clinker production is expected to result in a significantly lower production cost of cement than would otherwise be the case.

The long-term target for Cemos Group is to become the first integrated cement producer in the Moroccan Sahara region.

Post Period Events

Subsequent to the end of the 2017 reporting period, significant progress has been made in relation to Phase 1 of the Tarfaya Cement Project including completion of the first cement grinding plant and the start of commercial operations in Morocco. The main achievements are:

- Installation of the Phase 1 Loesche 45tph CCG cement grinding plant in Tarfaya in December 2018 after a construction and installation period of approximately 12 months.

- Completion of the recruitment and training of 30 personnel for our cement production operations. All managerial positions are staffed by seasoned professionals from other cement companies operating in the region.

- Commencement of Moroccan cement sales in December 2018 into local markets with a positive reception by clients for our 50kg "Sah CPJ45" branded bags as well as for our bulk cement products.

- Securing working capital overdraft and payment guarantee facilities for our Moroccan subsidiary with BMCE Bank, one of the largest commercial banks in Morocco, totalling €1.35 million.

- Second closing of the Convertible Loan Stock (CULS) issued to existing and new investors to raise an additional €3.4m. CULS are unsecured loan notes issued on 10 November 2017 with a 3 year maturity, and 1 year extension option, carrying a 10% p.a. interest coupon, increasing to 15% for an optional one year extension to the term, as well as an option to convert to Cemos Group Ordinary Share at € 0.20 per share or at a 20% discount to an initial public offering price.

Chairman's statement (continued)

I would like thank our shareholders and our CULS investors for their support of the Company as it has commenced its cement production activities in Morocco and look forward to continued support as we progress through our Phase 1 and Phase 2 cement production strategies.

I would also like to thank all of our technical, commercial and financial partners, our employees, our other stakeholders and the governmental agencies with which we deal for their continued co-operation and commitment to the Company.

Petri Karjalainen
Executive Chairman
Cemos Group Plc

Directors' report

The directors submit their report and consolidated financial statements for Cemos Group Plc "Company" together with its subsidiaries (the "Group") for the year ended 31 December 2017.

Incorporation and Shareholders

The Company was incorporated and registered in Jersey as a private company under the Companies (Jersey) Law 1991 on 22 August 2011. On 16 January 2013 the Company changed its status from a private to a public company. On 23 December 2015 the Company changed its name from Global Oil Shale Group Plc to Cemos Group Plc.

As of 31 December 2017, the Company's issued share capital was 93,238,851 (2016: 93,238,851) shares of 1 penny each with 78 shareholders resident in the United Kingdom, Finland, Australia, Switzerland, Norway, the Channel Islands and other jurisdictions.

The Company's shareholders represent various investors types, including; London Stock Market listed investment fund, bank, insurance, investment companies, family offices and private investors.

Largest shareholders at 31 December 2017 were Baker Steel Resources Trust (25.7%), ECAP Investments (22.9%) and Fermain Capital (11.2%), with no single shareholder having a controlling position in the Company.

Principal activity and review of business

The Group's principal activities are the launch of cement grinding and production facilities in Morocco and sub-Saharan Africa (Phase-1 project) as well as the development of cement clinker production facilities, with potential for the contemporaneous production of energy and hydrocarbons, based on the surface oil shale resources in Morocco and elsewhere (Phase-2).

The Group has expertise in development oil shale and the use of current technologies for the production of clinker, energy and liquid products from these resources, and has partnerships with leading technical companies for this purpose including VTT - Technical Development Centre of Finland, TUT - Tallinn University of Technology, and SRK - geology and competent persons for resources.

The Company's Australian subsidiary, Global Oil Shale Australia (GOSA) Pty Ltd, holds Mineral Development Licenses (MDL) covering oil shale resources in Julia Creek, Queensland, comprising approximately 2 billion tonnes of oil shale containing more than 810 million barrels in shale oil in situ.

The Company also held an MOU with ONHYM (Office National de Hydrocarbon et Mines) in Morocco for Block 1 in Tarfaya South Oil Shale Deposit. The license area is 16km and contains approximately 1 billion tonnes of oil shale resources that are well suited by its mineral composition for production of clinker for cement as well as energy for use in a cement and clinker plant.

Directors' report (continued)

Going concern and Cemos as a pre-production oil shale development group

The board of directors acknowledge that there is a material uncertainty around the ability of the Group to continue as a viable going concern due to the negative cash flows from operating activities during 2017. In post year-end events in the Chairman's Statement it is noted that the Company has completed the construction of its first cement grinding plant in Morocco as well as started cement sales into local markets. The board of directors continually monitor available cash and the monthly cash costs as well as any financial commitments of the Group. The directors are confident that the Moroccan operations will produce necessary cash flows for the company's needs and that financing continues being available from shareholders and other sources when required for its strategic developments and development projects.

The primary focus during the period were related to the Group's launch of its first cement grinding and production project in Tarfaya, Morocco (part of the Phase-1 strategy). In 2017 the Company undertook financing arrangements necessary for this investment by issuance of €6.3 million of Convertible Unsecured Loan Stock (CULS) notes and by securing vendor loan financing with Loesche Gmbh for €4.53 million comprising a Deferred Payment Loan for €1.7 million and an Annuity Loan for €2.83 million. Additional financing, through the issue of CULS in 2018, has been referred to in the Post Year Events in the Chairman's Statement. This financing allowed the Tarfaya project to be fully financed through to production and commercialisation.

The directors continue to adopt the going concern basis of preparation of the financial statements, as set out in note 2 of the financial statements. However, there can be no absolute certainty that the Moroccan cement operations will provide necessary cash flows and that funding will be secured in the necessary timescales as financing decisions are subject to the Company's shareholders investment decisions and the Board highlights that this, whilst not expected, can create uncertainty for the Company and the Group's continuation as a going concern.

Results and dividend

The loss for the financial year is set out in the statement of comprehensive income on page 15. The directors do not recommend a dividend for the year ended 31 December 2017 (2016: nil).

Directors

The present directors of the Company are set out on page 2.

Auditor

Deloitte LLP was appointed as auditor on 14 June 2012 and has expressed their willingness to continue in office.

Approved by the Board of Directors and signed on behalf of the Board.

AST Secretaries Limited
Company Secretary

Statement of directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 "Presentation of Financial Statements" requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Signed on behalf of the board

AST Secretaries Limited
Company Secretary

Independent auditor's report to the members of CEMOS Group plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CEMOS Group plc (the 'parent company' and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been properly prepared in accordance the Companies (Jersey) Law 1991.

We have audited the financial statements of CEMOS Group Plc which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as issued by the IASB.

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, 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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report in respect of the following matters if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

For and on behalf of Deloitte LLP

St Helier, Jersey

December 2018

Consolidated statement of comprehensive income

For the year ended 31 December

	Notes	2017 US $	2016 US $
Revenues			
Interest income		-	1,882
		-	**1,882**
Exploration expenses	4	(188,088)	(179,349)
Gross Loss		**(188,088)**	**(177,467)**
Other operating expenses		336,155	(680,437)
Finance costs		(538,979)	(27,711)
Loss for the year	5	**(390,912)**	**(885,615)**
Other comprehensive income			
Foreign exchange loss arising from foreign currency translation		1,021	(43,026)
Total comprehensive loss for the year		**(389,891)**	**(928,641)**

The notes on pages 19 to 37 form an integral part of the financial statements.

CEMOS GROUP

Consolidated statement of financial position

As at 31 December

	Notes	2017	2016
Assets		**US $**	**US $**
Non current assets			
Property, plant and equipment	6	10,830,033	56,632
Intangible assets	7	2,440,290	2,404,422
Total non-current assets		**13,270,323**	**2,461,054**
Current assets			
Other receivables	8	202,467	6,297
Cash and cash equivalents		526,262	49,306
Total current assets		**728,729**	**55,603**
Total assets		**13,999,053**	**2,516,657**
Equity and liabilities			
Trade and other payables	9	12,562,617	747,569
Total current liabilities		**12,562,617**	**747,569**
Total liabilities		**12,562,617**	**747,569**
Capital and reserves			
Share capital	10	1,469,500	1,469,500
Share premium	10	8,499,750	8,499,750
Merger reserve	11	(744,575)	(744,575)
Other reserve	11	80,808	23,569
Foreign currency translation reserve	11	(222,971)	(223,992)
Accumulated deficit	11	(7,646,075)	(7,255,163)
Shareholders' funds		**1,436,437**	**1,769,089**
Total equity and liabilities		**13,999,053**	**2,516,657**

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

Petri Karjalainen
Director
Cemos Group Plc

The notes on pages 19 to 37 form an integral part of the financial statements.

CEMOS GROUP

Consolidated statement of changes in equity

	Share capital US $	Share premium US $	Merger reserve US $	Other reserves US $	Foreign currency trans.reserves US $	Accumulated deficit US $	Total US $
At 1 January 2017	**1,469,500**	**8,499,750**	**(744,575)**	**23,569**	**(223,992)**	**(7,255,163)**	**1,769,088**
Loss for the year	-	-	-	-	-	(390,912)	(390,912)
	1,469,500	8,499,750	(744,575)	23,569	(223,992)	(7,646,075)	1,378,176
Issue of share capital	-	-	-	-	-	-	-
Share base payments	-	-	-	57,239	-	-	57,239
Effect of foreign currency translation	-	-	-	-	1,021	-	1,021
At 31 December 2017	**1,469,500**	**8,499,750**	**(744,575)**	**80,808**	**(222,971)**	**(7,646,075)**	**1,436,437**
At 1 January 2016	**1,439,445**	**8,060,863**	**(744,575)**	**53,788**	**(180,966)**	**(6,369,548)**	**2,259,007**
Loss for the year	-	-	-	-	-	(885,615)	(885,615)
	1,439,445	8,060,863	(744,575)	53,788	(180,966)	(7,255,163)	1,373,392
Issue of share capital	30,055	438,886	-	-	-	-	468,941
Share base payments	-	-	-	(30,219)	-	-	(30,219)
Effect of foreign currency translation	-	-	-	-	(43,026)	-	(43,026)
At 31 December 2016	**1,469,500**	**8,499,750**	**(744,575)**	**23,569**	**(223,992)**	**(7,255,163)**	**1,769,089**

The notes on pages 19 to 37 form an integral part of the financial statements.

CEMOS GROUP

Consolidated statement of cash flows

For the year ended 31 December

Operating activities	**2017**	**2016**
	US $	**US $**
Loss for the year	(390,912)	(885,615)
Depreciation	(716)	(2,027)
Foreign exchange loss on consolidation of property, plant and equipment	-	-
Interest income	-	(1,882)
Fees paid by issue of shares	-	258,396
Share based payments	57,239	(30,219)
Decrease/(increase) in other receivables	(196,170)	120,075
Increase/decrease in trade and other payables	1,006,494	369,313
Net cash outflow from operating activities	**475,935**	**(171,960)**
Investing activities		
Interest received	-	1,882
Net cash out flow from investing activities	**-**	**1,882**
Financing activities		
Proceeds from issue of ordinary shares	-	210,547
Net increase in cash and cash equivalents	**475,935**	**40,469**
Cash and cash equivalents at the beginning of the year	49,306	51,863
Effect of foreign exchange	1,021	(43,026)
Cash and cash equivalents at the end of the year	**526,262**	**49,306**

The notes on pages 19 to 37 form an integral part of the financial statements.

Notes to the consolidated financial statements

1. General Information on the Company and the Group

Cemos Group Plc ("the Company") and its subsidiaries ("the Group") are involved in the evaluation, development and planned production of cement (the Phase-1 projects for cement grinding in Tarfaya, Morocco and future Moroccan and Sub-Saharan Africa locations) as well as the production of clinker, energy and other materials through the utilisation of surface oil shale resources from the Company's current and planned oil shale resources (the Phase-2 project for clinker production in Tarfaya, Morocco based on commercially available technologies as well as Cemos - Global Oil Shale Oy technology for production of clinker and energy).

The Group currently owns the rights for the Julia Creek Oil Shale Resource Project, which includes approximately 2 billion tons of surface oil shale resources, with potential for future development of cement and clinker, energy or liquid fuels production projects.

The Group, through its Moroccan subsidiary, Cemos Ciment S.A., has licenses for a cement grinding project in Tarfaya with a planned start of production in 2018 and a total cost of approximately € 12.9 million. The Company has engaged with it shareholders and other investors for debt and equity financing with continued positive support.

The Company's main strategy is the launch of the Phase-1 cement grinding operations, with the first plant in Tarfaya and up to four (4) additional cement grinding plants across Morocco and Sub-Saharan Africa, and then proceeding with its Phase-2 project for clinker and energy productions from oil shale and limestone in the Tarfaya region. The development of the Julia Creek project and its oil shale resources is on hold pending the Group's developments in Morocco and will be focused on in due course.

The Company was incorporated and domiciled in Jersey as a private limited company and, on 16 January 2013, changed to a Public Company. The address of its registered office is Forum 4, Grenville Street, St Helier, Jersey Channel Islands, JE4 8TQ.

The Company's representative office and other offices

The company has a main representative office at 259–269 Old Marylebone Road, London NW1 5RA as well as offices for Cemos Ciment S.A. at Hay Jedid, Rue Principale SN, Tarfaya, Morocco and Global Oil Shale Oy at Energiakuja 2, Helsinki 00180, Finland.

The Company's subsidiaries

The Company's held five (5) fully owned subsidiaries at the end of the period 2016, domiciled in Finland, Morocco, Estonia, Australia and Jersey.

The effectively wholly-owned (99.9%) subsidiary Cemos Ciment S.A. was established in April 2016 in Morocco for the purposes of the launch of the Phase-1 cement grinding operation in Tarfaya. In accordance with the local regulations for S.A. type companies, which require a minimum of five shareholders, the company has allocated three non-voting shares to the Directors of Cemos Ciment S.A.

At 31 December 2017, the Company's subsidiary undertakings, included in the consolidated Group financial information, were:

- Cemos Ciment S.A., a Moroccan incorporated and domiciled company - 99.9% ordinary shares.
- Cemos Limited, a Jersey incorporated and domiciled company - 100% ordinary shares;
- Global Oil Shale Australia Ltd, an Australian incorporated and domiciled company - 100% ordinary shares;
- Global Oil Shale Oy, a Finnish incorporated and domiciled company - 100% ordinary shares; and
- GOStek OÜ, an Estonian incorporated and domiciled company - 100% ordinary shares;

The principal activities of the subsidiary entities relate mainly to cement grinding and production in South Morocco, oil shale resource ownership and development and technology and R&D as follows:

- Cemos Ciment S.A. - cement production and oil shale development for clinker and cement production in Morocco.
- Cemos Limited - a subsidiary which owns Intellectual Property (IP) for oil shale concentration ;
- Global Oil Shale Australia Ltd – Australian oil shale project in Julia Creek containing approx. 2 billion tons or 810 million barrels of shale oil resources;
- Global Oil Shale Oy – a Finnish subsidiary in charge of engineering, design and technological solutions for oil shale processing for clinker / cement, energy and liquid oil; and
- GOStek OÜ – an Estonian Research & Development subsidiary in charge of oil shale testing and support services in engineering, mining and oil production;

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements for the year ended 31 December 2017 are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historic cost convention, in accordance with International Financial Reporting Standards ("IFRS") and interpretations as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

Under Article 105(11) of the Companies (Jersey) Law 1991 the directors of a holding company need not prepare separate accounts (i.e. company only accounts) if consolidated accounts for the company are prepared, unless required to do so by the members of the company by ordinary resolution. The members of the Company have not passed a resolution requiring separate accounts and, in the Directors' opinion, the Company meets the definition of a holding company. As permitted by the law, the Directors have elected not to prepare separate accounts.

Notes to the consolidated financial statements (continued)

Going concern

Based on a review of the Group's budgets and cash flow forecasts, the directors have identified a material uncertainty which may cast doubt upon the ability of the Group to continue as a viable going concern, which may otherwise result in an inability for the Group to realise its assets and discharge its liabilities in the normal course of business. The Group will need to raise finance within the next twelve months in order to continue its operations and meet its commitments, which is currently is in progress also for the Group's Phase-1 cement grinding project in Tarfaya, Morocco (see Post Period Events in Chairman's Statement).

The Group does not currently earn income from its activities and none was earned for the financial year 2017. The Group therefore had negative operating cash flows for this period and relied upon additional funds received from short term loans from related parties. Similarly for 2018 the Group will continue to rely on additional funding from its shareholders and third parties to pay its development costs until the Moroccan operations begin to generate sufficient revenues.

In common with many exploration, development and pre-production companies, the Group will continue to raise finance for its activities in discrete tranches to finance activities for limited periods. The directors are confident that further funding can be raised as and when required from existing shareholders. For these reasons, the financial statements are drawn up on the going concern basis.

However, as final investment decisions are subject approvals and confirmations by each of the Company's individual shareholders, or other investors, there can be no certainty that funding will be secured in the necessary timescales and this indicates the existence of a material uncertainty that may cast uncertainty on the ability of the Company and the Group to continue as a going concern.

The Company will review this position with the planned Morocco cement grinding (Phase-1) production start in 2018 and with completing the full financing required for this production launch and based on current projections for this production launch a subsequent removal of any risks associated with a going concern matter and supported by positive cash flows for all of the Group's operating costs.

Critical judgements and accounting estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the date of the financial statements. If in future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Mining licences held by the Group are classified as intangible assets. Determining whether intangible assets are impaired requires an estimation of the expected cash flows generated by the mining licences held by the Group. The estimated cash flow requires the estimation of the number of tons of clinker, kwh of energy or barrels of oil, expected to be produced from the oil shale, the prices for final products and a suitable discount rate in order to calculate the present value of potential future cash flows.

Notes to the consolidated financial statements (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

For the results and financial position of subsidiaries acquired during the period, the Consolidated Income Statement includes acquired operations only after the effective date of the transaction.

Foreign currencies

Group functional currency is US dollar. The individual financial statements of the Company and its Subsidiaries are prepared and presented in the currency of the primary economic environment in which it operates (its functional currency), which are currently USD, AUD, MAD and EUR. For the purpose of the consolidated financial statements, the results and financial position of Group are expressed in US dollars, which is presentation currency for the consolidated financial statements as it is expected to be the dominant functional currency of the Group and will provide proper information to overseas shareholders to allow for comparison with other oil group companies. On consolidation, financial statements of foreign currency denominated subsidiaries are translated into US dollars whereby, assets and liabilities for each financial position are translated at the closing rate prevailing at the statement of financial position date. Income and expenses for each statement of comprehensive income are translated at the average monthly exchange rate for the period.

Transactions in foreign currencies in individual subsidiaries are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated into US dollars at the exchange rates ruling at the balance sheet date, with a corresponding gain or loss to the statement of comprehensive income.

Exploration and evaluation assets

The Group adopts the 'successful efforts' method of accounting for exploration and evaluation costs. All licence acquisition, exploration and evaluation costs are initially capitalised as intangible assets in cost centres by well, field or exploration area, as appropriate. Directly attributable administration costs and borrowing costs are capitalised insofar as they relate to specific exploration and development activities. Pre-licence costs are expensed in the period they are incurred.

Exploration and evaluation assets are held at cost less impairment and are not subsequently revalued. If prospects are deemed to be impaired ('unsuccessful') on completion of an evaluation, the associated capitalised costs are charged to the statement of comprehensive income. If the field is determined to be commercially viable, the attributable costs are transferred to property, plant and equipment in a single field cost centre.

Property, plant and equipment
Property, plant and equipment is stated in the statement of financial position at cost less accumulated depreciation and impairment loss, if any.

Oil shale properties
Oil shale property expenditure carried within each field are amortised from the commencement of production, on a unit of production basis, which is the ratio of oil production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, on a field-by-field basis. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs.

The production and reserve estimates used in the calculation are on an entitlement basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Where there has been a change in economic conditions (including commodity assumptions and cost of capital) that indicate a possible impairment of a field previously determined to be commercially viable, the recoverability of the net book amount relating to that field is assessed by comparison with its recoverable amount, which is typically the estimated discounted future cash flows based on management's expectations of future oil prices and future costs. Any impairment identified is charged to the statement of comprehensive income as additional depreciation, depletion and amortisation. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the statement of comprehensive income, net of any depreciation that would have been charged since the impairment.

Provision for decommissioning is recognised in full when the related facilities are installed, where the Group has a legal or constructive obligation to decommission. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as finance costs.

Other fixed assets
Property, plant and equipment, other than oil and gas properties, are depreciated at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The motor vehicles purchased by GOSA are depreciated at a rate of 25%, using the diminishing value method, in alignment with the Australian Taxation rate for motor vehicles. The estimated useful lives of other fixed assets are as follows:

Buildings	40 years
Office equipment	3 years

Notes to the consolidated financial statements (continued)

Acquisitions, asset purchases and disposals
Acquisitions of shale oil properties are accounted for under the acquisition method where the business meets the definition of a business combination. Transactions involving the purchases of an individual field interest, or acquisitions of exploration and evaluation licenses for which a development decision has not yet been made that do not qualify as a business combination, are treated as asset purchases. Accordingly, no goodwill or deferred tax gross up arises. The purchase consideration is allocated to the assets and liabilities purchased on an appropriate basis. Proceeds on disposal are applied to the carrying amount of the specific intangible asset or development and production assets disposed of and any surplus is recorded as a gain on disposal in the statement of comprehensive income.

Intangible assets
Intangible assets acquired as part of a corporate acquisition are recorded at cost initially. Cost is equivalent to the fair value of the consideration paid for the entity less the net assets of the entity on acquisition. Subsequent measurement and amortisation is covered in 'Oil properties' above.

Revenue recognition
Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, sales tax, value added tax, excise duties and similar taxes. Revenue includes interest and dividends receivable.

Revenue from the sale of shale oil and related products is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. The Group has not entered into any derivative financial instruments during the period.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held on call with banks.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Financial instruments (continued)
Trade and other receivables (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

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

Taxation
There is no tax currently payable by the Group as profits have not been earned in the financial year. There are no tax liabilities due across the Group structure, and although deferred tax assets do exist due to accumulated losses being available for offset against taxable profits earned from operations the deferred tax asset has not been recognised on the balance sheet due to uncertainty around future levels of profitability.

Merger reserve
For investments in subsidiaries acquired for consideration including the issue of shares, cost is measured by reference to the nominal value only of the shares issued. The merger reserve is recorded in the consolidated financial statements as the difference which arises between the nominal value of the shares issued by the Company plus the fair value of any other consideration given, and the nominal value of the shares received in exchange.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached (if any) to them and that the grants will be received.

Share Capital
Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently re-measured at amortised cost using the effective interest rate method on the reporting date. Borrowings are shown as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Share based payments
Equity-settled share based payments to directors and others providing similar services are measured at the fair value of the services provided at the grant date. There are no vesting conditions attached to the share based payments made. The fair value determined at the grant date of the equity settled share based payments is expensed in the period the services were obtained by the Group.

Research and development
After the collapse of oil prices the R&D strategy has been revisited. Our R&D focus was directed into utilisation of the inorganic components of oil shale. Also to develop the possibilities to use synergistically the energy content of oil shale in production processes.

Notes to the consolidated financial statements (continued)

3. Changes in Accounting Policy and Disclosures

Application of new and revised accounting standards and interpretations

The following new and revised standards, interpretations and improvements have been adopted in the current year.

- Annual Improvement to IFRSs; 2012-2014 Cycle (Sept 2014), (effective for periods commencing on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 (May 2014) Clarification of Acceptable Methods of Depreciation and Amortisation (effective for periods commencing on or after 1 January 2016)

The adoption of the above matters have not had any significant impact on the amounts reported in these financial statements. Accordingly comparatives have not been restarted.

Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective for the year ended 31 December 2016:

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (effective for periods commencing on or after 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective for periods commencing on or after 1 January 2018)
- IFRS 16 Leases (effective for periods commencing on or after 1 January 2019)

The Directors anticipate that all of the above standards and interpretations will be adopted in the Group consolidated financial statements in the appropriate and applicable period.

The Directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Group in future periods.

Notes to the consolidated financial statements (continued)

4. Exploration expenses

For the year ended 31 December

	2017 US$	2016 US$
Consultants - exploration	154,795	114,364
Research & development expense	33,293	64,985
	188,088	**179,349**

5. Loss for the financial year

The loss is stated after charging:
For the year ended 31 December

	2017 US$	2016 US$
Audit fees	36,442	18,919
Depreciation	491	5,229
Directors' remuneration – Executive Directors	128,873	123,300
Directors' remuneration – Non Executive Directors	101,709	60,871
Directors - consultant fee	49,863	23,825
Disposals of items of property, plant and equipmant	(151)	(7,256)

Notes to the consolidated financial statements (continued)

6. Property, plant and equipment

	Freehold land and buildings US$	Equipment US$	Motor vehicles US$	Total US$
Cost				
At 31 December 2015	**74,784**	**13,872**	**11,132**	**99,788**
Addition	- 16,922	- 2,553	-	- 19,475
Disposal	-	- 7,256	-	- 7,256
At 31 December 2016	**57,862**	**4,062**	**11,132**	**73,057**
Addition	13,154	10,760,889	-	10,774,043
Disposal	-	- 1,357	-	- 1,357
At 31 December 2017	**71,016**	**10,763,594**	**11,132**	**10,845,742**
Depreciation				
At 31 December 2015	**1,159**	**11,342**	**5,951**	**18,452**
Depreciation charge for the year	222	- 174	5,181	5,229
Disposal	-	- 7,256	-	- 7,256
At 31 December 2016	**1,381**	**3,912**	**11,132**	**16,425**
Depreciation charge for the year	491	-	-	491
Disposal	-	- 1,207	-	- 1,207
At 31 December 2017	**1,872**	**2,705**	**11,132**	**15,709**
Exchange differences				
At 31 December 2015				**(2,786)**
At 31 December 2016				**-**
At 31 December 2017				**-**
Net book value:				
At 31 December 2015	**73,625**	**2,530**	**5,181**	**78,550**
At 31 December 2016	**56,481**	**151**	**-**	**56,632**
At 31 December 2017	**69,144**	**10,760,889**	**-**	**10,830,033**

CEMOS GROUP

Notes to the consolidated financial statements (continued)

6. Property, plant and equipment (continued)

The details of the property, plant and equipment as at 31 December 2017 are listed below:

Fixed assets		
	Subsidiary	**Book Value, USD**
Land		
Real estate in City of Kohtla- Jarve, Lai 4	GOStek OÜ	53,908
Building		
Building in Kohtla- Jarve, Lai 4	GOStek OÜ	10,108
Other Tangible fixed assets		
Office equipment	GOStek OÜ	-
Office equipment Cemos Ciment	Cemos Ciment	5,129
Equipment Cemos Ciment	Cemos Ciment	10,760,889
		10,830,033

CEMOS GROUP

Notes to the consolidated financial statements (continued)

7. Intangible assets

	Exploration/ Development Licences – Julia Creek site US$	Licence - IT program
Cost		
Additions	-	-
At 31 December 2016	2,404,422	-
Additions	-	35,868
At 31 December 2017	2,404,422	35,868
Amortisation		
Charge for the year	-	-
At 31 December 2016	-	-
Charge for the year	-	-
At 31 December 2017	-	-
Carrying amount		
At 31 December 2017	2,404,422	35,868
At 31 December 2016	2,404,422	-

Intangible assets in respect of development and exploration licences are amortised on a unit of production basis, which is the ratio of oil production in the period to the estimated quantities of commercial reserves at the end of a period plus the production in future periods, on a field by field basis. Amortisation does not commence until production at the site commences. No production under the rights of these licences has taken place to date.

The Company still intends to develop the licenses and expects to receive cash-flows sufficient to support the recoverability of the licence intangible assets.

Notes to the consolidated financial statements (continued)

8. Other receivables

	2017	2016
	US$	US$
VAT	182,694	1,773
Prepayments	19,773	4,524
	202,467	**6,297**

The carrying amount of receivables materially equal to their fair value.
VAT and prepayments are current receivables.

9. Trade and other payables

	2017	2016
	US$	US$
Trade creditors	827,312	218,663
Accruals	21,794	10,816
Loan payables	11,713,511	518,089
Trade and other payables	**12,562,617**	**747,568**

The Directors consider that the carrying amount of trade payables to be materially equal to their fair value. All trade and other payables are current payables.

Convertible Unsecured Loan Security (CULS) first closure by annum interest rate 10% was 10 November 2017 mostly to Company shareholders. Outstanding board fees and loan payables with interest transferred to CULS. Repayment will be made in cash or converted to new ordinary shares of Company on demand.

Notes to the consolidated financial statements (continued)

10. Share capital and share premium

Authorised	2017 US$	2016 US$
200,000,000 Ordinary shares at 1p per share	2,468,240	2,468,240

Ordinary shares issued and fully paid	Number of Shares	Nominal Value US$	Share Premium US$
At 1 January 2016	**90,916,208**	**1,439,445**	**8,060,863**
Issued for cash	974,999	13,944	196,603
Other Issues	1,347,644	16,111	242,284
At 31 December 2016	**93,238,851**	**1,469,500**	**8,499,750**
At 1 January 2017	**93,238,851**	**1,469,500**	**8,499,750**
At 31 December 2017	**93,238,851**	**1,469,500**	**8,499,750**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During the year the Group has settled payments to non-executive directors and certain consultants by issue of its own shares. This is included in 'Other Issues' in the above note. Since there are no vesting conditions associated with the issue of these shares the expense has been recognised in the period that the Group has received the service. The fair value of the shares issued at grant date has been determined using the share price at the last round of investor funding.

11. Reserves

The difference which arose in 2011 between the nominal value of the shares issued by the Company plus the fair value of any other consideration given, and the nominal value of the shares received in exchange is shown as a merger reserve in the consolidated financial statements. The share for share acquisition of its subsidiaries in 2011 by the Group resulted in a negative merger reserve being created in the consolidated financial statements.

Other reserve is reserve for share based payments calculated but not yet issued Company shares for non-executive directors.

Foreign currency translation reserve is reserve converting the result of parent company foreign subsidiaries to reporting currency. Accumulated deficit consist from losses of previous and reporting year.

Notes to the consolidated financial statements (continued)

12. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Existing Group shareholders CULS holdings (as at 31.12.2017 USD5,611,861) were taken at the interest rate 10% per annum, repayment will be made in cash or converted to new ordinary shares of Company on demand.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the relevant categories specified in IAS 24, Related Party Disclosures.

	2017 US$	2016 US$
Directors fees - executive	128,873	123,300
Directors fees - non - executive	101,709	60,871
Directors - consultant fee	49,863	23,825
	280,445	**207,996**

As at 31 December 2017, the outstanding balance of USD21,091 due to non-executive directors for September - December of 2017 (2015: USD23,569) can be settled in either cash or shares. There are no vesting conditions associated with such share based payments and they accrue in the period which the service is received by the Group.

Directors interests at 31 December 2017

Directors Name	Ordinary Shares	% Issued Shares
Petri Karjalainen [1]	22,377,839	24.00%
George Lloyd [2]	1,217,639	1.31%
Harri Turpeinen [3]	560,489	0.60%

[1] Interest recorded in respect of Petri Karjalainen includes shares held through ECAP Investments Limited and family

[2] Interest recorded in respect of George Lloyd includes shares held through Jojeto Pty Ltd.

[3] Interest recorded in respect of Harri Turpeinen includes shares held through Turpeinen Consult Oy.

Other related party transactions

For the year ending 31 December 2016 the Group was invoiced an amount of USD49,863 (2016: USD23,825) by Turpeinen Consult OY for the provision of the Company consultancy services. At 31 December 2017 there was an amount of USD nil (2016: USD nil) due to Turpeinen Consult Oy. Turpeinen Consult Oy is a minority shareholder in the Company.

13. Financial risk management

The Group's principal financial instruments comprise of cash, other receivables and creditors. The board of directors determine, as required, the degree to which it is appropriate to use derivatives or other hedging techniques to mitigate financial risks.

Interest rate risk
The risks caused by changes in interest rates are minimal since the Group's only interest bearing financial asset pertains to cash. The Group is therefore not subject to significant amount of risk due to fluctuations in the prevailing levels of market interest rates.

Foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has cash assets denominated in Euro, US dollar, Sterling, Moroccan dirham and in Australian Dollars and incurs liabilities for its working capital expenditure either in Sterling, Euro, US dollars, Moroccan dirham or Australian dollars. Payments are made in Sterling, Euro, US dollars, Moroccan dirham or Australian dollars.

The Group's policy is not to enter into any currency hedging transactions.

The exchange rates affecting the Group at 31 December 2017 were as follows:

USD for 1 EUR	1.19795
USD for 1 GBP	1.34925
USD for 1 AUD	0.78059
USD for 1 MAD	0.10698

At 31 December 2017, movements of up to 10% in the Sterling, Euro, Moroccan dirham and Australian dollars produce change of USD1,295,534 (2016: USD64,829) of the Group account balances. The impact of a 10% movement has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis.

Foreign currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	AUD	GBP	EUR	MAD	Total
Other receivables	4,189	32,859	4,222	194,254	235,524
Cash and cash equivalents	777	27,198	5,278	493,008	526,261
Trade and other payables	(3,595)	-	(7,606,158)	(6,107,375)	(13,717,128)
	1,371	**60,057**	**(7,596,658)**	**(5,420,113)**	**(12,955,343)**

Credit risk

Credit risk is the risk of financial loss to the Group if counterparty to a financial assets fails to meet its contractual obligation. The Group's principal financial asset is cash and credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. It is the Group's policy to monitor the financial standing of these assets on an on-going basis. Bank balances are held with reputable and established financial institutions with credit ratings of at least A or equivalent. The credit rating is monitored periodically through the year. Credit risk consisting from cash on Group bank accounts. The maximum credit risk at the year end is $526,262 (2016: $49,306).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity through continuous monitoring of the monthly cash burn, budgets and rolling forecast cash flows. These activities ensure that the Group has sufficient funds to meet its financial obligations as they become due.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may issue new shares or seek debt capital. There is no externally imposed capital requirements to meet.

14. Ultimate controlling party

The directors believe that no shareholder had the ability to control the constitution of the board which would result in such shareholder becoming the controlling party of the Group.

Notes to the consolidated financial statements (continued)

15. Taxation

The Company and its Jersey based subsidiary is subject to Jersey income tax at the rate of 0% (2016: 0%). The subsidiary in Estonia, GOStek OÜ, is subject to Estonian distribution tax at the rate of 20% (2016: 20%). The subsidiary in Australia, GOSA, is subject to Australian corporate income tax at a rate of 30%. The subsidiary in Finland is subject to Finnish corporate tax of 20% in year 2017.

Tax losses available for set off against future tax profits not amounted in 2017 (2016: USD17,810). Deferred taxes have not been recognised on these tax losses due to uncertainty in earning future taxable profits.

16. Post reporting events

The Company's post reporting events are described in details in the Chairman's statement page 5 of this document.

17. Commitments and contingent liabilities

There are no outstanding commitments including commitments under non-cancellable operating leases as at 31 December 2017 (2016: none).