
GLOBAL GOLD CORPORATION
UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING
DECEMBER 31, 2020

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GLOBAL GOLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2020

| <u>ASSETS</u> | |
|--|---------------------|
| CURRENT ASSETS: | |
| Cash | \$ 580,470 |
| Inventories | 557,443 |
| Tax refunds receivable | 90,314 |
| Receivable from sale, net of impairment of \$16,868,570 | - |
| Other current assets | 7,987 |
| TOTAL CURRENT ASSETS | 1,236,214 |
| Deposits on contracts and equipment | 456,422 |
| Property, plant and equipment, net of accumulated depreciation of \$2,490,515 | 1,040,763 |
| TOTAL ASSETS | \$ 2,733,399 |
| LIABILITIES AND DEFICIT | |
| CURRENT LIABILITIES: | |
| Accounts payable and accrued expenses | \$ 8,297,253 |
| Wages payable | 1,754,684 |
| Mine owners debt facilities | 4,104,577 |
| Director loans | 1,672,328 |
| Notes payable to Directors and Officers | 5,675,107 |
| TOTAL CURRENT LIABILITIES | 21,503,949 |
| Commitments and contingencies | - |
| DEFICIT: | |
| GLOBAL GOLD CORPORATION STOCKHOLDERS' DEFICIT: | |
| Common stock \$0.001 par, 398,406 shares authorized; 389,730 shares issued and outstanding | 91,978 |
| Additional paid-in-capital | 45,130,294 |
| Accumulated deficit | (65,460,706) |
| Accumulated other comprehensive income | 1,559,472 |
| TOTAL STOCKHOLDERS' DEFICIT | (18,770,550) |
| TOTAL LIABILITIES AND DEFICIT | \$ 2,733,399 |

The accompanying notes are an integral part of these unaudited consolidated financial statements.

GLOBAL GOLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

FOR THE YEAR ENDING DECEMBER 31, 2020

| | |
|--|---------------------|
| REVENUES | \$ 125,330 |
| COST OF GOODS SOLD | <u>11,342</u> |
| GROSS PROFIT | 113,988 |
| OPERATING EXPENSES: | |
| General and administrative | 1,076,990 |
| Mining and exploration costs | - |
| Depreciation expense | <u>26,566</u> |
| TOTAL OPERATING EXPENSES | 1,103,556 |
| OTHER (INCOME) EXPENSES: | |
| Debt forgiveness income | (1,000,000) |
| Interest expense | <u>476,558</u> |
| TOTAL OTHER INCOME | <u>(523,442)</u> |
| Net loss applicable to Common Stockholders | (466,126) |
| Foreign currency translation adjustment | <u>205,642</u> |
| Comprehensive Net Loss applicable to Common Stockholders | <u>\$ (260,485)</u> |
| NET LOSS PER SHARE APPLICABLE TO COMMON STOCKHOLDERS - BASIC AND DILUTED | <u>\$ (1.22)</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED | <u>383,282</u> |

The accompanying notes are an integral part of these unaudited consolidated financial statements.

GLOBAL GOLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 2020

| | Common Stock | | Additional | Accumulated | Accumulated | Total |
|---|----------------|---------------|----------------------|------------------------|---------------------|------------------------|
| | Shares | Amount | Paid-in | deficit | Other | Deficit |
| | | | Capital | | Comprehensive | |
| | | | | | Income | |
| Balance as of December 31, 2019 | 369,730 | \$ 370 | \$ 45,130,114 | \$ (64,994,580) | \$ 1,353,830 | \$ (18,510,266) |
| Stock compensation | 20,000 | 20 | 180 | - | - | 200 |
| Net loss | - | - | - | (466,126) | - | (466,126) |
| Foreign currency translation adjustment | - | - | - | - | 205,642 | 205,642 |
| Balance as of December 31, 2020 | <u>389,730</u> | <u>\$ 390</u> | <u>\$ 45,130,294</u> | <u>\$ (65,460,706)</u> | <u>\$ 1,559,472</u> | <u>\$ (18,770,550)</u> |

The accompanying notes are an integral part of these unaudited consolidated financial statements.

GLOBAL GOLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

| | |
|---|-------------------|
| OPERATING ACTIVITIES: | |
| Net loss | \$ (466,126) |
| Adjustments to reconcile net loss to net cash used in operating activities: | |
| Depreciation expense | 26,566 |
| Stock based compensation | 200 |
| Changes in operating assets and liabilities: | |
| Other current and non current assets | 1,466,969 |
| Accounts payable and accrued expenses | (861,154) |
| Accrued interest | 476,558 |
| Wages payable | (210,234) |
| NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | 432,778 |
| INVESTING ACTIVITIES: | |
| | - |
| FINANCING ACTIVITIES: | |
| Forgiveness of note payable to Director | (1,000,000) |
| Proceeds from Director loans | 617,500 |
| Proceeds from notes payable to Directors and Officers | 180,000 |
| NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | (202,500) |
| EFFECT OF EXCHANGE RATE ON CASH | 52,105 |
| NET INCREASE IN CASH | 282,383 |
| CASH AND CASH EQUIVALENTS - beginning of the year | 298,087 |
| CASH AND CASH EQUIVALENTS - end of the year | \$ 580,470 |
| SUPPLEMENTAL CASH FLOW INFORMATION | |
| Income taxes paid | \$ - |
| Interest paid | \$ - |
| Noncash Investing and Financing Transactions: | |

The accompanying notes are an integral part of these unaudited consolidated financial statements.

GLOBAL GOLD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

The Company is engaged in exploration for, as well as development and mining of, gold, silver, and other minerals in Armenia, Canada and Chile. The Company's headquarters are in Rye, NY. Its subsidiaries and staff maintain offices in Yerevan, Armenia, and Santiago, Chile. The Company was incorporated as Triad Energy Corporation in the State of Delaware on February 21, 1980 and conducted other business prior to January 1, 1995. During 1995, the Company changed its name from Triad Energy Corporation to Global Gold Corporation to pursue certain gold and copper mining rights in the former Soviet Republics of Armenia and Georgia. The Company has not established proven and probable reserves in accordance with SEC Industry Guide 7 at any of its properties. The Company's Armenia subsidiaries were subjected to bankruptcy proceedings there, from which they are emerging and for which legal recourse is being sought.

In Armenia, the Company's focus is on the exploration, development and production of gold at the Toukhmanuk property in the North Central Armenian Belt, the Marjan and an expanded Marjan North property in south western Armenia, and other properties. In Chile, the Company is engaged in identifying gold exploration and production opportunities and one of the Company's Vice Presidents maintains an office in Santiago. In Canada, the Company had engaged in uranium exploration activities in the provinces of Newfoundland and Labrador, but has phased out this activity, retaining a royalty interest in the Cochrane Pond property in Newfoundland. The Company also assesses exploration and production opportunities in other countries.

The subsidiaries of the Company are as follows:

- Global Gold Armenia LLC ("GGA") organized in Delaware and is a wholly owned subsidiary of the Company.
- Global Gold Mining, LLC ("GGM") organized in Delaware and is a wholly owned subsidiary of GGA. GGM has registered a separate branch operation in Armenia.
- GGCR Mining, LLC ("GGCRM") organized in Delaware is wholly owned subsidiary of the Company.
- Global Gold Hankavan, LLC ("GGH") organized in Armenia and is a wholly owned subsidiary of GGM.
- Marjan Mining Company LLC, ("MMC") organized in Armenia and is a wholly owned subsidiary of GGM. MMC is the license holder of the Marjan mining property in Armenia.
- Mego-Gold, LLC ("Mego") organized in Armenia and is a wholly owned subsidiary of GGCRM. Mego is the license holder for the Toukhmanuk mining property.
- Getik Mining Company, LLC ("GMC") organized in Armenia and is a wholly owned subsidiary of GGCRM.
- Nefelinayin Sienitneri Hamalir Artadrutun, LLC ("NSHA") organized in Armenia and is a wholly owned subsidiary of GGM.
- Global Gold Uranium, LLC ("Global Gold Uranium") organized in Delaware is a wholly owned subsidiary of the Company.

Reference is made to the Company's historic SEC filings, available on the Company's website for historical information on these entities and the Company's historical activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for Presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and are expressed in U.S. dollars. The statements contain the financial information of Global Gold Corporation and its wholly owned subsidiaries listed above in Note 1.

Going Concern

The consolidated financial statements as of December 31, 2020, and for the years then ended were prepared assuming that the Company would continue as a going concern. During the year ended December 31, 2020, the Company has incurred a net loss of \$466,126, has working capital deficit (current liabilities exceed current assets) of approximately \$20,268,000 and stockholders’ deficit of approximately \$18,771,000. Management pursued additional investors and lending institutions interested in financing the Company's projects. However, there is no assurance that the Company will obtain the financing that it requires or will achieve profitable operations. The Company expected to incur additional losses for the near term until such time as it would derive substantial revenues from the Armenian mining interests acquired by it or other future projects. These matters raised substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements were prepared on a going concern basis, which contemplated the realization of assets and satisfaction of liabilities in the normal course of business. The accompanying consolidated financial statements as of December 31, 2020 and for the year then ended did not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are assumptions about useful life of property and equipment, inventory valuation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments with a remaining maturity of three months or less when purchased and are carried at fair value.

Fair Value of Financial Instruments

The Company adopted FASB ASC 820-Fair Value Measurements and Disclosures, for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company’s consolidated financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions.

The Company did not have any Level 2 or Level 3 assets or liabilities as of December 31, 2020.

The Company discloses the estimated fair values for all financial instruments for which it is practicable to estimate fair value. As of December 31, 2020, the fair value short-term financial instruments including cash, receivables, accounts payable and accrued expenses and notes payable approximates book value due to their short-term duration.

Cash and cash equivalents include money market securities and commercial paper that are considered to be highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within the fair value hierarchy.

In addition, the Financial Accounting Standards Board ("FASB") issued, "The Fair Value Option for Financial Assets and Financial Liabilities," effective for January 1, 2008. This guidance expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not elect the fair value option for any of its qualifying financial instruments.

Inventories

Inventories consists of the following at December 31, 2020:

| | | |
|-------------------------------|----|----------------|
| Ore | \$ | 451,569 |
| Concentrate | | - |
| Materials, supplies and other | | 105,574 |
| Total Inventories | \$ | <u>557,443</u> |

Ore inventory consists of unprocessed ore at the Toukhmanuk mining site in Armenia. The concentrate and unprocessed ore are stated at the lower of cost or market. The Company is currently reporting its inventory at cost, using weighted average, which is still less than the current market value so recent fluctuations in gold prices have no effect on our carrying value of inventory. The Ore inventory is pledged as collateral for the mine owner's debt facility and secured line of credit.

Deposits on Contracts and Equipment

The Company made several deposits for purchases, the majority of which is for the potential acquisition of new properties, and the remainder for the purchase of mining equipment.

Tax Refunds Receivable

The Company is subject to Value Added Tax ("VAT tax") on all expenditures in Armenia at the rate of 20%. The Company is entitled to a credit against this tax towards any sales on which it collects VAT tax. The Company is carrying a tax refund receivable based on the value of its in-process inventory.

Net Loss Per Share

Basic net loss per share is based on the weighted average number of common and common equivalent shares outstanding. Potential common shares includable in the computation of fully diluted per share results are not presented in the consolidated financial statements as their effect would be anti-dilutive. The Company did not have any outstanding warrants or options at December 31, 2020.

Risk Factors

The Company urges that you consider risk factors in connection with our statements generally and as applied to the Company and its business. Any of the following risks, as well as other risks and uncertainties reported previously, as well as additional risks which may not be currently known to the Company, could harm our business, financial condition and results of operations and could adversely affect the value of our Common Stock. The Company is an exploration stage company in the mining business. Although the Company maintains mining licenses in Armenia, the Company has not established proven and probable reserves in accordance per SEC Industry Guide 7 at any of its properties (please refer to the “Cautionary Note to U.S. Investors” on our website). The Company may encounter problems, delays, expenses and difficulties typically encountered in the development stage, many of which may be outside of the Company's control. These problems include, but are not limited to, issues interpreting and proving historical mining data, obtaining and maintaining quality equipment, licensing difficulties, and financing problems. The Company has liquidity and going concern risks. The Company needs additional funds in order to conduct any active mining development and production operations in the foreseeable future. There can be no assurance that any financing for acquisitions or future projects will be available for such purposes or that such financing, if available, would be on terms favorable or acceptable to the Company. Additional revenue arrangements or financing is needed to enable us to fund our future operations, which raises substantial questions about our ability to operate as a going concern. The Company faces competition risks. The Company has insurance protection risks. The Company may not be able to obtain adequate insurance protection for its foreign investments. The Company has counterparty and personnel risks. The Company has relied on counterparties and personnel which have not upheld their obligations or acted in good faith. The Company has legal and regulatory risks. Mining operations and exploration activities are subject to extensive laws and regulations. These relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response and other matters. Compliance with these laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing mines and other facilities. It is possible that the costs, delays and other effects associated with these laws and regulations may impact the Company's decision as to whether to continue to operate in a particular jurisdiction or whether to proceed with exploration or development of properties. Since legal requirements change frequently, are subject to interpretation and may be enforced to varying degrees in practice, the Company is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, changes in governments, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition, which may have a material adverse impact on the Company and its share price. The Company operates in Armenia, which has considerable political risk factors. The Company has been forced to arbitrate a dispute with the Armenian government once and may have to again. The Company's mining and processing activities are dependent upon the grant of appropriate licenses, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. Although the Company believes that the licenses, concessions, leases, permits and consents it holds will be renewed, if required, when they expire, according to the current laws applicable in the respective countries, subject to other risk factors, there can be no assurance that they will be renewed or as to the terms of any such renewal. The Company faces corruption risks. The Company is subject to the U.S. Foreign Corrupt Practices Act and other similar acts (collectively, the “Anti-Corruption Legislation”), which prohibit the Company or any officer, director, employee or agent of the Company or any stockholder of the Company acting on its behalf from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The Company strictly prohibits these practices by its employees and agents. Any failure by the Company to adopt appropriate compliance procedures and ensure that its employees and agents comply with the Anti-Corruption Legislation and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on its ability to conduct its business, which may have a material adverse impact on the Company and its share price. The Company has also been the victim of corruption, embezzlement, and self-dealing, including by senior local personnel. The Company is faces foreign risks. The value of the Company's assets may be adversely affected by political, exchange rate, economic and other factors in the foreign countries where it does business. The Company faces environmental risk. While the Company has never had a material environmental or safety accident since commencing in the mining business in 1995, there is a risk that such a development may arise because of the Company's own conduct or the conduct of others.

3. PROPERTY, PLANT AND EQUIPMENT

The following table illustrates the capitalized cost less accumulated depreciation arriving at the net carrying value on our books as of December 31, 2020.

| | | |
|--------------------------------|----|------------------|
| Plant | \$ | 569,420 |
| Construction in process | | 972,985 |
| Machinery and equipment | | 1,708,410 |
| Computer | | 116,071 |
| Office equipment | | 14,558 |
| Vehicles | | 149,834 |
| Total | \$ | 3,531,278 |
| Less: Accumulated depreciation | | (2,490,515) |
| | | |
| | \$ | <u>1,040,763</u> |

The Company had depreciation expense for the year ended December 31, 2020 of \$26,566.

4. LEASES

The Company leases office space at the International Corporate Center, 555 Theodore Fremd Avenue, Rye, NY 10580 with a current term running from November 1, 2017 to October 31, 2022 at a current base rent of \$3,131 per month plus \$200 per month for storage space.

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable include various payables to various legal firms which have surpassed the statute of limitations for collections, as of the date of this report, but remain as liabilities for GAAP purposes which total \$3,272,810. Accrued expenses includes accrued interest expense.

6. NOTES PAYABLE

On July 1, 2017, the Company formalized notes payable with officers and directors with 5% interest in exchange for previous loans, expense reimbursements, and unpaid wages.

7. LEGAL PROCEEDINGS AND AWARDS

The Company's financial statements do not reflect the following court and international arbitral awards:

- On June 26, 2014, the International Centre for Dispute Resolution in New York City awarded the Company \$16,868,570 with post award interest accruing at 9% plus substantial injunctive relief against Amarant Mining and Alluvia Mining. This international arbitration award was confirmed by the Federal District Court for the Southern District of New York on October 29, 2018
- On June 26, 2014, the International Centre for Dispute Resolution in New York City awarded the Company \$10,844,413 with post award interest accruing at 9% plus substantial injunctive relief against Caldera Resources, Inc. This international arbitration award was confirmed by the Federal District Court for the Southern District of New York on January 30, 2019.
- On September 13, 2016, the United Kingdom Privy Council ruled in the Company's favor and dismissed all claims made by Consolidated Resources Armenia. As of June 30, 2017, costs and awards judgments in the Company's favor ordered by the Royal Court of Jersey and the Court of Appeals of the Island of Jersey totaled approximately \$211,500.

The Company's Armenia subsidiaries have been involved in litigation in Armenia and arbitration with regard to bankruptcy filings, employee/fiduciary and government issues.

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business or which constitute nuisance claims. In the opinion of management, the amount of any ultimate liability with respect to these actions will not materially affect the Company's consolidated financial statements or results of operations.