Report and Financial Statements

Year Ended

31 December 2022

Company Number 07440902

STRATEGIC MINERALS PLC
HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Highlights

- 2022 Group before tax profit was $0.372m (2021: $0.257m)
- Net Cash generated from operating activities for 2022 was $0.774m (2021: $0.610m).
- Unrestricted cash position of the Group on 31 December 2022 was $0.341m (2021: $0.611m).

Operational Highlights

- In March 2022, after rolling over for a 10th year and, after many years of lobbying, management secured a longer-term access to the Cobre magnetite stockpile with it now being extended until 31 March 2027.
- July 2022 saw Cobre customer sales prices progressively increased by 20%.
- In the last quarter of 2022, sales to Cobre's largest client significantly reduced due to recessionary concerns impacting the US west coast construction industry. While we are confident of their return as a client, we are unsure of timing due to a large stockpile of our material that they have on site.
- The July price increase partially offsets the lower fourth quarter sales and Cobre still produced respectable 2022 annual sales of $2.446m (2021: $2.611m).
- During 2022, the receiver for CV Investments LLC ("CVI") indicated that they would not accept Southern Minerals Group's ("SMG") substantial arbitrated award against CVI and were likely to use the fact that CVI's funds arose from a fraud to rank SMG's claim, along with other creditors, behind equity holders
- In January 2022, LCCM submitted, to the South Australian government, a revised Program for Environment Protection and Rehabilitation ("PEPR") for copper oxide operations at the Mountain of Light plant at Leigh Creek. This PEPR was approved at the beginning of July 2022.
- In late December 2022, an application for a new PEPR relating to planned mining of transitional ore at Paltridge North was submitted. This is being sought as part of LCCM's expected 2023 re-opening of operations at Mountain of Light at Leigh Creek, subject to funding. The new PEPR encompasses much of the information in the previous PEPR plus additional information the South Australian Department of Energy and Mining ("DEM") required in relation to the treatment of transitional copper sulphide ore expected to be mined as the planned pit reaches greater depth. Accordingly, it is not expected that approval of this PEPR will be as protracted.
- Throughout 2022, Cornwall Resources Limited ("CRL") continued work on the Deep Digital Cornwall project, led by the University of Exeter's Camborne School of Mines, in which CRL and Cornish Lithium are delivery partners. Funding of the bulk of the work has been provided by the European Regional Development Fund, through HM Ministry of Housing, Communities and Local Government. The project is expected to complete in June 2023.
- The inclusion of both Tungsten and Tin on the UK Government's critical minerals list, in July 2022, has opened up grant-based funding opportunities with which to progress the Redmoor project to a market acceptable "pre-feasibility" stage. The likelihood of funding has been further enhanced by the US Government instructing its defence contractors that their products must be free of Tungsten sourced from China or Russia (currently supplying 90% of the world market) and current indications that the US is about to classify the UK as a domestic source and, hence, eligible for government grants to develop critical minerals such as Tungsten and Tin.
- The Company's strategy to focus on metals and minerals likely to benefit from expected supply and demand imbalances has been validated in both 2022 and early 2023 as commodity prices, especially for copper and tin show strong growth and have market analysts predicting even stronger future price growth.

CONTENTS

Page:

FORWARD-LOOKING STATEMENT

This Report and Financial Statements for the year ended 31 December 2022 ("Annual Report") contains 'forward-looking information', which may include, but is not limited to, statements with respect to the future financial and operating performance of Strategic Minerals Plc, its subsidiaries, production and exploration operations and affiliated companies, the future price of magnetite/iron ore, the estimation of mineral resources, the realisation of mineral resource estimates, costs of production, capital and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, governmental regulation of mining operations and exploration operations, stockpile and tailings dam operations, timing and receipt of approvals, licenses, permits, conversions and ongoing approvals to operate exploration activities, stockpile and tailings dam operations under the United States of America, Australia and other applicable mineral legislation and environmental legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as 'plans', 'expects', 'is expected', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates' or 'believes', or variations (including negative variations) of such words and phrases, or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved. Forward- looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of Strategic Minerals Plc and/or its subsidiaries, investment assets and/or its affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; stockpile processing/tailings dam operations; conclusions of economic evaluations and studies; fluctuations in the value of UK pounds sterling relative to the United States Dollar, Australian Dollar and other foreign currencies; changes in project parameters as plans continue to be refined; future prices of magnetite/iron ore; possible variations of ore grade or recovery rates; failure of plant, logistics providers, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; the effect of illness on labour force availability and turnover; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although Strategic Minerals Plc has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may well be other factors that cause actions, events or results to differ from those currently anticipated, estimated or intended.

Forward-looking statements contained herein are made as of the date of this Annual Report and Strategic Minerals Plc disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

STRATEGIC MINERALS PLC

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

I am pleased to present Strategic Minerals Plc's Annual Report for the year ended 31 December 2022.

Despite a difficult year and a final quarter drop in sales to SMG's major client, the Group maintained an after-tax profit of $0.084m (2021: $0.156m).

The Group had unrestricted cash of $0.341m as of 31 December 2022 (2021: $0.611m).

The Board and Management have set the Company on a strategic path reflecting both the expected relative performance of different metal ores and the limited size of the Company's balance sheet. Implementation of the strategy commenced in 2016 when the Company invested into the Redmoor Tin and Tungsten project ("Redmoor") as it considered the long-term demand and supply outlook for tin and tungsten compelling. Initially, the Company owned 50% of Cornwall Resources Limited (CRL), the holder of the Redmoor asset, and, subsequently, moved to full ownership of CRL (March 2019).

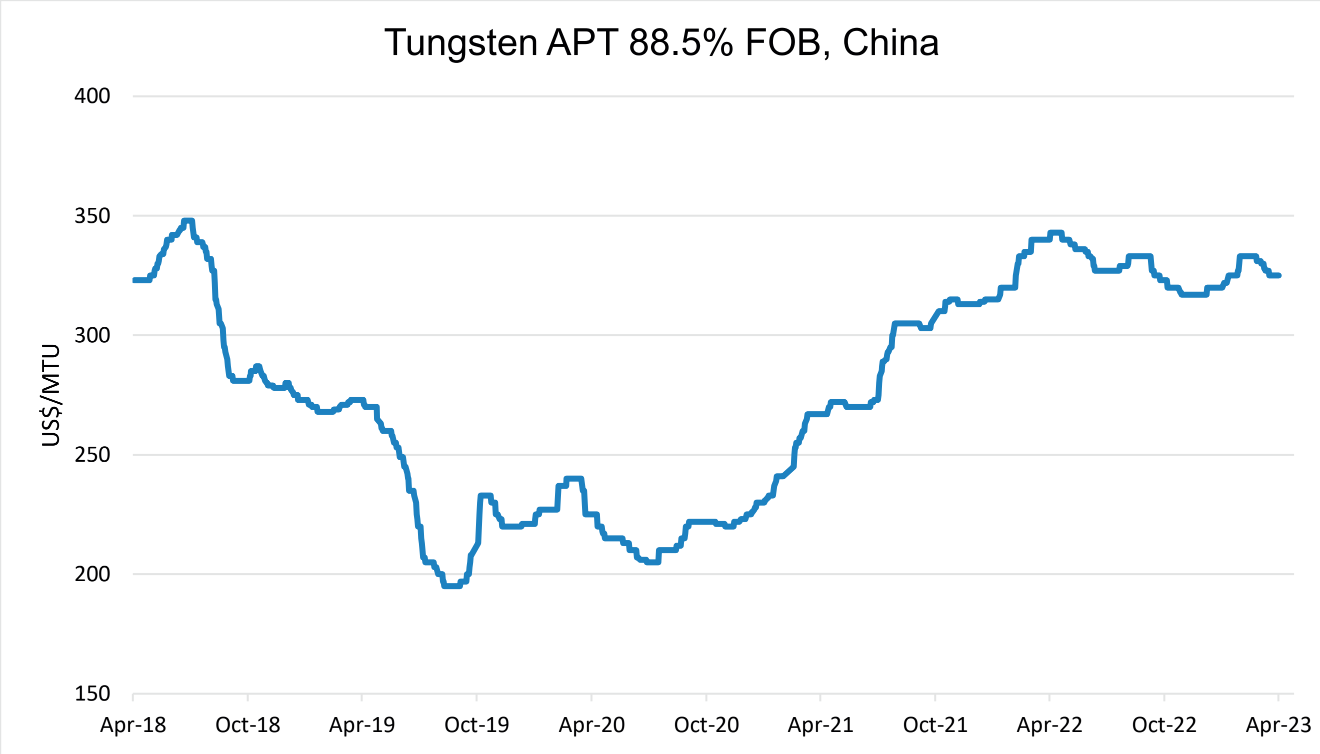
The attraction to tin and tungsten reflected the key role these metals were expected to play in the electrification of transport vehicles, advanced robotics, renewable energy and advanced computation & IT. With restrictions on existing tin production in Myanmar and Indonesia, coupled with continued strong demand for electronics, the price of tin is expected to continue its, generally, upwards trajectory:

Spot Tin Prices Since Full Acquisition of Redmoor

US$ Per
Tonne

Currently, market sentiment is very bullish on the future of tin prices with some forecasting prices of between US $50,000 and $80,000 per tonne or higher.

Whilst tungsten's price has not appreciated as spectacularly as tin as yet, there has a been a steady growth in prices and it is considered that this will continue in the future. Irrespective, the current tungsten price is already above the forecast prices used by the Board when considering the acquisition of the balance of the Redmoor project.

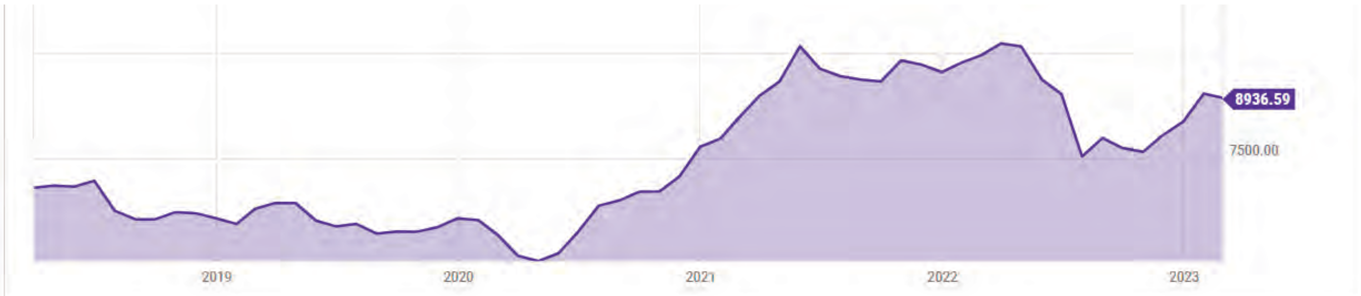


Source: Bloomberg - Tungsten APT Priced in USD per MTU

In 2017, at a time when the Company was enjoying significantly higher Cobre revenues, the Board, whilst recognising the longer-term intrinsic value of Redmoor, felt that the Company would strategically benefit from the development of a second near-term cash generating project, bridging the gap between its operating asset and the delivery of Redmoor. The Board's analysis of the market indicated that copper, in particular, appeared to present the best long-term demand and supply characteristics the Board's strategy revolved around. In line with this focus, the Company began negotiations for the acquisition of a suitably sized copper project likely to generate a second, near-term income stream. Ultimately, this led to the Company, in 2018, acquiring Leigh Creek Copper Mine Pty Ltd ("LCCM"). This has strategically set the Company up as follows:

The identification of an exposure to copper has proven timely with prices having moved further than predicted at the time when LCCM was acquired. There is not expected to be a retraction in pricing with Goldman Sachs metals strategist Nicholas Snowdon recently calling a US $15,000 a ton copper price in 2025 on the basis that *"We are in a supercharged, synchronised global demand surge. Chinese demand remains very strong, growing at 4% this year, underpinned by strength in infrastructure investment, strong completion phase in the property sector, and also strong recovery in consumer led sectors."*

Copper Average Quarterly Prices Per Tonne



The remnants of the Global Pandemic contributed to making 2022 a difficult year, especially in relation to project development. The Company continued its modified operating procedures to ensure the protection of all stakeholders (employees, Directors, clients, local communities). Through adaption of contactless operating procedures at the Cobre magnetite stockpile, the Company's wholly owned subsidiary, Southern Minerals Group ("SMG"), has been able to maintain continuous contactless operations throughout the pandemic and its aftermath. The close working relationship, and the commitment to the highest levels of safety in operations, resulted in SMG securing access to the Cobre magnetite stockpile until 31 March 2027.

During 2022, SMG continued to work with the court appointed receiver for CV Investments ("CVI") in relation to SMG's arbitrated $21.9m claim against CVI, for their unfulfilled sales contract. Disappointingly, the likelihood of recovery on the claim has been significantly reduced due to CVI's assets being considered as "proceeds of crime" and, therefore, their distribution not being subject to normal creditor/equity standings. Post financial year end, SMG has agreed to reduce its claim to costs and anticipates that there will be a resolution for a considerably smaller amount in 2023.

In January 2022, LCCM responded to the July 2021 conditional Program for Environmental and Protection and Rehabilitation ("PEPR") approval for planned extraction of copper oxide from its Paltridge North deposit to be processed at the Mountain of Light plant, Leigh Creek. Subsequently, the PEPR was made unconditional at the beginning of July 2022. At the time of this report, the Company considers that, subject to securing finance, operations at LCCM will re-commence in 2023. It should be noted that a "cloned" PEPR was also submitted, in December 2022, to allow mining of transitional material at the base of the proposed Paltridge North open pit. This PEPR is expected to be approved in the first half of 2023. These ores are projected to represent approximately one third of copper sales from Paltridge North. A subsequent PEPR will be required in the future for proposed mining of the Lynda/Lorna Doone holdings and the cost and timing of this PEPR have been incorporated into the Company's financial modelling of the project.

The Company has continued to market both Redmoor and LCCM at an asset level and has utilised external consultants to attempt to locate suitable investment/operating partners. This process remains ongoing, and Management and the Board continue to follow up on and develop discussions with a number of entities. Just before Christmas in 2022, the Company signed a non-binding offer of debt finance with a resources focused fund which was subject to due diligence. However, while LCCM passed the technical due diligence, recent substantial increases in mining costs resulted in lending ratios being breached and the financing not proceeding despite continued projected profitability.

The Cornish mining revival continued to gather pace in 2022. We consider CRL to represent a significant asset in this regional play and its recent extension of arrangements provides the time to develop this fully to the best benefit of shareholders. The global significance of the deposit at Redmoor (inferred resource of 11.7mt at a tin equivalent (SnEq) of 1.17%) was further reinforced, in July 2022, when both Tungsten and Tin were included in the UK Critical Minerals List. This has opened the way for CRL to seek grant funding for progressing the Redmoor project to pre-feasibility stage. There have been encouraging recent developments in the US involving both defence contractors having to source Tungsten supplies from non-Chinese/Russian suppliers by 2026 and current indications that the US will deem the UK a "domestic" supplier, thus providing access for UK projects to US government funding.

The Board's first priority continues to be the safety and health of our teams and the continued resilience of the Group's operations. Despite challenges, our Cobre operations remain strong. The Company believes that, subject to finance, it is in a position to move forward with operations at LCCM and, subsequently, further exploration and development of Redmoor. As confidence returns to the commodity markets, the underlying valuation of the Company's assets continue to build and remain strong. The continued cashflow from our Cobre asset, extension of Cobre access until 2027and the developed nature of our projects, places the Company in a solid position to benefit from improved international commodity prices.

I consider that the developments around Redmoor and the potential commencement of a second income stream will see a significant improvement in the market's perception of the value of the Company and I look forward to working with my fellow Directors and the staff of the Company to ensure that the 2023 financial year delivers.

Finally, I would like to acknowledge the support of our shareholders, suppliers and other stakeholders and I look forward to your continued support during 2023 and beyond.

Alan Broome AM
Chairman

19 June 2023

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of the Company and its subsidiaries (which together comprise the Group) present their Strategic Report on the Group for the year ended 31 December 2022.

Financial Performance

The Company and the Group's reporting currency is US dollars reflecting that, previously, the Group's revenues, expenses, assets and liabilities were predominately in US currency and, currently, the bulk of revenues continue to be sourced in US dollars.

The Group recorded a profit before tax of $0.372m (2021: $0.257m) despite a dip in Cobre magnetite sales in the last quarter.

Throughout 2022, despite residual changes in the market environment from the global pandemic, the Company was able to continue Cobre operations, largely without impact.

The Board continued to maintain tight discipline on Group overheads with 2022 seeing another 11.1% reduction to $1.546m compared to $1.745m in 2021. The Board and management continue their policy to ensure overheads and administration costs are appropriately in line with cash flows from operations. These group overheads reflected both capitalised remuneration $0.160m and reduced activity associated with preparing to recommence larger scale operations at both Leigh Creek and Redmoor.

SMG incurred a tax expense of $0.291m (2021: $0.101m) for the year. The lower level of taxation in 2021 reflected SMG's capacity to write off, for tax purposes, its acquisition of a new loader purchased during the year. However, the remainder of the Group continues to generate tax losses.

The Company continued to invest heavily in moving both the Leigh Creek Copper Mine and Redmoor Tin and Tungsten projects forward. In 2022, the Company invested $0.717m in such activities (2021: $1.1152m).

Cash at the end of the year was $0.341m (2021: $0.611m).

PROJECT REVIEW AND ACTIVITIES

Cobre Performance

In 2022, Cobre sales revenue dipped 6.5%. Despite this, 2022 continued to be a profitable year for domestic sales with a total of 36,282 short wet tons of magnetite being sold which resulted in gross sales of $2.446m compared to 2021 when 42,637 short wet tons were sold for $2.611m.

After a number of years lobbying, and after demonstrating our successful implementation of contactless operations during the pandemic, we successfully gained a 5-year extension of access to the magnetite stockpile at Cobre. This is a great credit to the President of Southern Minerals Group ("SMG") our 100% owned subsidiary.

In July 2022, prices at Cobre were progressively increased by 20%. It was the first price increase for a number of years and did not appear to affect underlying demand for the magnetite product. However, in the last quarter of 2022, our major client at Cobre suspended purchases due to uncertainty associated with a potential of a US recession and the impact this may have on the west coast of America's construction industry. The Company does expect that the major client will return at some point but, as yet, that has not occurred and timing is difficult to gauge as the client had a substantial stockpile of our material at their plant site.

The Receiver for CV Investments is expected to make a distribution to claimants in 2023. However, the Receiver has indicated its distribution is likely to treat CV Investment's assets as proceeds of crime and hence the normal creditor/equity relationships are not likely to apply and hence there is considerable doubt on receiving any distribution from the Receiver. In light of this, post balance sheet date, SMG agreed to reduce its claim in line with costs incurred. Accordingly, any payment in 2023 is expected to be small.

SMG continues to have an exemplary safety record and has developed an enviable culture that reinforces the highest of safety standards.

Leigh Creek Copper Mine Pty Ltd ("LCCM")

In 2018, the Company invested in the LCCM project, a historically mined copper oxide deposit, as part of its desire to acquire a near term cash flow project exposed to minerals and metals expected to benefit in the future from supply and demand imbalances. Therein providing the Company with a second income stream.

Since acquisition, the Company has invested in a temporary restart of operations to test existing operating capacity and in preparing and submitting a Programme for Environmental Protection and Rehabilitation ("PEPR") in relation to its Paltridge North deposit. The PEPR was conditionally approved in 2021 and LCCM undertook the work required to convert the conditional PEPR to unconditional with additional information being lodged in January 2022.

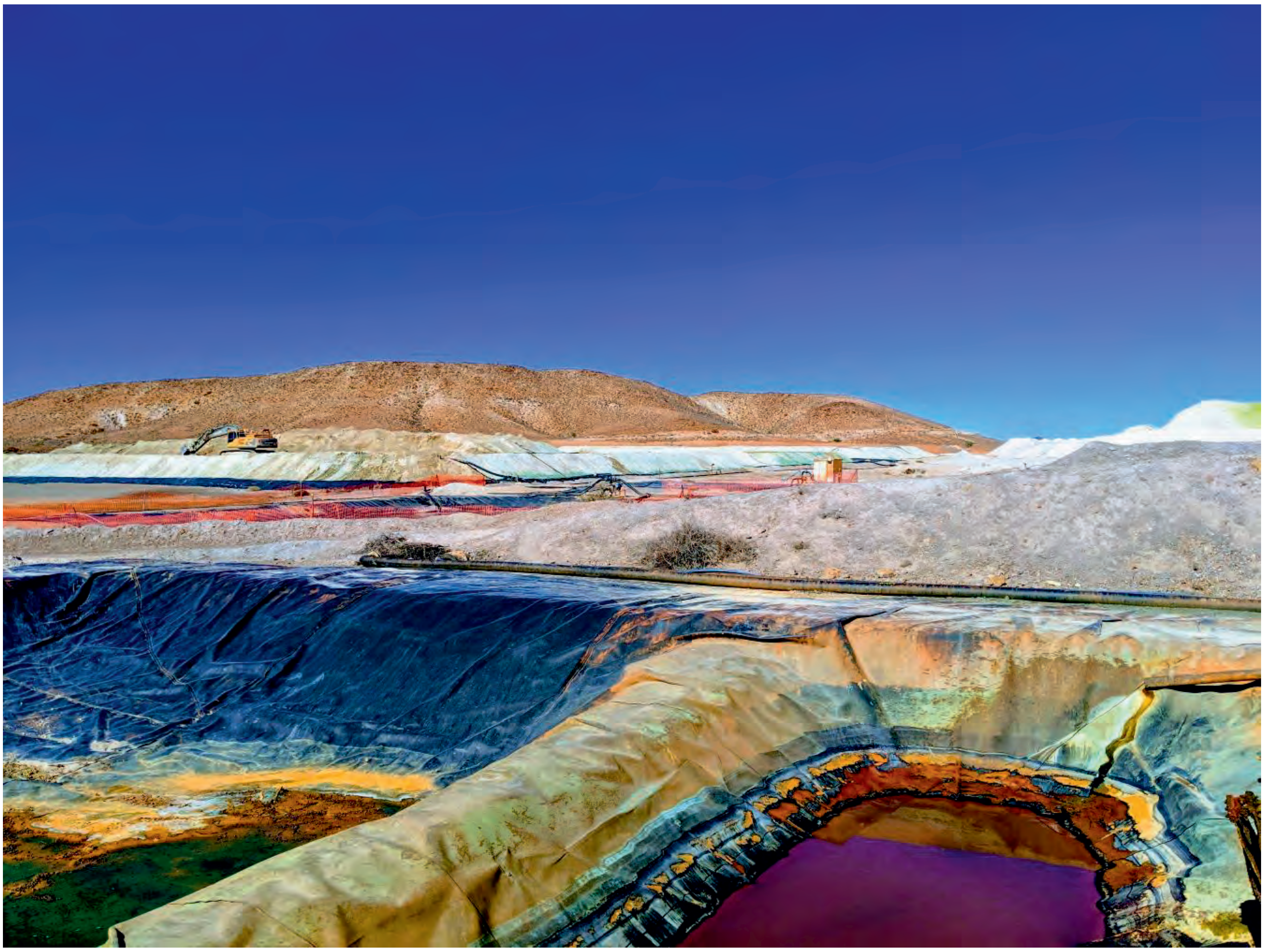
In July 2022, an unconditional PEPR for the extraction and treatment of copper oxide material at the Paltridge North deposit was issued. The material planned to be extracted at Paltridge North is predominately copper oxide but becomes a transitional copper sulphide ore at the lower part of the planned pit. The regulatory authorities required further details on the treatment of such material and in response an additional PEPR, largely cut and paste of the unconditional PEPR with data addressing the peculiarities of handling transitional ore, was lodged late in December 2022.

In line with the approval of the unconditional PEPR, the Company followed up on parties interested in funding the project at the asset level with a view to a full restart in 2023, subject to finance. A further PEPR will be required for the proposed future mining of the Lynda/Lorna Doone deposits and work on this is expected to be undertaken during the mining and processing of ore from Paltridge North. The cost and expected timing of these have been incorporated into the Company's financial modelling of the project.

LCCM has three approved Mining Leases that cover a number of copper oxide deposits, including Lorna Doone, Lynda, Mountain of Light (Rosmann East and Paltridge North) and the Mount Coffin deposit. All the Mineral Resources are contained within the Mining Leases. They contain a JORC 2012 total resource in the Inferred and Indicated categories of 3.61mt @ 0.69% copper for 24,900 of copper metal forms the base of the project and includes the following Resource category breakdown.

	Inferred		**Indicated**		**Total Resource**		
Deposit	Tonnes	Copper Grade	Tonnes	Copper Grade	Tonnes	Copper Grade	Copper Metal (tonnes)
Paltridge North	41,000	0.49%	879,000	0.82%	920,000	0.81%	7,400
Lynda	-	-	1,349,000	0.65%	1,349,000	0.65%	8,800
Lorna Doone	66,000	0.68%	1,280,000	0.65%	1,346,000	0.65%	8,700
Total	**107,000**	**0.61%**	**3,508,000**	**0.69%**	**3,615,000**	**0.69%**	**24,900**

An existing heap leach and Kennecott cone-based copper processing facility is located at the Mountain of Light deposit (adjacent to Rosmann East and nearby Paltridge North) and was successfully operated for a short period in 2019 to test its capacity to resume full time operations.



The region around the project has excellent infrastructure with a modern town (Leigh Creek), sealed airstrip, sealed and all-weather roads, power and water utilities.

In addition to the Mining Leases, two approved Exploration Leases, covering an area of 686km² in the northern Flinders Ranges, are included in the project. These provide excellent opportunities for exploration of new copper oxide resources.

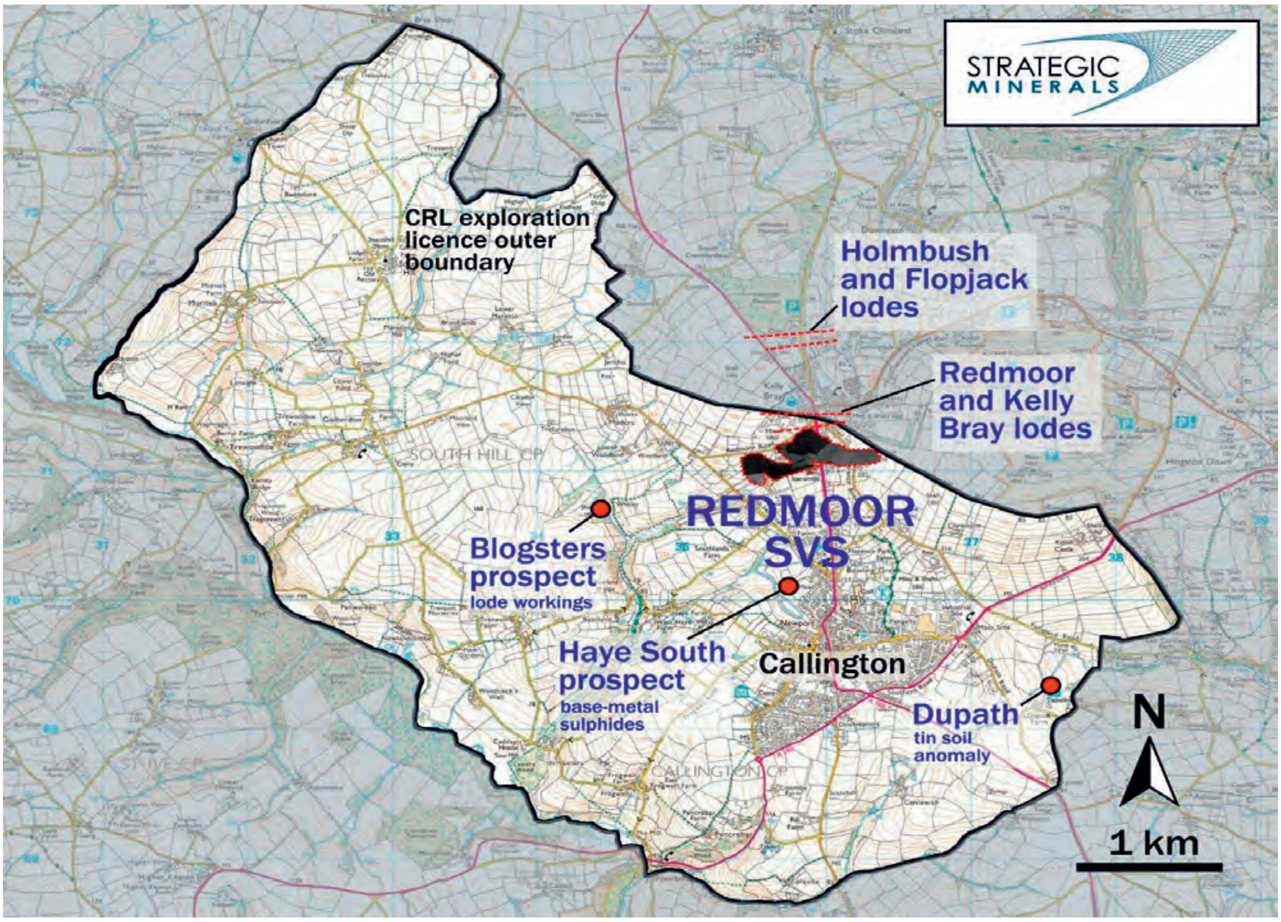
The underlying demand and supply factors for copper, that formed the cornerstone of the Board's decision to invest in LCCM, began to be widely recognised in the market during 2021 and 2022. This was reflected in the average copper price in 2022 being USD $3-99 lb. Given that the acquisition of LCCM was based on a copper price of USD $3-00 lb, the current copper price of over USD $3-50 lb has significantly improved the underlying valuation of LCCM as detailed in the Company's RNS of 9 November 2020.

The Board continues to consider that the Company's share price does not fully reflect its underlying asset values. Accordingly, in order to progress the Leigh Creek Copper Mine project, funding at the asset level is being sought.

In 2023, the Company expects to receive the unconditional PEPR for the Paltridge North transitional sulphide ores, secure external funding/joint venturing of the project and re-commence production at Paltridge North

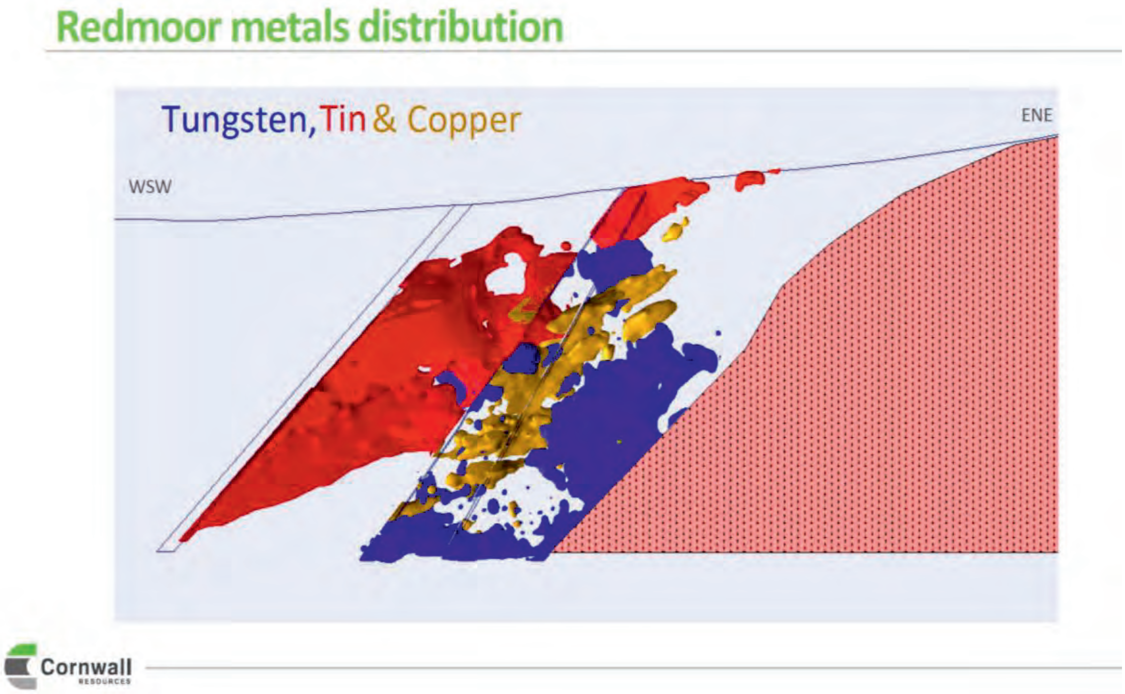
Cornwall Resources Limited – Redmoor Tin and Tungsten Project

After having become a 50% owner in the Redmoor Tin and Tungsten Project in 2016, SML moved to full control of Cornwall Resources Limited ("**CRL**"), the holder of Project, in 2019. The move to acquire the balance of CRL was based on the Board's perception of the value of the acquisition and its preference to secure full control of such a key asset before the market became fully aware of its potential.



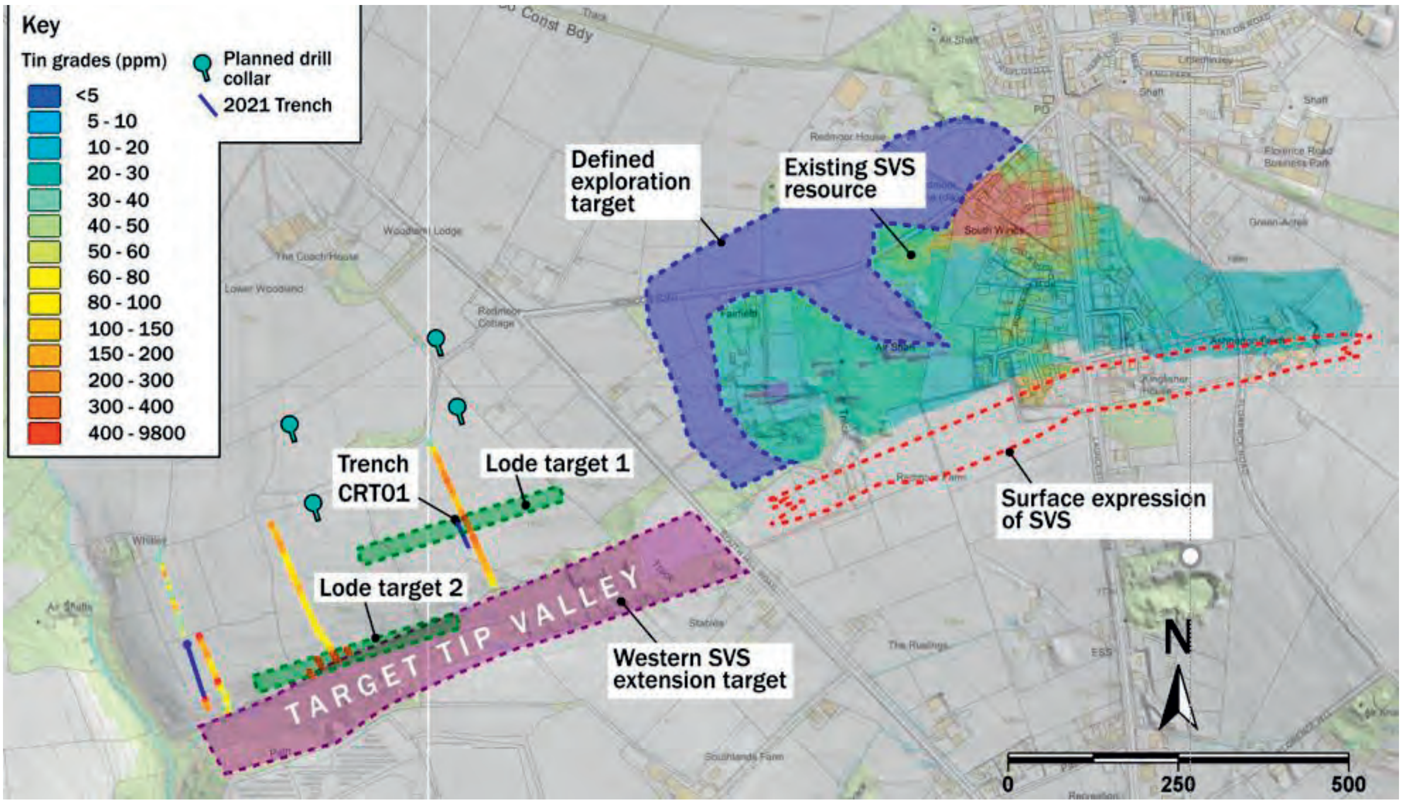
This 2019 resource update demonstrated that the overall inferred resource had increased from the previously assessed 4.5m tonnes at a tin equivalent ("SnEq") of 1.00% to 11.7m tonnes at 1.17% SnEq. The result was a 200% increase in contained metal, 160% in resource tonnes and a 0.17% rise in the tin equivalent grade.

Not only has the resource been significantly expanded but, as shown in the diagram following, the mineralisation has been discovered in discrete locations giving rise to the ability to tailor mining and processing to preferred mineralisation at the time of extraction.



During 2022, CRL concentrated on the role it played in the Deep Digital Cornwall ("DDC") programme undertaken by Cambourne School of Mines. In this programme, the Redmoor exploration licence area was, and currently continues to, be used as a field laboratory for collection of geochemical and geophysical data, which also provided CRL with information relevant to a number of new prospects within its Mineral Rights. This work was largely (80%) funded by a grant, although timing of payment claims has impacted working capital.

Prior to commencing the DDC work, an initial historic review of parts of CRL's mineral resource area identified multiple prospective targets for tin and copper to the west of the Redmoor deposit (shown in the following map as Target Tip Valley). This included historic drill intercepts report up to 1.26% tin over 2.55 m in core, and 0.23% tin in percussion samples.



In February 2021, CRL commenced a trenching and auger exploration programme aimed at testing the area to the west of its existing drilled resource. The sampling of material from this programme was undertaken in three stages;

1) 10m spaced auger sampling (117 samples).
2) Excavation of three trenches, which were then channel sampled and analysed (84 samples).
3) Additional 1m spaced auger sampling, where topographic constraints meant that safe access for mechanical excavation of trenches was not possible (81 samples).

Three of the anomalies identified by the auger sampling were followed up by the excavation of three trenches, totalling 169m in length, to a depth of 1m. CRL's geologists sampled the trench wall material as channel samples, typically as 2m intervals. Samples were analysed by ALS Loughrea using method ME-MS89L.

A 20m wide zone, that includes values significantly anomalous for tin, was identified in trench CRT01. This zone is shown, as 2m sample intervals, in the following table.

Trench	Sample no.	From (m)	To (m)	Interval (m)	Sn %	Cu %	W %
CRT01	CRL004411	4.00	6.00	2.00	0.17	0.01	0.00
CRT01	CRL004410	6.00	8.00	2.00	0.03	0.01	0.00
CRT01	CRL004409	8.00	10.00	2.00	0.38	0.01	0.00
CRT01	CRL004408	10.00	12.00	2.00	0.01	0.01	0.00
CRT01	CRL004407	12.00	14.00	2.00	0.03	0.01	0.00
CRT01	CRL004406	14.00	16.00	2.00	0.02	0.01	0.00
CRT01	CRL004405	16.00	18.00	2.00	0.02	0.01	0.00
CRT01	CRL004404	18.00	20.00	2.00	0.27	0.01	0.00
CRT01	CRL004403	20.00	22.00	2.00	0.37	0.01	0.00
CRT01	CRL004402	22.00	24.00	2.00	0.06	0.01	0.00

The other two trenches, CRT02 and CRT03, did not show significant tin, copper, or tungsten grades; however anomalous levels of pathfinder elements were seen, which may indicate the presence of a mineralising system.

Close-spaced auger sampling was undertaken to test the fourth auger anomaly. This target could not be tested by mechanical backhoe due to steep topography associated with its location on the edge of the Target Tip Valley. CRL believes this area represents an extension of the sheeted vein system that hosts the resource at Redmoor.

Auger samples were taken at a 1m spacing from an average depth of 50cm using a Stihl powered auger. These samples identified unexpectedly high tin grades, and local elevated tungsten values. The work identified a widespread anomalous level of tin across the north flank of the Target Tip Valley, defining a 60m long anomaly greater than 1,000 ppm (0.1%) tin, and with peak value of 0.87% tin. Tungsten featured a peak value of 0.20%. These results are shown in the following table:

Traverse	Sample no.	East	North	RL m	Sn %	Cu %	W %
Traverse 1	CRL003731	234883.61	70618.87	113.26	0.35	0.03	0.04
Traverse 1	CRL003732	234883.15	70619.68	113.49	0.56	0.05	0.06
Traverse 1	CRL003733	234882.75	70620.45	113.78	0.87	0.05	0.08
Traverse 1	CRL003734	234882.38	70621.33	114.10	0.70	0.05	0.06
Traverse 1	CRL003735	234881.95	70622.21	114.45	0.44	0.05	0.20

The high tin levels identified were followed up by hand-pitting. Two sites with peak values were excavated, to verify the soil profile and seek any evidence of disturbed ground or surface contamination. CRL's geologists observed the presence of decomposed shale, believed in-situ, with blocky vein-style quartz fragments containing clasts of wall-rock, in the pit base. Strike extensions from this location align with a man-made cutting in the hillside, interpreted by CRL as past small-scale open-cut mining.

Following on from the close-spaced auger sampling, CRL conducted a short program of hand-excavated pits to verify the geology ahead of potential future drilling. Two pits were excavated, and both were channel sampled. Hand pitting was utilised due to steep terrain. Four samples were taken which were analysed by ALS Laboratories Loughrea using method ME-MS89L.

Pit	Sample no.	From (m)	To (m)	Interval (m)	Sn %	Cu %	W %
CRT04	CRL003618	0.00	1.00	1.00	0.68	0.03	0.05
CRT04	CRL003619	1.00	2.00	1.00	0.27	0.06	0.03
CRT04	CRL003620	2.00	2.60	0.60	0.43	0.04	0.04
CRT05	CRL003621	0.00	1.00	1.00	0.17	0.04	0.01

The pits contain decomposed shale, with blocky vein-style quartz fragments containing clasts of wall-rock, in the pit base. The results above confirm the presence of in-situ mineralisation, which is considered by CRL to constitute a strong tin exploration target. The CRT04 result with a 2.6m interval averaging 0.46% tin, 0.04% copper and 0.04% tungsten, is a clear example of mineralisation near-surface.

On the back of this work, CRL has submitted an application for a General Permitted Development Order (“GPDO”) planning authorization from Cornwall Council for a potential drill programme at Redmoor, to the west of the current resource. This is aimed at identifying near surface tin and to test this highly prospective target's depth. Exploration of this tin target and adjacent areas, is intended to verify the projected westward continuation of the Redmoor Sheeted Vein System (SVS) orebody. If confirmed, this has the potential to significantly increase the proportion of tin, and total tonnage of a future resource. The proximity of the exploration area to surface is likely to further enhance project economics.

While Management and the Board recognised, early, the strategic importance of the Cornish mining area, it was during 2022 that the UK Government issued its Critical Minerals list identifying both Tungsten and Tin as two of the Critical Minerals that were needed for the country’s future development. This and the continued success of Cornish Metals, post its AIM IPO, highlights the potential of mineral resources in the South West of the UK.

The Board and Management considers that CRL holds a significant asset at a time when the regional potential of the area and its recent extension of the exploration licence, until 2037, provides the time to develop this fully to the best benefit of shareholders.

Increases in commodity prices, notably tin and copper, have impacted very positively on the economics of the Redmoor project. This, combined with the world class standing of the Redmoor deposit, augurs well for valuation in the future. In the Company’s last Redmoor scoping study report, October 2020, commodity prices used were Tin $20,000 a ton (currently c$28,000 a tonne), Tungsten $30,000 a ton (currently c$32,500 MTU) and Copper $3.18 lb (currently c$3.90). Accordingly, internal analysis shows a significant increase upon the previously reported after tax NPV @ 8% of $91m and the IRR of 23.4%.

In 2023, the Company anticipates completing the Deep Digital Cornwall work and, subject to external financing, undertaking further drilling at Redmoor, to test the western extension/near surface tin identified in the trenching and augur work conducted in 2021. At the same time, the Company will continue discussions with third parties about involvement in the development of Redmoor and is encouraged by recent interest in Redmoor in line with the US government instructing its defence contractors to not use Chinese or Russian sourced Tungsten from 2026 and the potential for Redmoor to be deemed a “domestic” supply for US government purposes, opening a door to US government funding.

Safety

The Company is pleased to report that, during 2022, there were no safety incidents (2021: nil) across its operations in United States, England, and Australia.

Board and Management Changes

There has been no change to the composition of the Board during 2022 and the current Board does not currently envisage a need for change. Management changes have been made in line with normal operations although all such changes are based around consultancy, rather than direct employment contracts.

Key Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Strategic Minerals regularly reviews the principal risks that face the business and assesses appropriate responses to mitigate and, where possible, eliminate potential adverse impact. There is the possibility that if more than one event occurs, that the overall effect of such events would compound the possible adverse effects on the Group.

Our principal risks and uncertainties are as follows:

Commodity prices and currency risk

Although the Group's main income stream at Cobre is focused on localised markets, which minimises the impact of global commodity prices, the value of its development projects can still be subject to changes in global commodity prices. Fluctuations in commodity markets are affected by numerous factors beyond the Group's control, including global demand and supply, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices, over the long term, may adversely impact the returns of the Group's investments. The Group monitors commodity prices and structures its portfolio of assets with commodities that are likely to appreciate in the medium to long term.

The Group reports its results in US Dollars, whilst the functional currency of the parent company from which the Group derives the majority of its funding is Pound Sterling. This may result in additions to the Group's reported costs. Fluctuations in exchange rates between currencies in which the Group invest, reports, or derives income may cause fluctuations in its financial results that are not necessarily related to the Group's underlying operations. The Group converts funds to a currency in which funds will be utilised on an as needed basis.

Funding risk

Strategic Minerals needs funds, both to manage its working capital requirements and fund new and existing projects, as the Company seeks to grow. If the Company is not able to obtain sufficient financial resources, it may not be able to develop new and existing projects. There can be no assurance that such funds will continue to be available on reasonable terms, or at all in the future. The Directors regularly review cash flow expenditure requirements and the cash flow generated from its Cobre operation to ensure the Group can meet financial obligations as and when they fall due. In 2023, uncertain capital markets have restricted access to both debt and equity markets. At present, the company has been preparing to access short term financing ahead of a likely raise in the second half of the year. The Board continues to expect that the Company will be able to raise funds when needed but has had to alter timing to suit market sentiment.

Reserve and resource risk

The Mineral reserve and resource relating to CRL and LCCM are only estimates and no assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Reserve and resource estimates are based on sampling and, consequently, are uncertain because the samples may not be representative. Reserve and resource estimates may require revision (up or down) based on future actual production experience. The discovery of mineral deposits is dependent upon a number of factors including the technical skill of the exploration personnel involved.

The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, including the size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. There can be no guarantee that a mineral deposit will be economically viable. The Group undertakes studies in order to mitigate this risk.

License and Permitting risk

The exploration, developing and mining of resources is, usually, governed by licensing and permitting requirements issued, generally, by governments. These normally cover limited periods and risk may be attached to whether governments permit these periods to be extended or institute “new” conditions on their usage. While this is true for all resource projects it has significant application to SML’s two, pre-production assets, namely;

a) LCCM - The PEPR permitting process provides risk, both to costs and timing of projects. While the PEPR for mining copper oxide material from Paltridge North is unconditional, at the time of writing, the variation to encapsulate the transitional ore expected at the bottom of the planned Paltridge North pit has also been submitted and is pending approval. There is also a need for a PEPR for the Lynda/Lorna Doone deposit. Allowance for these undertakings is reflected in our internal plans and valuations but it is acknowledged that risks to the overall projects value may arise from variations to expectations around the granting of these PEPRs.

b) Redmoor – As the planned Redmoor Tin and Tungsten project is not as advanced as LCCM, its progress is still dependent on obtaining and maintaining appropriate approvals. Ultimately, a mining license will need to be obtained. However, for the present, the principal focus is in obtaining drilling approval to prove up resources. The timing of such approvals may impact the effective valuation of such assets.

Customer risk

The level of profitability of the Group is currently dependant on the performance of the Company’s Cobre operation in the United States. The Cobre operation has a number of major customers and should one or more of these customers choose to not to purchase product it may have a substantial impact on the performance of the Group. The Group continues to look for additional customers at Cobre to address this risk and in addition will develop other projects such as Leigh Creek Copper Mine to reduce the risk of dependence on any one customer.

Operational and Environmental risk

Mining operations are subject to hazards normally encountered in exploration, development, and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment, people, or the environment and which could impact any future production throughput. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Group’s operations and its financial results. The Group will develop and maintain policies appropriate to the stage of development of its various projects. In 2020, as a safeguard to both our clients and staff, amendments were made to operational procedures to ensure that delivery of material was contactless. These procedures have continued in 2021 and 2022.

Strategic risk

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, the Group may be unable to acquire rights to exploit additional revenue generative assets such as Cobre and attractive mining development properties such as CRL and LCCM on terms it considers acceptable. Accordingly, there can be no assurance that the Group will acquire any interest in additional operations that would yield reserves or result in commercial mining operations. The Group expects to undertake sufficient due diligence to help ensure opportunities are subjected to proper evaluation.

Uninsurable risk

The Group may become subject to liability for accidents, pollution, and other hazards against which it cannot insure or against which it may elect not to insure because of prohibitive premium costs or for other reasons, such as amounts which exceed policy limits.

Product risk

The Group has a contract for access to magnetite iron ore at the Cobre operation until March 2027. There is a risk that the supplier may terminate the agreement, after this time, in which case the Group would no longer have product to sell. The Group's proactive approach in securing access for the next five years has minimised the impact this risk may have on future operations and the Group's management actively engages with its supplier throughout the year to proactively address any concerns that the supplier may raise.

An off-take arrangement is in place for the LCCM project which is subject to minimum product specifications. During 2019 the company was able to produce at specification material in its retreatment of heaps thereby substantially reducing the product specification risk.

Dependence on key personnel risk

The Group and Company are dependent upon the executive and local management teams. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions. The Group incentivises executives and management with market-based remuneration packages, short term and long-term incentive schemes.

Climate Change Risk

While climate change considerations can seriously impact resource companies, the Company considers that there is little downside risk from these considerations, given the metals and minerals in its portfolio, and that these climate change considerations are likely to impact positively on commodity prices for both copper and tin.

Coronavirus Pandemic Risk

While the implications of the COVID-19 pandemic appear to be mitigating, it remains difficult to predict its future impact given the evolving nature of this issue and the varying reactions of governments around the world. The Board and management are continually reviewing the potential implications and undertakes contingency planning reviewing actions it may take to mitigate the risk. At the Company's Cobre operation, the Company continues to implement a policy whereby drivers of trucks picking up material do not exit the vehicle on site and screens have been put up for the transfer of documents to protect staff. The working at home policy introduced in 2019 continues, at the Company's operations in the United Kingdom and Australia, in line with those country requirements. The company continues to actively talk with advisors and potential partners to move the Company's projects forward, although this is predominately being undertaken remotely.

Ongoing War Risk

The Russian invasion of the Ukraine continues to raise the possibility of a global conflict. To date, these actions have generally, positively impacted on resource prices relevant to SML. However, there is risk, that global economic growth may be severely curtailed, and this would, ultimately, have a negative impact on the demand for resources.

Key Performance Indicators

The Board monitors the activities and performance of the Group on a regular basis. The principal KPI's monitored by the Company are domestic sales of product from Cobre, the cash position of the Group, the investment in project activities, the share price of the Company and the health, safety and environmental incidents of the Group.

The sales of domestic product at Cobre dipped in the fourth quarter, as sales to the largest client were reduced. Despite this, sales in 2022 were lower than last year but a healthy $2.446m (2021: $2.611m).

The unrestricted cash position of the group as of 31 December 2022 was $0.341m which decreased from $0.611m from the previous year. This drop in cash reflects the operating profit generated during the year, less the investments made into the LCCM and Redmoor projects as detailed in the Group Statement of Cash Flows.

The share price of the Company at year end was 0.25p (2021: 0.30p). Directors have indicated their confidence in the future performance of the Company through on market acquisition of shares.

The group did not have any health and safety or environmental incidents during the year. (2021: nil)

Strategy

In early 2016, the Company adopted a strategy emphasising both an operating and investment strategy which is continued today.

The Operating Strategy is centred on maintaining and improving cash flows from the Company's magnetite stockpile at the Cobre mine in New Mexico, USA, whilst also limiting corporate overheads in line with this profitability, thus ensuring operating self-sufficiency.

The Investment Strategy is built around investment in projects that relate to metals expected to increase in demand and price over the medium term.

The Company is well positioned to execute its plans to restart full LCCM product subject to sourcing funding and commencing a Pre-Feasibility Study at Redmoor.

Outlook and Prospects

The Company continues to maintain controls on its overheads, is focused on restarting production at Leigh Creek in 2023, securing and expanding Cobre's profitable domestic sales and progressing the Redmoor Tin and Tungsten mine to a "pre-feasibility" stage.

The Board is confident that the outlook for the Company is encouraging having weathered testing times in both 2021 and 2022. The Company is actively pursuing non-dilutive funding approaches, both joint venture and debt style, to progress both LCCM and Redmoor. The low holding cost of these projects, the low level of debt in the Company and the now extended access to the Cobre magnetite stockpile, with its associated cash flow, provides the Company the flexibility, when considering financing options, to extract maximum value from these investments.

Current expectations are that funding for LCCM can be sourced so that production can commence later in 2023. Regarding the Redmoor project, expected time frames here are longer with the next goal being the preparation of a pre-feasibility study to be followed by a bankable feasibility study. Each study is expected to take two to two and a half years to complete, and the Company believes it may be able to access grant funding to assist in the completion of the pre-feasibility study.

The robust performance of commodity prices, notably Copper and Tin, have provided some optimism for the Company, although these have not, as yet, been reflected in market valuations of the Company's shares. While Covid-19 continues to impact developmental operations, the Board considers that the impact is not likely to significantly impact the 2023 year's operations. A more detailed analysis of the impact of COVID 19 is include as part of the corporate governance statement.

Directors' section 172 statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and referenced below, how the Board engages with stakeholders.

Likely consequence of any decision in the long term

The Chairman's Statement, Strategic Report Business Strategy and the Corporate Governance Statement set out the Company's long-term rationale and strategy.

Interests of employees

The Employee section of the Company's Corporate Governance Statement sets out the Company's approach to the interests of its employees.

Foster business relationships with suppliers, customers, and others

The Company's approach to business relationships with stakeholders and shareholders are set out in the Company's Corporate Governance Statement.

Community and environment

The Company's approach to the community is set out in the Corporate Governance Statement.

Maintain high standards of business conduct

The Corporate Governance Statement sets out the Board and Committee structures and extensive Board and Committee meetings held during 2022, together with the experience of executive management and the Board and the Company's policies and procedures.

Act fairly between shareholders

The Corporate Governance Statement sets out the process the Company follows to ensure it all shareholder interests are preserved and enhanced.

Principal Decisions made by the Board

We define principal decisions as both those that have long-term strategic impact and are material to the Group, but also those that are significant to our key stakeholder groups. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement, the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company:

(a) Commitment to creation of a second income stream at Leigh Creek

The Board considers the creation of a second income stream to the Company, particularly where the asset is owned and controlled by the Company, of extremely strategic importance to the Company. However, given the deterioration in the Company's share price, it has taken the strategic view that the progress of the Leigh Creek Copper Mine into production needs to be funded at the asset level either by debt or equity. Accordingly, the Board and Management have concentrated efforts in sourcing funding at the LCCM level.

(b) Debt management

Apart from lease liabilities associated with funding equipment at SMG, the Board has repaid all debts and, at present, does not wish to place a commitment of this nature on its balance sheet, despite the recent extension of access to operations at Cobre.

c) Progression of Redmoor Tin and Tungsten Project

The Board continues to focus its attention on securing the progress of the Redmoor project with minimal parent dilution and considers that the placement of Tin and Tungsten on the UK critical minerals list is likely to provide an opportunity for the Company to access government grant funding to help achieve this aim. Should grant funding be forthcoming, this does not preclude the Company looking for an appropriately resourced joint venture partner that could assist in the completion of feasibility studies.

d) Limiting of Equity Raises in Line with Investment in Value Added Project Progression

The Board has adopted a policy of seeking to limit Strategic Minerals plc's capital raisings, and hence shareholder dilution, as much as possible and to, generally, ensure that the bulk of funds raised are for value added purposes/projects.

e) Commitment to funding operating costs from Cobre cash flows

The Board has adopted a long running strategic objective to maintain corporate overheads within after tax cash flow generated from its Cobre operations. In this manner, any dilutive equity issues are directed at, potentially, value accretive investments to progress projects.

In making the above principal decisions, the Directors believe that they have considered all relevant stakeholders, potential impact and conflicts, the Company's business model and its long-term strategic objectives, and have acted accordingly to promote the success of the Company for the benefit of its members as a whole.

The Strategic Report was approved and authorised for issue by the Board of Directors and was signed on its behalf by:

John Peters
Managing Director

19 June 2023

REPORT OF DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements for Strategic Minerals Plc ("the Company") and its wholly owned subsidiaries ("the Group") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is a public limited company registered in the UK whose registered office is 27/28 Eastcastle Street, London, W1W 8DH.

The principal activity of the Company is a holding company. The principal activity of the Group is the exploration, development, and operation of mining projects.

A review of the Group's business during the financial year and its likely development is given in the preceding Chairman's Report and Strategic Review.

RESULTS AND DIVIDENDS

The Group recorded a profit after taxation for the year of $84,000 (2021 $156,000).

The Directors do not propose to recommend any distribution by way of dividend for the period ended 31 December 2022.

DIRECTORS

The Directors who served the Company during the period and prior to the release of this report were as follows:

Current Directors

Alan Broome AM	(appointed 2 July 2015)
John Peters	(appointed 21 January 2015)
Peter Wale	(appointed 12 July 2016)
Jeffrey Harrison	(appointed 7 February 2018, resigned 25th April 2023)

DIRECTORS' INTEREST IN SHARES AND OPTIONS

The persons who held office during the year or at the year-end had the following interests in share capital and options of the Company as detailed below.

Director	Shares held at reporting date	Shares held 31 December 2022	Shares held 31 December 2021
John Peters	81,000,000	81,000,000	74,000,000
Peter Wale	80,767,266	80,767,266	80,767,266
Alan Broome AM	9,172,319	9,172,319	9,172,319
Jeffrey Harrison (resigned 25th April 2023)	1,669,642	1,669,642	1,669,642

DIRECTORS' INTEREST IN SHARES AND OPTIONS *(continued)*

The following are the options held as at the reporting date and as at 31 December 2022 for all Directors:

Director	Options held at reporting date	Options held 31 December 2022	Options held 31 December 2021	Exercise Price pence	Performance milestone 5-day VWAP pence	Expiry Date	Grant Date
Alan Broome AM	-	-	5,000,000	5.00	10.00	30/06/2022	15/02/2018
John Peters	-	-	7,500,000	5.00	10.00	30/06/2022	15/02/2018
Peter Wale	-	-	5,000,000	5.00	10.00	30/06/2022	15/02/2018
Jeffrey Harrison (resigned 25th April 2023)	-	-	2,500,000	5.00	10.00	30/06/2022	9/08/2018

DIRECTORS' REMUNERATION AND SERVICE CONTRACTS

Under their respective service contracts, the officers of the company received fees as detailed in the Directors' Remuneration table in Note 6.

SUBSTANTIAL SHAREHOLDERS

As at 31 May 2023 shareholdings of 3% or more of the issued share capital notified to the Company were:

	Number of 0.1p ordinary shares	Percentage of issued share capital
Charles and Alexandra Manners	91,130,742	4.52
RAB Capital (Phillip Richards)	81,000,000	4.02
John Peters	81,000,000	4.02
Peter Wale	80,767,266	4.01

Based on the total issued share capital of 2,015,964,616.

POLITICAL CONTRIBUTIONS

There were no political contributions made by the Group during the year ended 31 December 2022 (2021: Nil).

INFORMATION TO SHAREHOLDERS - WEBSITE

The Company has its own website (www.strategicminerals.net) for the purposes of improving information flow to shareholders, as well as to potential investors.

GOING CONCERN

The Directors have given careful consideration to the Group and Parent Company's (together "the Group") ability to continue as a going concern through review of cash flow forecasts prepared by management for the period to 31 December 2024, and a review of the key assumptions on which these are based and sensitivity analysis.

The Group's forward commitments include corporate overhead, which is actively managed in line with cash generated from the Cobre asset and costs associated with keeping exploration licences and mining leases current.

Group forecasts are based on Management's expectations of a recovery in sales, in the second half of 2023 and 2024, to 2021 levels. For the purposes of the consideration of the Group's ability to operate as a going concern, only non-discretionary expenditure on projects is included in the cash flow forecasts.

The Company forecasts that in order to have sufficient funds to meet all operating costs until December 2024, the Group is reliant on cash being generated from the Cobre asset in line with forecast and a capital raise would be required no later than the last quarter of 2023.

However, the Board considers additional funds will be required to progress the development of the Leigh Creek Copper Mine and Redmoor projects. It is the intention of the group that the LCCM asset will be developed during 2023 and Management are actively pursuing such funding and envisage that this will be sourced at the asset level.

As the Group is reliant on cash being generated from the Cobre asset in line with forecast, Management has performed reverse stress testing which shows that a 5% reduction in forecast sales would result in a cash deficit in July 2023, without management taking mitigating actions within their control. The Group does not currently have offtake agreements with customers, therefore there is uncertainty as to whether forecast sales will be met.

These conditions indicate a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

If further funds are required, the Directors have reasonable expectation based on the ability of the Company to raise funds in the past that the Group will have access to sufficient resources by way of debt or equity markets to meet all non-discretionary expenditure. Consequently, the consolidated financial statements have been prepared on a going concern basis.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern

INDEMNITY OF OFFICERS

The Group currently maintains insurance to cover against legal action brought against its directors and officers. It evaluates on the appointment of new directors whether an indemnity from the Company for the actions of previous directors is warranted. However, the Group may purchase and maintain, for any Director or officer, insurance against any liability in the near future pending the evolution and complexity of any further new projects undertaken by the Company.

FINANCIAL RISK MANAGEMENT

Refer to Note 3 to the financial statements for further details.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Refer to Note 24 to the financial statements for further details.

PUBLICATION OF ACCOUNTS ON COMPANY WEBSITE

Financial statements are published on the Company's website. The maintenance and integrity of the website is the responsibility of the Directors. The Directors' responsibility also extends to the financial statements contained therein.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors, at the time of approval of their report, are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Shipleys LLP were appointed as Group Auditors to fill the casual vacancy that arose after the resignation of Jeffreys Henry in March 2023 and BDO in December 2022.

In accordance with section 489 of the Companies Act 2006, a resolution proposing that Shipleys LLP be appointed as auditors of the Group will be put to the Annual General Meeting.

By order of the Board

John Peters
Director

19 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

CORPORATE GOVERNANCE STATEMENT

Board of Directors

The aim of the Board is to function at the head of the Group's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value. Regular meetings are held to review the Group's forward planning. The Board currently consists of a Non-Executive Chairman, a Managing Director, and an Executive Director.

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its shareholders and, in 2018, formally adopted The QCA Corporate Governance Code (the 'QCAC") after noting that it had, effectively, implemented its content in its previous arrangements.

In addition to the details provided below, governance disclosures can be found at the company's website at www.strategicminerals.net

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

The Board has developed and enunciated a strategy and business model as detailed on the Company's website at https://www.strategicminerals.net/company/strategy.

The Board considers the Company's strategy provides a framework for medium to longer term growth in shareholder value.

The major risks to the Company's overall strategy stem from the potential failure to maintain access to the Cobre magnetite stockpile and overextending its cash requirements.

With respect to the exposure to operating cash flow only from the Cobre magnetite stockpile, the Board actively embarked on a search for a near term cash flow asset in our preferred mineral suite. With the addition of Leigh Creek Copper Mine, the Board feels it has, to a large extent, mitigated this risk, although it has now developed a new risk associated with the re-commencement of operations at Leigh Creek Copper Mine. Again, Management and the Board have sought to address such concerns through ensuring that sufficient resources are allocated to the project to give it the greatest chance of success.

In relation to cash flow management of the Company, Management and the Board closely monitor existing and expected cash flow resources and plans for committing these to project development and covering of corporate overheads. Additional to this, the Board regularly is in contact with market participants to ensure that sufficient interest is maintained in the market and that the Company can, generally, raise funding as required.

A consideration of broader risks of the Company can also be found at pages 9 to11 of this report and the financial instruments note 3 of these financial statements.

Principle 2: Seek to understand and meet shareholder needs and expectations

Shareholder input and communication has been actively sought by the Board through direct contact with shareholders at both the Annual General Meeting, shareholder information evenings (sometimes combined with the Annual General Meeting), monitoring of social media platforms, regular RNS releases, interviews on both Proactive Investors and Vox Markets (including occasional shareholder Q & A sessions) and direct one on one meetings with larger investors. At all times, due regard is given to the price sensitive nature of comments.

All shareholders are encouraged to attend the Company's Annual General Meeting and investors have access to current information on the Company through its website and via the info@strategicminerals.net email address.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

As the Company is involved in the mining industry, the Board is highly cognisant of its responsibility not only to shareholders but in the broader community. As such, it has adopted a policy to ensure adequate community consultation is undertaken in the areas where we operate. Notably, in New Mexico USA, Cornwall UK and Leigh Creek Australia, communication with local residents and active involvement in the community has been encouraged. Additionally, the Company has a policy to, where possible, employ local residents when undertaking operations. To date, this has proven highly successful with all locations recording either none or extremely low levels of community dissent.

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

The management of the business and the execution of the Group's strategy are subject to a number of risks. The Company regularly reviews the principal risks that face the business and assesses appropriate responses to mitigate and, where possible, eliminate potential adverse impact.

The Board is constantly undertaking a review of risk and, as a mining company, has adopted and engendered a safety culture within the Company to ensure that personnel safety is considered above financial reward.

Information in relation to the Key Risks and Uncertainties that are relevant to the group are set on page 9-11 of this report.

Board Committees

The Board has established separate sub-committees around audit (chaired by Alan Broome AM) and remuneration within the Company (chaired by Alan Broome AM) shared by the entire Board, excluding the Managing Director. Additionally, a separate safety sub-committee (chaired by Alan Broome AM) operated in 2022 with both Alan Broome AM and Jeffrey Harrison (resigned 25th April 2023) comprising its membership.

Given the composition of the Board and the size of the Company, it is felt a separate Nomination Committee is not yet warranted. However, as the Company's operations expand, the Board will monitor this aspect of operations and will respond accordingly. The Board collectively undertakes the function of such a committee and where conflicts arise the Directors exclude themselves from voting on such matters.

Further information on the Company's Remuneration, Safety and Audit Committees and their policies are set out under Principle 9 below.

Member details of the sub committees as at the date of this report are:

Members	Remuneration Committee	Safety Committee	Audit Committee
Mr Alan Broome AM - Non-Executive Chairman	✓Chair	✓Chair	✓Chair
Mr Peter Wale - Executive Director	✓		✓
Mr John Peters - Managing Director			

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the chair

There are currently three (3) Board Directors (one of which are non-executive) and the Board considers that, at this time, this is appropriate to the Company's current level of operations, although this is reviewed formally at least annually. The Board is considered well balanced in that:

- Mr Alan Broome AM, the Non-Executive Independent Chairman, provides a sounding board for corporate strategy, a wealth of mining experience, is a metallurgist by training and is highly experienced in corporate governance. As such Alan is not involved with the day-to-day operations of the Company and provides guidance at the Board level. It is Management (notably John Peters and Peter Wale) who have the responsibility to formulate overall strategy, propose it to the Board, adjust the strategy for Board feedback and then enact the approved strategy.

- John Peters, the Managing Director, brings in-depth strategic management and investment banking experience. His practical management has helped to focus the Company and its consultants on the overall strategy while managing the hands on, day to day management.

- Peter Wale, the Executive Director, provides an invaluable bridge to shareholders providing insights into shareholder requirements as well as monitoring and handling media aspects. Peter, along with John Peters, manage the Company's interface with shareholders, media and the investment community. Peter has also undertaken an executive role in the management of Cornwall Resources Limited.

All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Company notes that the QCA Code also recommends that the Board include at least two Independent non-executive directors. Following the resignation of Jeffrey Harrison, the Board will consider the need for appointment of additional independent non-executive director as the Group's scale and complexity grows

Attendance at Board and Committee Meetings

The Board aims to meet at least eight times a year and as required from time to time to consider specific issued required for decision by the board.

The Company held 6 Board meetings and a number of sub-committee meetings during the reporting period and the number of meetings attended by each of the Directors of the Company during the year to 31 December 2022 were:

Director	Capacity	Board Meetings	Remuneration Committee	Audit Committee	Safety Committee
A Broome AM	Non-Executive	6	1	2	2
J Peters	Executive	6	n/a	n/a	n/a
P Wale	Executive	6	1	2	n/a
J Harrison	Non-Executive	5	1	2	2

The directors attended all board meetings and committee meetings that they were eligible and required to attend, with the exception of J Harrison who was an apology at one meeting.

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

Time Commitment of Directors.

The Managing Director is employed by the Group on a full-time basis, whereas Mr Wale (Executive Director) and the Non- Executive Directors are remunerated on fixed fee part time basis and are remunerated for hours over and above their normal duties.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Biographies for the Directors can be found in the 'Board of Directors and Corporate Management' section of the company website at https://www.strategicminerals.net/company/our-team.html

The Board is not dominated by one person or group of people.

The Board undertakes regular reviews of its capacity to guide the Company in seeking to implement the Company's strategy. The appointment of Jeff Harrison in February 2018 illustrates how the Board, realising the need to increase its collective mining operational experience added a fourth Director with such skills. The Board also reviews periodically the appropriateness and opportunity for continuing professional development whether formal or informal.

Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary, Chief Financial Officer, Company's NOMAD, lawyers and auditors.

Re-election of Directors

The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.

Principle 7: Evaluate the Board performance based on clear and relevant objectives, seeking continuous improvement

Given the size of the Company and the small but critical nature of the roles of the Directors, board performance measures have not been independently developed. The Company relies upon the market and shareholder feedback to assess the Board's performance.

Principle 8: Promote a culture that is based on ethical values and behaviours

The Directors recognise that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board seeks to embody and promote a corporate culture that is based on sound ethical values as it believes the tone and culture set by the Board impacts all aspects of the Company, including the way that employees and other stakeholders behave.

The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

The formation of the Safety Committee and the manner in which options are allocated to Directors and key management/consultants has created a team environment in which the running of the company is aligned with medium to longer term shareholder goals.

These measures enable the Company to determine that ethical values and behaviours are recognised and respected.

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

As a resource development company, the Board considers the crucial governance structures and processes revolve around Safety and Audit.

Safety Committee

Safety is a critical matter, particularly given the capacity for harm to employees and consultants. The purpose of the Safety committee is to ensure that our vision, to provide a safe workplace where no harm comes to anyone, is applied at all of the Company's locations and that a culture of Safety purveys throughout the organisation.

The Company believes that all reasonable efforts should be undertaken to ensure incidents are prevented, management have ultimate accountability for health and safety but everyone on site has a responsibility to ensure no one comes to harm and employees have the responsibility to stop any job or activity they believe is unsafe and could cause harm to people.

The Safety Committee attempts to monitor, and report to the full Board, on the achievement of the Company in devoting the necessary resources needed to create a working environment, both physically and supervisorial, in which our people and others under our influence and control can work without sustaining injury or suffering ill health; ensuring no business target takes priority over health and safety; using risk assessments to identify hazards and unsafe behaviours and introduce actions to reduce the risk to acceptable levels; investigating and reporting all accidents and dangerous occurrences and preventing future incidents; setting safety targets with the aim of preventing incidents and accidents and communicate the performance to all employees; ensuring all employees are competent to carry out the tasks assigned to them by providing the relevant information, instruction, training and supervision required; encouraging everyone to contribute to working safely and preventing accidents; designing, constructing, operating and maintaining all equipment, buildings and structures to ensure a safe operation; and comply with all current legislation and codes of practice.

Audit Committee

The purpose of the Audit Committee is to provide formal and transparent arrangements for considering how to apply the financial reporting and internal control principles set out in the QCAC and to maintain an appropriate relationship with the Company's auditors. The key terms are as follows:

- to monitor the integrity of the financial statements of the Company and Group, and any formal announcement relating to the Company's performance.
- to monitor the effectiveness of the external audit process and make recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditors;
- to keep under review the relationship with the external auditors including (but not limited to) their independence and objectivity;
- to keep under review the effectiveness of the Company's financial reporting and internal control policies and systems;
- to review key judgements and estimates relating to the impairment assessment of project assets – LCCM, CRL and
- to assess the ability of the group to remain a going concern.

Further details of board committees are given under Principle 5 above.

Securities Trading

The Company has adopted a share dealing code for dealings in shares by Directors and senior employees which is compliant with the Market Abuse Regulation (EU) No 596/2014 (“MAR”) and appropriate for an AIM company. The Directors will comply with MAR and AIM Rule 21 relating to dealings and will take all reasonable steps to ensure compliance by persons discharging managerial responsibility (“PDMR”) and persons closely associated with them.

Suitability of governance structures

The Board intends that the Company’s governance structures evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Company.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Directors believe a healthy dialogue exists between the Board, the Company’s shareholders and other stakeholders. The Board regularly has reports on shareholder feedback through summary of social media comments, shareholder information evenings and undertakes site visits and customer visits throughout the year.

In addition, all shareholders are encouraged to attend the Company’s Annual General Meeting. The outcomes of all shareholder votes are disclosed in a clear and transparent manner via a regulatory information service, such as RNS of the London Stock Exchange.

The Company includes historical annual reports, notices of general meetings and RNS announcements over the last five years on its website. The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

The Company will include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

Impact on the Group of Covid-19

The global, social and economic impact of Covid-19 have been significant. Uncertainty remains as to the long-term implications of the pandemic as the Company continues to closely monitor governmental guidance in our various locations.

The Directors recognise that the current macro-economic environment continues to result in limited or more expensive sources of funding. However, as per its adoption of a going concern concept for the financial statements, the Board considers that funding required to maintain operations is available but notes that development capital may need to be deferred.

Operations at Cobre continue to be adjusted to ensure contactless supply to our customers.

The Company’s early efforts to reduce costs and has enabled the Company to best position itself to manage any longer-term impacts of the pandemic although the Company continues to focus on near term fiscal, operational and regulatory matters.

The Group will consequently carefully review any capital asset investment decisions and take further action to reduce costs if necessary. As the risk of Covid 19 continues the priority for the Company remains the safety, health and wellbeing of our employees and wider stakeholders.

AUDIT COMMITTEE REPORT

This report addresses the responsibilities, the membership, and the activities of the Audit Committee in 2022 up to the approval of the 2022 Annual Report and 2022 year-end Financial Statements.

Responsibilities

The main responsibilities of the Audit Committee are the following:

1) monitor the integrity of the annual and interim financial statements;
2) Review the effectiveness of financial and related internal controls and associated risk management;
3) Manage the relationship with our external auditors including plans and findings, independence, and assessment regarding reappointment.

Membership

Members of the Audit Committee are Alan Broome AM, Peter Wale (Chairman) and Jeffrey Harrison. (Resigned 25th April 2023)

Activities in 2022

With regard to the 2022 year-end Audit, the committee has reviewed the following key audit matters:

1.Going Concern

The Directors have given careful consideration to the Group and Parent Company's (together "the Group") ability to continue as a going concern through review of cash flow forecasts prepared by management for the period to 31 December 2024, and a review of the key assumptions on which these are based and sensitivity analysis.

The Group's forward commitments include corporate overhead, which is actively managed in line with cash generated from the Cobre asset and costs associated with keeping exploration licences and mining leases current.

Group forecasts are based on Management's expectations of a recovery in sales, in the second half of 2023 and 2024, to 2021 levels. For the purposes of the consideration of the Group's ability to operate as a going concern, only non-discretionary expenditure on projects is included in the cash flow forecasts.

The Company forecasts that in order to have sufficient funds to meet all operating costs until December 2024, the Group is reliant on cash being generated from the Cobre asset in line with forecast and a capital raise would be required no later than the last quarter of 2023.

However, the Board considers additional funds will be required to progress the development of the Leigh Creek Copper Mine and Redmoor projects. It is the intention of the group that the LCCM asset will be developed during 2023 and Management are actively pursuing such funding and envisage that this will be sourced at the asset level.

As the Group is reliant on cash being generated from the Cobre asset in line with forecast, Management has performed reverse stress testing which shows that a 5% reduction in forecast sales would result in a cash deficit in July 2023, without management taking mitigating actions within their control. The Group does not currently have offtake agreements with customers, therefore there is uncertainty as to whether forecast sales will be met.

These conditions indicate a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

If further funds are required, the Directors have reasonable expectation based on the ability of the Company to raise funds in the past that the Group will have access to sufficient resources by way of debt or equity markets to meet all non-discretionary expenditure. Consequently, the consolidated financial statements have been prepared on a going concern basis.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern

2) Impairment Assessments

The Committee has reviewed the judgements surrounding the impairment assessments required under IAS36 for LCCM and IFRS6 for CARE and CRL.

CARE: The Group reduced the carrying amount of the asset to nil in 2019 and recognised an impairment loss. During 2021 all tenements have been relinquished to the Western Australian government.

CRL: The Redmoor projects are early-stage exploration projects. The Committee is satisfied that results from exploration activity provide sufficient evidence of the continued prospectivity of the asset. Accordingly, no impairment indicators have been identified.

LCCM: The Committee is satisfied that the fair value of the Development Asset is greater than or equal to its carrying value, therefore no impairment is provided.

The assessment of the financial model for the project included review of the following key elements.

i) Mineable reserves over life of project
ii) Forecasted Copper pricing
iii) Capital and operating cost assumptions to deliver the mining schedule
iv) Foreign exchange rates
v) Discount rate

Conclusion

In 2023 and beyond, the Committee will continue to adopt the new reporting and regulatory requirements and ensure that the system of internal controls is both maintained and regularly reviewed for improvement. The Committee will also continue to review group assets for triggers that may indicate impairment and closely monitor the financial risks faced by the business and progress made towards mitigating these.

For and on behalf of the Audit Committee

Alan Broome AM
19 June 2023
Chair of Audit Committee

REMUNERATION COMMITTEE REPORT

This remuneration report has been prepared by the Remuneration Committee and approved by the Board. The report for 2022 sets out the details of remuneration for the Directors and discloses the amounts paid during the year.

Membership

Members of the of the Remuneration Committee are Alan Broome AM (Chairman) Peter Wale and Jeffrey Harrison (resigned 25th April 2023). Other Directors are invited to attend as appropriate provided they do not have a conflict of interest. The aim of the Remuneration Committee is to attract, retain and motivate the executive management of the Company and to offer the opportunity for employees to participate in share option schemes to incentivise employees to enhance shareholder value.

Director Remuneration

Compensation for Directors who held office during the year is as follows:

2022	Directors' Salary and fees 2022 $'000	Consultancy fees 2022 $'000	Share based payments 2022 $'000	Total 2022 $'000
A Broome AM	12	58	3	73
J Peters	13	117	5	135
J Peters – Capitalised Fee*	-	65	-	65
P Wale	40	-	3	45
P Wale – Capitalised Fee*	60	-	-	59
J Harrison	12	24	-	36
J Harrison -Capitalised Fee**	-	36	-	36
Total	137	300	11	448

2021	Directors' Salary and fees 2021 $'000	Consultancy Fees 2021 $'000	Share based payments 2021 $'000	Total 2021 $'000
A Broome AM	13	60	16	89
J Peters	13	193	23	229
P Wale	110	-	16	126
J Harrison	13	26	3	42
J Harrison – Capitalised Fee**	-	22	-	22
Total	149	301	58	508

During 2022 an entity associated with John Peters purchased on market shares - 2,000,000 @.2975p and 5,000,000@.3499p.

*During 2022, J Peters and P Wale provided extended director services to CRL and LCCM. This expenditure is capitalised as part of Deferred Exploration and Evaluation Expenditure or the Development Asset.

**J Harrison provides consultancy services for CRL. This expenditure is capitalised as part of Deferred Exploration and Evaluation Expenditure.

Details of other Director related party transactions are detailed at Note 23.

J Peters is the highest paid director in 2022 and 2021.

REMUNERATION COMMITTEE REPORT *(continued)*

It should be noted that the Directors of the Company have, since becoming Directors, not sold any shares outright and that, as at the date of this report, all implied gains on options have not materialised and implied losses exist**.**

Going forward into 2023 and beyond, the Committee and I will remain focused on ensuring that reward at the Company continues to be closely aligned with the delivery of long-term shareholder value.

For and on behalf of the Remuneration Committee

Alan Broome AM
19 June 2023
Chair of Remuneration Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATEGIC MINERALS PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Strategic Minerals plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise of the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and the Company statements of cash flows, the Consolidated and the Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Group's ability to continue as a going concern is reliant upon cash generated from the Cobre asset and is also dependent on raising near term funding to progress the development of the Leigh Creek Copper Mine and Redmoor projects and provide working capital. As stated in note 1, these conditions, along with other matters set out in note 1, indicate a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We identified going concern as a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and our audit procedures in response to this key audit matter included the following:

- We obtained and reviewed the Directors' assessment with regards to going concern and audited the key assumptions used by management in assessing the going concern status.
- We have obtained and assessed the Directors' cash flow forecasts based on our knowledge of the business, including considering potential risks and uncertainties associated with the Group.
- We compared recent sales information to the Directors' forecast including the impact of the continued loss of one of the groups major customers.

- We have carried out sensitivity analysis testing and reverse stress testing on the forecasts to test the assumptions central to the LCCM asset carrying value .
- We discussed with Management and the Board the Group's strategy to obtain further capital to fund its development plans and non-discretionary expenditure as required.
- We have obtained and reviewed post year-end board minutes to confirm the group's ability to secure short-term financing as is required.
- We reviewed and considered the adequacy of the disclosure within the financial statements relating to the directors' assessment of the going concern basis of preparation and the disclosure of the material uncertainties.

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

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

Overview

Coverage	*100% (2021: 100%) of Group revenue* *99% (2021: 99%) of Group total assets*		
Key audit matters		2022	2021
	Going Concern	✓	✓
	Carrying value of property, plant, and equipment - Leigh Creek development asset	✓	✓
	Carrying value of exploration and evaluation assets	✓	✓
	Revenue recognition		
	Management override of controls		
Materiality	*Group financial statements as a whole* $152,000 (2021: $220,000) based on 1.0% (2021: 1.5%) of Total Assets.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. In particular, we looked at areas where the Directors' made subjective judgements, which involved making assumptions and considering future events that are inherently uncertain, such as their going concern assessment. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, our Group audit scope focused on the Group's principal operating locations being Australia (Leigh Creek Copper Mine Pty Ltd, "LCCM"), USA (Strategic Minerals Group LLC, "SMG") and the United Kingdom (Cornwall Resources Limited "CRL" and Strategic Minerals Plc "SML, Parent Company").

LCCM, SMG, CRL and SML were regarded as being significant components of the Group, which were selected, based on their size and risk characteristics and were subject to full scope audits.

The remaining components of the Group were considered non-significant, and these components were principally subject to analytical review procedures.

The audits of each component were performed in the United Kingdom and were conducted by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter identified in the material uncertainty related to going concern section above we determined that the following were key audit matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Carrying value of Leigh Creek development asset Refer to note 2 and 11 of the Financial statements for further information.	The carrying value of the Group's Property, plant and equipment - Development asset amounted to US$7.8 million and represents capitalised development expenditure on the Leigh Creek Copper Mine ("LCCM"), ("Development asset"). Management are required to assess at least annually, whether there is any indication that the Group's development assets may be impaired. Management are required to perform a detailed assessment if there are indicators of potential impairment. The assessment of the recoverable value of the Development asset requires significant judgment and estimates to be made by management – in particular regarding the inputs applied in the models including; forecast copper prices, exchange rates production and reserves, discount rates, operating and development costs and forecast project commencement date.	Our procedures in relation to management's assessment of the carrying value of LCCM included, but were not limited to the following: • We reviewed Management's assessment of indicators of impairment for LCCM and considered the requirements of IAS36 *Impairment of assets* ("IAS 36"). • We reviewed the license documentation, confirmed that valid licenses exist, discussed with management the current renewal position of licenses which were due to expire and assessed if the Group is in compliance with license terms. • We challenged the key estimates and assumptions applied in the valuation model. This included the following: - Comparing the key inputs in the current year impairment model against the prior year model and enquired of management the rationale for any changes in inputs used. - Comparing forecast copper pricing against market pricing. - Comparing foreign exchange rate assumptions to market forecasts. - Assessing the methodology applied and the consistency of the fair value less cost to sell method used against the requirements of IAS 36, and tested the mathematical accuracy and integrity of management's model. • We reviewed management's sensitivity analysis and performed our own sensitivity analysis and stress testing

	The carrying value of the Leigh Creek development asset is therefore considered a key audit matter given the level of judgment and estimation involved.	with the assistance of Shipleys financial modelling expert. **Key observation:** Based on our audit procedures carried out we can confirm that the LCCM asset is not impaired.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Carrying value of exploration and evaluation assets Refer to note 9 of the Financial statements for further information.	The Group's capitalised exploration expenditure in Cornwall Resources Limited ("CRL") amounted to $5.2m at year-end. The Directors have assessed whether there are any indications that these assets may be impaired in accordance with the requirements of IFRS 6 *Exploration for and Evaluation of Mineral Resources ("IFRS 6")*. Due to the value attributed to the assets and the significant level of judgement involved in the impairment analysis, the carrying value of Exploration and Evaluation assets is considered to be a key audit matter.	Our procedures included, but were not limited to the following: • We reviewed management's current Impairment assessment report for CRL in accordance with the requirements of IFRS 6. This included performing the following procedures: - We reviewed the Group's licence documentation to confirm that the Group has valid tenure over its area of interest. - We discussed with management the exploration activity undertaken during the year to assess if there are any facts or circumstances that would indicate that the project is uneconomical or unlikely to be developed. - We obtained budgets, cash-flow forecasts and minutes of meetings to confirm that there is an intention to continue to explore the project area. **Key observation:** Based on the work performed we found management's assessment of the carrying value of CRL to be appropriate.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Revenue recognition Refer to note 1 of the Financial statements for further information.	There is a presumed risk of fraud and error in revenue recognition**.**	Our procedures included, but were not limited to the following: • We carried out procedures to test revenue and to consider whether the application of the revenue recognition policy was appropriate. • We carried out revenue cut of testing to ensure that revenue was recognised within the correct accounting period.

		Key observation: Based on the work performed we can conclude that revenue has been recognised in the correct accounting period and is not materially misstated.
Management override of controls	There is a presumed risk that Management is able override controls.	We have reviewed journal adjustments and the rationale behind them and have considered whether these have been subject to potential management bias. **Key observations:** From our procedures carried out no adverse issues were identified with regards to management override of controls.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2022 $	2021 $	2022 $	2021 $
Materiality	152,000	220,000	88,000	136,000
Basis for determining materiality	1% of Total Assets	1.5% of Total Assets	1% of Total Assets	1.5% of Total Assets
Rationale for the benchmark applied	We consider total assets to be the most significant determinant of the Group's financial performance as the Group has invested significantly in its Development and Exploration assets and these are considered to be the key value driver for the Group.		The Parent Company is a holding company which performs fund raising activities and incurs other administrative expenditure. As the strategic focus of the Company is monetising its asset base, we have determined that an asset based materiality is the appropriate basis of materiality.	
Performance materiality	114,000	165,000	66,000	102,000
Basis for determining performance materiality	We use a different level of materiality (performance materiality) to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of specific			

	risk of each audit areas having regard to the internal control environment. Performance materiality was set at 75% of the above materiality level.

Component materiality

We set materiality for each component of the Group based on a percentage of between 50% and 60% (2021: 50% and 70%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $76,000 to $91,200 (2021: $110,000 and $154,000). In the audit of each component, we further applied performance materiality levels of 75% (2021: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $7,600 (2021: $4,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Report of the directors' for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Report of the directors' have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

	• the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities, the Directors are responsible for the preparation of the 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 the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Holding discussions with the Directors and the Audit Committee and considering any known or suspected instances of non-compliance with laws and regulations or fraud;
- Making enquiries of Directors as to whether there was any correspondence from regulators in so far as the correspondence related to the Financial Statements;
- Reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations;
- Gaining an understanding of the laws and regulations relevant to the Group and Parent Company and the industry in which it operates, through discussion with management and our knowledge of the industry. These included the listing rules, the financial reporting framework, UK Companies Law, tax legislation and environmental regulations in the UK, USA and Australia;
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or noncompliance with laws and regulations throughout the audit;
- Agreeing the financial statement disclosures to underlying supporting documentation;
- Assessing the susceptibility of the Group and Parent Company financial statements to material misstatement, including how fraud might occur by making enquiries of the Directors and the Audit Committee during the planning and execution phases of our audit. We considered the area in which fraud might occur was in the management override of controls. In response our procedures included, but were not limited to;
  - Addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries where we considered there to be a higher risk of

potential fraud and other adjustments, assessing whether the judgements made in making accounting estimates specifically those in the key audit matters section of the report are indicative of a potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- Testing the consolidation entries for consistency and appropriateness of application

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

Shane Moloney (Senior Statutory Auditor)
For and on behalf of
Shipleys LLP
Statutory Auditor
London

19 June 2023

STRATEGIC MINERALS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year to 31 December 2022 $'000	Year to 31 December 2021 $'000
Revenue	4	2,446	2,611
Raw materials and consumables used		(494)	(524)
Gross profit		1,952	2,087
Other Income	5	13	-
Overhead expenses	5	(1,546)	(1,745)
Other expenses	5	(29)	(63)
Profit (Loss) from operations		390	279
Finance Expense	5	-	(7)
Lease Interest	5	(18)	(15)
Profit (loss) before taxation		372	257
Income tax charge	7	(288)	(101)
Profit (loss) for the period attributable to the owners of the parent		84	156
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain arising on translation of foreign operations		(1,027)	(516)
Total comprehensive income (loss) attributable to the owners of the parent		(943)	(360)
Profit (loss) per share attributable to the ordinary equity holders of the parent:			
Basic	8	¢0.05	¢0.10
Diluted	8	¢0.05	¢0.10

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 $'000	2021 $'000
Assets			
Non-current assets			
Other Intangible Asset	**9**	544	582
Exploration and evaluation assets	**9**	4,983	5,228
Property, plant, and equipment	**1, 11**	8,223	7,485
Right of Use Assets	**18**	584	717
Other Receivables	**13**	136	145
		14,470	14,157
Current assets			
Inventories	**12**	5	4
Trade and other receivables	**13**	319	485
Income tax prepayment /refund	**7**	88	63
Prepayments	**13**	25	6
Cash and cash equivalents	**14**	341	611
		779	1,169
Total Assets		15,248	15,326
Equity and liabilities			
Share capital	**19**	2,916	2,916
Share premium reserve	**19**	49,387	49,387
Share options reserve	**20**	-	97
Merger reserve		21,300	21,300
Foreign exchange reserve		(1,334)	(307)
Warrant reserve	**19**	-	153
Other reserves		(23,023)	(23,023)
Retained earnings		(36,403)	(36,748)
Total Equity		12,843	13,775
Liabilities			
Non-current Liabilities			
Provision	**1, 16**	1,191	421
Lease Liabilities	**18**	305	420
		1,496	841
Current liabilities			
Income Tax payable	**7**	261	-
Trade and other payables	**15**	366	408
Lease Liabilities	**18**	282	302
		909	710
Total Liabilities		2,405	1,551
Total Equity and Liabilities		15,248	15,326

These financial statements were approved and authorised for issue by the Board of Directors on 19 June 2023 and were signed on its behalf by:

John Peters
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

STRATEGIC MINERALS PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 $'000	2021 $'000
Assets			
Non-current assets			
Investments in subsidiary undertakings	**10**	4,142	4,523
Loans to subsidiary undertakings	**10**	4,634	4,483
		8,776	9,006
Current assets			
Trade and other receivables	**13**	17	21
Cash and cash equivalents	**14**	9	40
		26	61
Total Assets		8,802	9,067
Equity and liabilities			
Share capital	**19**	2,916	2,916
Share premium reserve	**19**	49,387	49,387
Share options reserve	**20**	-	97
Merger reserve		21,300	21,300
Foreign exchange reserve		(1,378)	(1,257)
Warrant Reserve	**19**	-	153
Retained earnings		(65,469)	(64,891)
Total Equity		6,756	7,705
Liabilities			
Non -Current Liabilities			
Loans from Subsidiary undertakings	**16**	1,919	1,221
Current liabilities			
Trade and other payables	**15**	127	141
Total Liabilities		2,046	1,362
Total Equity and Liabilities		8,802	9,067

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent Company is not presented as part of these financial statements. The parent Company made a loss for the year of $839,000 (2021: $633,000).

These financial statements were approved and authorised for issue by the Board of Directors on 19 June 2023 and were signed on its behalf by:

John Peters
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

STRATEGIC MINERALS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year to 31 December 2022 $'000	Year to 31 December 2021 $'000
Cash flows from operating activities			
Profit/(loss)		84	156
Adjustments for:			
Depreciation of property, plant and equipment	**11**	16	52
Amortisation of Right of Use Asset	**18**	278	158
Finance expense		-	7
Income Tax expense	**7**	288	101
Decrease in inventory		(1)	(1)
Decrease (increase) in trade and other receivables		212	161
Decrease (increase) in prepayments		(19)	10
(Decrease)/ increase in trade and other payables		(42)	92
Decrease/ (increase) in prepaid income tax		(25)	(63)
Income tax paid		(27)	(121)
Share based payment expense	**20**	11	58
Net cash generated from/ (used in) operating activities		775	610
Investing activities			
Increase in PPE development asset	**11**	(490)	(584)
Receipt of research and development incentive		-	-
Increase in exploration and evaluation assets	**9**	(226)	(564)
Increase in PPE	**11**	-	(4)
Net cash used in investing activities		(717)	(1,152)
Financing activities			
Net proceeds from issue of equity share capital	**19**	-	523
Lease payments	**18**	(320)	(195)
Net cash generated from financing activities		(320)	328
Net increase \ (decrease) in cash and cash equivalents		(262)	(214)
Cash and cash equivalents at beginning of year		611	833
Effects of exchange rate changes on the balance of cash held in foreign currencies		(8)	(8)
Cash and cash equivalents at end of year	**14**	341	611

The accompanying accounting policies and notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year to 31 December 2022 $'000	Year to 31 December 2021 $'000
Cash flows from operating activities			
Profit / (loss)		(839)	(633)
Adjustments for:			
Foreign exchange on investment in subsidiary undertakings	**10**	381	(41)
Charge to receivables from subsidiary undertakings	**10**	326	11
(Increase)/decrease in trade and other receivables		(254)	204
Increase(decrease) in trade and other payables		(15)	26
Decrease (increase) in prepayments		-	-
Share based payment expense		11	58
Net cash used in operating activities		(390)	(375)
Investing activities			
Receipts from (advances) to subsidiary undertakings		366	(497)
Net cash used in investing activities		366	(497)
Financing activities			
Net proceeds from issue of equity share capital	**19**	-	523
Net cash generated from financing activities		-	523
Increase/(decrease) in cash and cash equivalents		(24)	349
Cash and cash equivalents at beginning of year		40	394
Effects of exchange rate changes on the balance of cash held in foreign currencies		(7)	(5)
Cash and cash equivalents at end of year	**14**	9	40

The accompanying accounting policies and notes form an integral part of these financial statements.

STRATEGIC MINERALS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital $'000	Share premium reserve $'000	Merger Reserve $'000	Warrant Reserve $'000	Share options reserve $'000	Initial Restructure Reserve $'000	Foreign exchange reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2021	**2,770**	**49,010**	**21,300**	**153**	**272**	**(23,023)**	**209**	**(37,139)**	**13,552**
Loss for the year	-	-	-	-	-	-	-	156	156
Foreign exchange translation	-	-	-	-	-	-	(516)	-	(516)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	(516)	156	(360)
Share based payments	-	-	-	-	60	-	-	-	60
Transfer	-	-	-	-	(235)	-	-	235	-
Shares issued in the year	146	405	-	-	-	-	-	-	551
Share issue costs	-	(28)	-	-	-	-	-	-	-
Balance at 31 December 2021	**2,916**	**49,387**	**21,300**	**153**	**97**	**(23,023)**	**(307)**	**(36,748)**	**13,775**
Profit for the year	-	-	-	-	-	-	-	84	84
Foreign exchange translation	-	-	-	-	-	-	(1,027)	-	(1,027)
Total comprehensive income for the year	-	-	-	-	-	-	(1,027)	84	(943)
Share based payments	-	-	-	-	11	-	-		11
Transfer	-	-	-	(153)	(108)	-	-	261	-
Balance at 31 December 2022	**2,916**	**49,387**	**21,300**	**-**	**-**	**(23,023)**	**(1,334)**	**(36,403)**	**12,843**

All comprehensive income is attributable to the owners of the parent Company.

The accompanying accounting policies and notes form an integral part of these financial statements.

STRATEGIC MINERALS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital $'000	Share Premium Reserve $'000	Merger reserve $'000	Warrant Reserve $'000	Share Options Reserve $'000	Foreign exchange reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 January 2020	**2,770**	**49,010**	**21,300**	**153**	**272**	**(1,153)**	**(64,493)**	**7,859**
Loss for the year	-	-	-	-	-	-	(633)	(633)
Foreign exchange translation	-	-	-	-	-	(104)	-	(104)
Total comprehensive loss for the year						(104)	(633)	(737)
Share based payments	-	-	-	-	60	-	-	60
Transfer	-	-	-	-	(235)	-	235	-
Shares issued in the year	146	405	-	-	-	-	-	551
Share issue costs	-	(28)	-	-	-	-	-	(28)
Balance at 31 December 2021	**2,916**	**49,387**	**21,300**	**153**	**97**	**(1,257)**	**(64,891)**	**7,705**
Loss for the year	-	-	-	-	-	-	(839)	(839)
Foreign exchange translation	-	-	-	-	-	(121)	-	(121)
Total comprehensive profit for the year						(121)	(839)	(960)
Share based payments	-	-	-	-	11	-	-	11
Transfer	-	-	-	**(153)**	(108)	-	261	-
Balance at 31 December 2022	**2,916**	**49,387**	**21,300**	**-**	**-**	**(1,378)**	**(65,469)**	**6,756**

All comprehensive income is attributable to the owners of the parent Company.

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

Share capital is the amount subscribed for shares at nominal value.

Share premium reserve represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

Merger reserve arises from the 100% acquisition of Ebony Iron Pty Limited in September 2011 and LCCM In April 2018 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve, in accordance with section 612 of the Companies Act 2006.

Share option reserve relates to increases in equity for services received in equity-settled share-based payment transactions and on the grant of share options.

Initial restructure reserve consists of an adjustment arising from the Group reorganisation in 2011 being the formation of a new holding Company for Iron Glen Holdings Limited by way of a share for share issue and is the difference between consideration given and net assets of the Company at the date of acquisition.

The group foreign exchange reserve occurs on consolidation of the translation of the subsidiaries balance sheets at the closing rate of exchange and their income statements at the average rate.

The company foreign exchange reserve recognises the exchange differences arising on translating the closing net assets of the Company at the closing rate at the balance sheet date, and the results of Company's operations at average exchange rate for the year.

Warrants reserve represents the value of warrants issued. Warrants reserve is non-distributable and will be transferred to share premium account upon the exercise of warrants. The balance of warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

Retained earnings represent the cumulative loss of the Group attributable to equity shareholders.

1. Significant accounting policies

Basis of preparation

In preparing these financial statements the presentational currency is US dollars. As the entire group's revenues and majority of its costs, assets and liabilities are denominated in US dollars it is considered appropriate to report in this currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Standards and UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The financial statements have been prepared on a historical cost basis, except for the acquisition of LCCM and the valuation of certain investments which have been measured at fair value, not historical cost.

Going concern basis

The Directors have given careful consideration to the Group and Parent Company's (together "the Group") ability to continue as a going concern through review of cash flow forecasts prepared by management for the period to 31 December 2024, and a review of the key assumptions on which these are based and sensitivity analysis.

The Group's forward commitments include corporate overhead, which is actively managed in line with cash generated from the Cobre asset and costs associated with keeping exploration licences and mining leases current.

Group forecasts are based on Management's expectations of a recovery in the second half of 2023 and 2024 to 2021 levels. For the purposes of the consideration of the Group's ability to operate as a going concern, only non-discretionary expenditure on projects is included in the cash flow forecasts.

The Company forecasts that in order to have sufficient funds to meet all operating costs until December 2024, the Group is reliant on cash being generated from the Cobre asset in line with forecast and a capital raise would be required no later than the last quarter of 2023.

However, the Board considers additional funds will be required to progress the development of the Leigh Creek Copper Mine and Redmoor projects. It is the intention of the group that the LCCM asset will be developed during 2023 and Management are actively pursuing such funding and envisage that this will be sourced at the asset level.

As the Group is reliant on cash being generated from the Cobre asset in line with forecast, Management has performed reverse stress testing which shows that a 5% reduction in forecast sales would result in a cash deficit in July 2023, without management taking mitigating actions within their control. The Group does not currently have offtake agreements with customers, therefore there is uncertainty as to whether forecast sales will be met.

These conditions indicate a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

If further funds are required, the Directors have reasonable expectation based on the ability of the Company to raise funds in the past that the Group will have access to sufficient resources by way of debt or equity markets to meet all non-discretionary expenditure. Consequently, the consolidated financial statements have been prepared on a going concern basis.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

New standards, interpretations, and amendments effective 01 January 2022:

A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial periods beginning on (or after) 1 January 2022 and have been applied by the Group in these financial statements. None of these new and amended standards and interpretations had a significant effect on the Group because they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

New standards, interpretations, and amendments effective 01 January 2023:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights,
- substantive potential voting rights held by the company and by other parties,
- other contractual arrangements and
- historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Investment in joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement.
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (in any other contractual arrangements).

The Group accounts for its interests in joint ventures initially at cost in the consolidated statement of financial position. Subsequently joint ventures are accounted for using the equity method where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its joint ventures are recognised only to the extent of unrelated investors' interests in the joint venture. The investor's share in the joint ventures' profits and losses resulting from these transactions is eliminated against the carrying value of the joint venture.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues, and expenses in accordance with its contractually conferred rights and obligations. In accordance with IFRS 11 Joint Arrangements, the Group is required to apply all of the principles of IFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3.Where there is an increase in the stake of the joint venture entity from an associate to a subsidiary and the acquisition is considered as an asset acquisition and not a business combination in accordance with IFRS3, this step up transaction is accounted for as the purchase of a single asset and the cost of the transaction is allocated in its entirety to that asset with no gain or loss recognised in the income statement. The step-up acquisition of CRL in 2019 has been accounted for as a purchase of a single asset and the cost of the transaction is allocated in its entirety to that balance sheet.

Listed equity investments

Listed equity investments in an active market are usually valued at the mid-price on the valuation date.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method under IFRS3 Business Combinations (“IFRS3”). The cost of the business combination is measured as 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 and the Company in exchange for control of the acquiree. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the relevant conditions for recognition are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the fair value of the consideration paid over the Group’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. If the Group’s interest in the fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. Transaction costs incurred directly in connection with business combinations are expensed.

Impairment of non-financial assets (excluding inventories)

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows: its cash generating units (‘CGUs’).

Impairment charges are included in the statement of comprehensive income, except to the extent they reverse gains previously recognised in other comprehensive income.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

An intangible asset was recognised in the acquisition of Leigh Creek Copper Mine Pty Ltd and represents the fair value of the offtake agreement that was in place at acquisition date (Refer note 9).

Exploration and evaluation assets

The Group has continued to apply the 'successful efforts' method of accounting for Exploration and Evaluation ("E&E") costs, having regard to the requirements of IFRS 6 'Exploration for the Evaluation of Mineral Resources'.

The successful efforts method means that only the costs which relate directly to the discovery and development of specific mineral reserves are capitalised. Such costs may include costs of license acquisition, technical services and studies, exploration drilling and testing but do not include costs incurred prior to having obtained the legal rights to explore the area. Under successful efforts accounting, exploration expenditure which is general in nature is charged directly to the statement of comprehensive income and that which relates to unsuccessful exploration operations, though initially capitalised pending determination, is subsequently written off. Only costs which relate directly to the discovery and development of specific commercial mineral reserves will remain capitalised and to be depreciated over the lives of these reserves. Exploration and evaluation costs are capitalised within intangible assets. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the statement of comprehensive income.

All lease and licence acquisition costs, geological and geophysical costs and other direct costs of exploration, evaluation and development are capitalised as intangible or property, plant and equipment according to their nature. Intangible assets comprise costs relating to the exploration and evaluation of properties which the Directors consider to be unevaluated until reserves are appraised as commercial, at which time they are transferred to tangible assets as 'Developed mineral assets' following an impairment review and depreciated accordingly. Where properties are appraised to have no commercial value, the associated costs are treated as an impairment loss in the period in which the determination is made. Management considers all tenements relating to each project to represent one asset when undertaking their impairment assessment.

Property, plant, and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant, and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

- Plant and machinery (except screening equipment) – 5 to 10 years straight line basis
- Screening Equipment – on a unit of production basis
- Mining assets - on a unit of production basis

The carrying value of property, plant and equipment assets is assessed annually and any impairment is to the statement of comprehensive income.

Investments in subsidiaries – company only

Investments in subsidiaries are stated at cost less provision for any impairment in value.

If circumstances indicate that impairment may exist, investments in subsidiary undertakings of the Company are evaluated using market values, where available, or the discounted expected future cash flows of the investment.

If these cash flows are lower than the Company's carrying value of the investment an impairment charge is recorded in the Company.

Loans to subsidiaries – company only

Loans to subsidiaries are stated at cost less provision for expected credit losses ("ECL's).

The Company recognises an ECL's on intercompany loans, based on management's assessment and understanding of the credit risk attaching to each asset, changes in the level of credit risk between periods and an assessment of the scenarios under which management expect the assets to be repaid.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with under 90 days maturity with banks.

Revenue

Revenue from the sale of magnetite is recognised when the group passes control of the product to the customer, and it is probable the group will receive the funds. Control is considered to have passed when the goods are passed to the buyer, being the point of leaving the mine gate for domestic sales to the US markets. This is point in time when revenue is recognised.

Where a contract allows the group to advance bill ahead of delivery, a contract liability in relation to the outstanding performance obligation is only recognised on the date when payment is received. In those cases, the entity recognises revenue only after it transfers the goods to the buyer.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Taxation

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the same income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The Group has not recognised any deferred tax at balance date.

When an asset or liability is raised the amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group at the statement of financial position date approximated their fair values, due to the relatively short-term nature of these financial instruments.

Share-based compensation

The fair value of the employee and suppliers' services received in exchange for the grant of options and warrants is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options and warrants granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options and warrants that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options and warrants that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options and warrants are exercised.

The fair value of share-based payments recognised in the statement of comprehensive income is measured by use of the Black Scholes model or other appropriate models, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, and exercise restrictions. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience.

Equity instruments

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

The fair value of warrants is credited to warrants reserve. The warrants reserve is non-distributable and will be transferred to share premium account upon the exercise of warrants. The balance of the warrants reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to accumulated profits.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material.

Provisions for decommissioning costs are recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Provisions are recorded at the present value of the expenditures expected to be required to settle the Group's future obligations. Provisions are reviewed at each reporting date to reflect the current best estimate of the cost at present value. Any change in the date on which provisions fall due will change the present value of the provision. Any change in the present value of the estimated future expenditure is reflected and adjusted against the provision and development asset, unless the asset to which the provision relates has been impaired, in which case the reversal of the provision is taken through the Consolidated statement of comprehensive income. The increase in restoration provisions, owing to the passage of time, is charged to the Consolidated statement of comprehensive income as a finance expense.

Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transactions costs and are subsequently carried at amortised cost.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets

All financial assets other than an immaterial investment in listed equity shares, which are measured at fair value through profit or loss, are classified as financial assets at amortised cost. The Group determines the classification of its financial assets at initial recognition.

The Group's financial assets include cash and cash equivalents, trade receivables and other receivables.

The Company's financial assets include cash and cash equivalents and loans receivable due from subsidiaries.

The Company recognises a loss allowance for expected credit losses ("ECL") on intercompany loans which are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

If the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is equal to the lifetime expected credit losses. If the credit risk has not increased significantly, the loss allowance is equal to the twelve month expected credit losses.

The Group applies the IFRS 9 simplified approach to measuring credit losses using a lifetime expected credit loss provision for trade receivables.

Further details of the reviews undertaking during the year are set out in Note 3 below.

Financial liabilities

Financial liabilities refer to trade payables, other payables and loans and borrowings (including the host borrowing in a convertible instrument) and are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortised cost using the effective interest rate method.

All loans and borrowings which are financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance costs in the income statement.

Where there is a significant modification to a financial liability, the financial original liability is de-recognised, and a new financial liability is recognised at fair value in accordance with the Group's policy.

Convertible loan notes are assessed in accordance with IAS 32 Financial Instruments: Presentation to determine whether the conversion element meets the fixed-for-fixed criterion. Where this is met, the instrument is accounted for as a compound financial instrument with appropriate presentation of the liability and equity components. Where the fixed-for-fixed criterion is not met, the conversion element is accounted for separately as an embedded derivative which is measured at fair value through profit or loss. On issue of a convertible borrowing, the fair value of embedded derivative is determined, and the residual is recorded as a host liability initially at fair value and subsequently at amortised cost. Issue costs are apportioned between the components based on their respective carrying amounts when the instrument was issued. The finance costs recognised in respect of the convertible borrowings includes the accretion of the liability.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. The functional currency of the Company is deemed to be GBP. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

On consolidation, the results of overseas operations are translated into US Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the gain or loss on disposal.

Management of capital

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group arise in respect of the costs of financing working capital as inventory is built up prior to sale.

The Board receives periodic cash flow projections as well as information on cash balances. The Board will not commit to material expenditure prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes.

Research and Development Tax Incentive (RDTI)

The Group's policy is that any RDTI should be recognised as a government grant, in accordance with IAS20 Accounting for Government Grants. This means it will be recognised as part of profit before tax, either as income or as a reduction of the associated costs.

Where the Group capitalises development costs, then the RDTI amounts received that relate to these costs will be offset against the capitalised development costs or deferred exploration expenditure as the case may be.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a duration of twelve months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee.
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove, or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Government Grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income or netted against the asset purchased.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

(a) Carrying value of intangible assets

Management assesses the carrying value of the exploration and evaluation assets for indicators of impairment based on the requirements of IFRS 6 which are inherently judgemental. This includes ensuring the Group maintains legal title, assessment regarding the commerciality of reserves and the clear intention to move the asset forward to development.

i) The Redmoor projects are early-stage exploration projects and therefore Management have applied judgement in the period as to whether the results from exploration activity provide sufficient evidence to continue to move the asset forward to development. There are no indicators of impairment for the Redmoor project in the 31 December 2022 financial year.

Further detail regarding the carrying value of exploration and evaluation can be found in note 9.

(b) Share based payments

The fair value of share-based payments recognised in the statement of comprehensive income is measured by use of the Black Scholes model after taking into account market-based vesting conditions and conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management’s best estimate of future share price behaviour based on past experience. Further details are given in Note 21.

(c) Carrying value of amounts owed by subsidiary undertakings.

IFRS9 requires the parent company to make certain assumptions when implementing the forward-looking expected credit loss model. This model is required to be used to assess the intercompany loan receivables from its subsidiaries for impairment. Arriving at an expected credit loss allowance involved considering different scenarios for the recovery of the intercompany loan receivables, the possible credit losses that could arise and probabilities for these scenarios.

The following were considered: the exploration project risk, the future sales potential of product, value of potential reserves and the resulting expected economic outcomes of the project. Further details are given in Note 10.

(d) Carrying Value of Development Assets

Management assesses the carrying value of Development assets for indicators of impairment based on the requirements of IAS36 which are inherently judgemental.

The following are the key assumptions used in this assessment of Carrying value.

i) Mineable reserves over life of project

ii) Forecasted Copper pricing

iii) Capital and operating cost assumptions to deliver the mining schedule

iv) Foreign exchange rates

v) Discount rate

If the carrying amount of the Development asset exceeds the recoverable amount, the asset is impaired. The Group will reduce the carrying amount of the asset to its recoverable amount and recognise an impairment loss. The assessment is carried out twice per year – end of half year reporting period and end of annual reporting period.

The assessment of the recoverable amount was conducted on the basis that funding is obtained and the following assumptions apply:

	2022 Analysis	2021 Analysis
Copper price US (average)	$4.02/lb	$4.41/lb
AUD/USD exchange rate (average)	0.6688	0.6500
Discount Rate after-tax	8%	11%
Commencement of Project;		
Paltridge North	July 23	July 22
Lynda Lorna Doone	April 24	April 23
First Sales	November 23	November 22

The NPV based on these assumptions was $24.68m (2021: $22.5m)

The carrying value of the asset is sensitive to market changes in key assumptions. Since the project was acquired at fair value in 2018, there has been significant movement in copper prices, the AUD/USD exchange rate and the expected project commencement date.

Management has conducted sensitivity analysis on these key variables to ascertain the level at which each key variable is required to be to reduce the expected after tax NPV to the current carrying value ($7.80m). Results of these analyses are that the key project assumptions would have to change to, holding the other variables constant:

Copper price US	$2.93/lb
AUD/USD exchange rate	0.9611
Discount Rate after-tax	52%

While Management does not expect the extreme swings in key variables required to return the project NPV to the carrying value in the Company's books, sensitivities were conducted on individual key variables with the results as follows:

Variable	Change	NPV Impact USD
Copper price average	-10%	-$6.3m
AUD/USD exchange rate average	+5%	-$1.9m
Discount Rate after-tax	+2%	-$1.07m
Operating Costs	+10%	-$3.3m

(e) Determination of incremental borrowing rate for leases

Under IFRS 16, where the interest rate implicit in the lease cannot be readily determined the incremental borrowing rate is used. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

The Group has continued to apply a borrowing rate of 6% to the Plant and Machinery Asset- the interest expense is $7,297 (2021: $11,500) and the initial liability for the 2 year lease which was renewed in 2021 is $297,400 (2021: $297,400).

At a borrowing rate of 5%- the interest expense is $6,025 (2021: $9,700)

At a borrowing rate of 7%- the interest expense is $8,592. (2021: $13,200)

The lease was renewed again in March 2023. The liability for this renewal is $150,114 and was taken up on 31 December 2022 at a borrowing rate of 9.75%

<u>Office Lease</u>

The Group has continued to apply a borrowing rate of 5% to the Office lease - the interest expense is $550 (2021: $1,500) and the initial liability was $56,500.

At a borrowing rate of 3%- the interest expense is $330 (2021: $1,000)

At a borrowing rate of 7%- the interest expense is $765 (2021: $2,200)

As at February 2023, the lease is paid on a month-to-month basis.

<u>Car lease</u>

The Group has continued to apply a borrowing rate of 6% to the Car lease - the interest expense is $188 (2021: $500) and the initial liability is $10,800.

At a borrowing rate of 5%- the interest expense is $156.

At a borrowing rate of 7%- the interest expense is $219.

The lease was renewed again in Feb 2023 for 5 years. The liability for this renewal is $17,375 was taken up on 31 December 2022 at a borrowing rate of 6%

Refer to Note 18 for details in relation to lease arrangements.

Judgements

(f) Investments in subsidiaries

Investment in subsidiaries comprises of the cost of acquiring the shares in subsidiaries.

If an impairment trigger is identified and investments in subsidiaries are tested for impairment, estimates are used to determine the expected net return on investment. The estimated return on investment takes into account the underlying economic factors in the business of the Company's subsidiaries including estimated recoverable reserves, resources prices, capital investment requirements, and discount rates among other things. Refer to Note 10 for further details in respect of the recoverability of the investment in subsidiaries.

(g) Contingent consideration as part of Asset acquisition

Judgement was required in determining the accounting for the contingent consideration payable as per of the CRL acquisition. The group has an obligation to pay A$1m on net smelter sales arising from CRL production reaching A$50m and a further A$1m on net smelter sales arising from CRL production reaching A$100m.

Whilst a possible obligation exists in relation to the consideration payable, given the early stage of the project it was concluded that at reporting date it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Therefore, in accordance with IAS 37, a contingent liability, relating to this possible obligation is disclosed in Note 21.

(h) Contingent consideration -LCCM Bond Payable

Judgement was required in determining the accounting for the contingent consideration payable for the LCCM Environmental Bond, as determined by the Government of South Australia under the July 2022 PEPR. The group has an obligation to pay a A$1.440m bond prior to commencement of authorised operations at the LCCM site. The bond addresses future liabilities resulting from operations as described in the PEPR.

Whilst a possible obligation exists in relation to the consideration payable, given the project is not in operation, it was concluded that at reporting date it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Therefore, in accordance with IAS 37, a contingent liability, relating to this possible obligation is disclosed in Note 21.

3. Financial instruments - Risk management

The Group is exposed to the following financial risks:

- Credit risk
- Foreign exchange risk
- Commodity price risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from last year unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are:

- Trade and other receivables
- Cash and cash equivalents
- Restricted cash
- Trade and other payables
- Lease liabilities
- Borrowings

A summary of the financial instruments held by category is provided below:

Financial assets

	Financial assets at Amortised cost	
Group	**2022 $'000**	**2021 $'000**
Cash and cash equivalents	341	611
Trade and other receivables	290	435
Total financial assets	631	1,046

Financial liabilities

	Financial liabilities at amortised cost	
Group	**2022 $'000**	**2021 $'000**
Trade and other payables	250	279
Lease Liability	587	722
Total financial liabilities	837	1,001

Financial assets at Amortised cost

Company	**2022 $'000**	**2021 $'000**
Cash and cash equivalents	9	40
Amounts owed by subsidiary undertakings	4,634	4,483
Total financial assets **at Amortised cost**	4,643	4,523

Financial liabilities at Amortised cost

Company	**2022 $'000**	**2021 $'000**
Trade and other payables	54	45
Amounts owed to subsidiary undertakings	1,919	1,221
Total financial liabilities **at Amortised cost**	1,973	1,266

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit assessments are taken into account by local business practices. Further disclosures regarding trade and other receivables, which follow IFRS 9 including expected credit losses, are provided for in Note 13.

The Company is exposed to credit risk through amounts due from its subsidiary undertakings. Refer to Note 1 for details on the credit loss allowance made.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their own functional currency (being Pound Sterling, US dollar and Australian dollar) with the cash generated from their own operations where possible in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The parent Company maintains US dollar and pounds sterling bank accounts, whilst subsidiaries may hold either these currency accounts or their local currency.

All receivables and payables are settled at the prevailing spot rate; no forward contracts or other hedging instruments are currently entered into. The Board monitors the total foreign exchange risk on a periodic basis but given the major in and out flows of cash are in US dollars there is a natural hedge in place which minimises the overall exposure.

Foreign exchange risk (continued)

As of 31 December, the net exposure to foreign exchange risk was as follows:

	US dollar		**Sterling**		**Australian dollar**		**Total**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group								
Net foreign currency financial assets/(liabilities)								
Total net exposure	(213)	(33)	64	191	(56)	(113)	(205)	45

The effect of a 20% strengthening of the Sterling and Australian Dollar against US Dollar at the reporting date on the corresponding net financial assets carried at that date would, all other variables held constant, have resulted in an increase in the post-tax profit for the year of US$3,000 (2021: US$16,000) and an increase of the net assets of US$3,000. A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax profit and decreased net assets by US$3,000 (2021: US$16,000).

	Functional currency of individual entity			
	Sterling		**Total**	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Company				
Net foreign currency financial assets/(liabilities)				
Total net exposure	(45)	(5)	(45)	(5)

Commodity price risk

Typically, the sale of magnetite to the export market, as opposed to US domestic customers, is priced by reference to the market quoted Platts IODEX 62% Fe CFR China price over which the Group has no influence. There were no exports of product in the 2022 year. As domestic sales prices are determined more by local supply/demand factors and transportation costs, they do not, generally fluctuate with changes in global prices, hence, there is no significant exposure to market price risks expected in the coming year.

Liquidity risk

Liquidity risk arises from the Group's management of working capital.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days.

Liquidity risk (continued)

The Board receives periodic cash flow projections as well as information regarding cash balances. The Group does not have any overdraft or credit lines in place. The liquidity risk of each Group entity is managed centrally by the finance function.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Group **At 31 December 2022**	**Up to 3 Months $'000**	**Between 3 and 12 Months $'000**	**Between 1 and 2 Year $'000**	**Between 2 and 5 Years $'000**	**Over 5 years $'000**
Trade and other payables	250	-	-	-	-
Bond payable	-				
Lease Liabilities	71	212	172	133	-
Total	321	212	172	133	-

Group **At 31 December 2021**	**Up to 3 Months $'000**	**Between 3 and 12 months $'000**	**Between 1 and 2 Year $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
Trade and other payables	279	-	-	-	-
Lease Liabilities	76	227	169	251	-
Total	355	227	169	251	-

Company **At 31 December 2022**	**Up to 3 Months $'000**	**Between 3 and 12 months $'000**	**Between 1 and 2 year $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
Trade and other payables	54	-	-	-	-
Loans from subsidiary undertakings	-	1,919	-	-	-
Total	54	1,919	-	-	-

Company **At 31 December 2021**	**Up to 3 Months $'000**	**Between 3 and 12 months $'000**	**Between 1 and 2 year $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
Trade and other payables	45	-	-	-	-
Loans and borrowings	-	1,221	-	-	-
Total	45	1,221	-	-	-

Capital Disclosures

The Group monitors "adjusted capital" which comprises all components of equity (i.e., share capital, share premium, merger reserve, and retained earnings).

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

4. Segment information

The Group has four main segments during the period:

- *Southern Minerals Group LLC (SMG)* - This segment is involved in the sale of magnetite to both the US domestic market and historically transported magnetite to port for onward export sale.
- *Head Office* - This segment incurs all the administrative costs of central operations and finances the Group's operations. A management fee is charged for completing this service and other certain services and expenses.
- *Development Asset* – This segment holds the Leigh Creek Copper Mine Development Asset in Australia and incurs all related operating costs.
- *United Kingdom* - The investment in the Redmoor project in Cornwall, United Kingdom is held by this segment.

Factors that management used to identify the Group's reportable segments.

The Group's reportable segments are strategic business units that carry out different functions and operations and operate in different jurisdictions.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the board and management team which includes the Board and the Chief Financial Officer.

Measurement of operating segment profit or loss, assets, and liabilities

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with International Accounting Standards.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Loans and borrowings are allocated to the segments in which the borrowings are held. Details are provided in the reconciliation from segment assets and liabilities to the Group's statement of financial position.

	SMG	Head Office	United Kingdom	Development Asset	Intra Segment Elimination	Total
	2022	**2022**	**2022**	**2022**	**2022**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenues	2,446	-	-	-	-	2,446
Total Revenue	2,446	-	-	-	-	2,446
Other Revenue			13			13
Raw Materials and consumables	(494)	-	-	-	-	(494)
Overhead expenses	(563)	(684)	(33)	-	29	(1,251)
Management fee income/(expense)	(250)	253	-	-	(3)	-
Share based payments	-	(11)	-	-	-	(11)
Amortisation- right of use asset	(278)	-	-	-	-	(278)
Depreciation	(16)	-	-	-	-	(16)
(Loss)/ gain on intercompany loans/investments	-	(707)	-	-	707	-
Foreign exchange gain/(loss)	-	(65)	-	-	46	(19)
Segment profit /(loss) from operations	845	(1,214)	(20)	-	779	390
Lease Interest	(16)	-	(2)	-	-	(18)
Finance Expense	-	-	-	-	-	-
Segment profit /(loss) before taxation	829	(1,214)	(22)	-	779	372

	SMG	Head Office	United Kingdom	Development Asset	Intra Segment Elimination	Total
	2021	2021	2021	2021	2021	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Revenues	2,611	-	-	-	-	2,611
Total Revenue	2,611	-	-	-	-	2,611
Raw Materials and consumables	(524)	-	-	-	-	(524)
Overhead expenses	(678)	(910)	(8)	-	61	(1,536)
Management fee income/(expense)	(398)	396	-	-	2	-
Share based payments	-	(58)	-	-	-	(58)
Amortisation- right of use asset	(158)	-	-	-	-	(158)
Depreciation	(52)	-	-	-	-	(52)
(Loss)/ gain on intercompany loans/investments	-	29	-	-	(29)	-
Foreign exchange gain/(loss)	-	(478)	-	-	473	(5)
Segment profit /(loss) from operations	801	(1,021)	(8)	-	507	279
Lease Interest	(12)	-	(3)	-	-	(15)
Finance Expense	-	-	-	(7)	-	(7)
Segment profit /(loss) before taxation	789	(1,079)	(11)	(7)	565	257

	SMG	Head Office	Development Asset	Australia	United Kingdom	Total
As at 31 December 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Additions to non-current assets	-	-	490	-	226	717
Reportable segment assets	1,166	84	8,813	-	5,185	15,428
Reportable segment liabilities	910	220	1,233	-	41	2,405

	SMG	Head Office	Development Asset *(restated)*	United Kingdom	Australia	Total
As at 31 December 2021	**$'000**	**$'000**	**$'000**	**$,000**	**$'000**	**$'000**
Additions to non-current assets	-	-	584	-	568	1,152
Reportable segment assets	1,603	82	8,108	-	5,533	15,326
Reportable segment liabilities	795	185	505	-	66	1,551

	External revenue by location of customers		Non-current assets by location of assets	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
United States	2,466	2,611	658	802
United Kingdom	-	-	5,004	5,258
Australia	-	-	8,807	8,097
	2,466	2,611	14,469	14,157

Revenues from Customer A totalled $500,000 (2021: $486,000), which represented 20% (2021: 18%) of total domestic sales in the United States, Customer B totalled $818,000 (2021: $1,059,000) which represented 33% (2021: 40%) of total sales and Customer C totalled $880,000 (2021: $885,000) which represented 36% (2021: 33%). There were no export sales in the year (2021: Nil).

5. Profit/(loss) before tax

Group Costs by nature	**Notes**	**Year to 31 December 2022 $'000**	**Year to 31 December 2021 $'000**
Operating Profit/(loss) is stated after charging:			
Other Income (i)		13	-
Directors' fees and emoluments	6	276	428
Fees payable to the company's auditor for the audit of the parent company and consolidated financial statements		74	111
Non-Audit Services		15	13
Staff costs	6	485	481
Depreciation		16	52
Amortisation of right-of -use assets		278	158
Equipment rental (ii)		3	116
Equipment maintenance		33	60
Legal, professional and consultancy fees		198	169
Travelling and related costs		-	-
Other expenses		173	158
Overhead Expenses		1,546	1,745
Foreign exchange (gain)/loss		18	5
Share based payments charge		11	58
Finance Fee		-	7
Lease Interest		18	15
		1,580	1,830

(i) During 2022, CRL hired mud mats on a casual basis to a non- related party.
(ii) Equipment hire includes a number of short-term rentals.

6. Directors and employees

Group Staff costs during the year	**Year to 31 December 2022 $'000**	**Year to 31 December 2021 $'000**
Directors' remuneration expense including consultancy fees	276	428
Directors' fees capitalised including consulting fees	161	22
Wages and salaries including consulting fees for management	485	481
Share based payments	11	58
Total staff costs	933	989

Government Grants – Payroll Support

Included in wages expense for 2021 is a $50k US government grant relating to supporting the payroll of SMG's employees. The Group elected to present this government grant as a reduction of the wage expense. SMG does not have any unfulfilled obligations relating to this program. The grant was originally given as a loan to SMG; however, the loan has been forgiven.

The average number of people (including Directors) employed by the Group during the year was:

	2022 Number	**2021 Number**
Total	11	11

Company Staff costs during the year	**Year to 31 December 2022 $'000**	**Year to 31 December 2021 $'000**
Directors' remuneration including consultancy fees	252	364
Directors' fees capitalised including consulting fees	161	22
Wages and salaries	-	-
Share based payments	11	58
Total staff costs	448	444

The average number of people (including Directors) employed by the Company during the year was:

	2022 Number	**2021 Number**
Total	4	4

7. Taxation

	Year to 31 December 2022 $'000	**Year to 31 December 2021 $'000**
Current tax expense – Overseas Tax (USA)	288	101
	288	101
Reconciliation of effective tax rates	**$'000**	**$'000**
Profit(loss) before tax	372	257
Tax using UK domestic rates of corporation tax of 19% (2020 - 19%)	71	49
Effect of		
Expenses not deductible for tax / (nontaxable income)	46	(81)
Capital allowance in excess of depreciation	-	(96)
Allowable deductions	(30)	
(Over)/under provisions in respect of previous years	27	17
Losses (utilised)/carried forward	98	191
Difference in overseas tax rates	76	21
	288	101

The Group has net tax payable of $0.173m (2021: receivable $0.63m)

The Group has unused losses to carry forward of $24,855,873 (2021:$24,308,505). No deferred tax asset has been recognised for losses as their full recovery is not probable in the foreseeable future.

Different tax rates applied in overseas jurisdictions reflect the different tax rates applicable in the various jurisdictions in which the Group operates. The current tax expense and over provision in respect of prior year relates to operations in the USA. The combined state, federal and branch rate of corporate tax in USA is approx.29%.

8. Earnings per share

Earnings per ordinary share have been calculated using the weighted average number of shares in issue during the relevant financial year. The weighted average number of shares in issue during the year was 1,593,558,030 (2021:1,593,558,030). Fully diluted earnings are based on 1,593,558,030 (2021: 1,593,558,030) shares and the profit for the financial period was $0.84m (2021: $0.156m).

9. Intangible Assets

Group **Cost**	**Exploration and evaluation assets $'000**	**Other intangible asset $'000**	**Total $'000**
At January 2021	6,148	29,388	32,536
Additions for the year	564	-	564
Grant reimbursement	(196)	-	(196)
Research and development incentive	(65)	-	(65)
Foreign exchange difference	(101)	(34)	(135)
At 31 December 2021	6,350(i)	26,354(ii)	32,704
At 1 January 2022			
Additions in the year	400	-	400
Grant reimbursement	(174)	-	(173)
Research and Development Refund	-	-	-
Foreign exchange difference	(471)	(38)	(508)
At 31 December 2022	6,105(i)	26,316(ii)	32,421
Amortisation and impairment			
At 1 January 21	(1,122)	(25,772)	(26,894)
Impairment of exploration and evaluation costs (iii)	-	-	-
At 31 December 2021	(1,122)	(25,772)	(26,894)
At 1 January 2022	(1,122)	(25,772)	(26,894)
At 31 December 2022	(1,122)	(25,772)	(26,894)
Net book value			
At 31 December 2020	5,026	616	5,642
At 31 December 2021	5,228	582	5,810
At 31 December 2022	4,983	544	5,527

Exploration and evaluation assets

(i) Exploration and evaluation ("**E&E**") costs as at 31 December 2022 are the costs associated with the exploration tenements in the UK held by Cornwall Resources Ltd ('CRL').

Other intangible asset

(ii) An intangible asset arises from the contractual relationship entered into by Southern Minerals Group LLC ('SMG'), an entity wholly owned by Ebony Iron Pty Limited, with a third party for the rights to a magnetite stockpile held at that party's Cobre mine in New Mexico, USA. The intangible asset was fully amortised at the end of 31 December 2017.

An intangible asset arises from the contractual relationship entered into by LCCM with a third party for an offtake agreement over the Leigh Creek Copper mine.

10. Investments

Investment subsidiaries

Company **Cost**	**Loans to subsidiary Undertakings (ii) $'000**	**Shares in subsidiary Undertakings (i) $'000**	**Total $'000**
At 1 January 2021	6,510	51,264	57,774
Movement in the year	704	-	704
Foreign exchange difference	(56)	(38)	(94)
At 31 December 2021	7,158	51,226	58,384
At 1 January 2022	7,158	51,226	58,384
Movement in the year	759	-	759
Foreign exchange difference	(759)	(381)	(1,140)
At 31 December 2022	7,158	50,845	58,003
Impairment			
At 1 January 2021	(2,703)	(46,703)	(49,406)
Charge for the year	(11)	-	(11)
Foreign exchange difference	39	-	39
At 31 December 2021	(2,675)	(46,703)	(49,378)
At 1 January 2022	(2,675)	(46,703)	(49,378)
Charge for the year	(326)	-	(326)
Foreign exchange difference	477	-	477
At 31 December 2022	(2,524)	(46,703)	(49,227)
Carrying Value			
At 31 December 2021	4,483	4,523	9,006
At 31 December 2022	4,634	4,142	8,776

(i) Shares in subsidiary undertakings are assessed for impairment and are carried at the net asset position of the subsidiary. Refer Note 1 for further information in respect to the accounting policy.

(ii) Loans provided to subsidiary undertakings which are interest free and repayable on demand. The Directors do not expect to call for repayment of these loans in the foreseeable future. The loans are expected to be repaid by future revenues generated from the Group's assets in USA, UK and Australia. Loans to subsidiary undertakings are assessed for impairment in accordance with IFRS9. Under IFRS9, provisions for impairment of loans in subsidiary undertakings is based on an expected credit loss assessment (refer note 1 for further detail).

IFRS9 requires the parent company to make assumptions when implementing the forward- looking expected credit loss model. This model is required to be used to assess the intercompany loan receivables from its subsidiaries for impairment. The model also assesses the Investment in Subsidiaries for impairment.

Arriving at an expected credit loss allowance involved considering different scenarios for the recovery of the intercompany loan receivables, the possible credit losses that could arise and probabilities for these scenarios and an assessment of the net asset position of the subsidiary.

The following were considered, the exploration project risk, the future sales potential of product, value of potential reserves and the resulting expected economic outcomes of the project.

Refer Note 1 for further information in respect to the accounting policy and Note 2 (c) in relation to the accounting judgements.

Investment in subsidiaries

Company	**2022 $'000**	**2021 $'000**
Investments in subsidiary undertakings – CRL	4,142	4,523
	4,142	4,523

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertakings	**Country of Incorporation**	**Principal Activity**	**Class of share**	**% Owned**
Central Australian Rare Earths Pty Ltd	Australia (ii)	Exploration and development	Ordinary	100%
Iron Glen Holdings Pty Limited	Australia (ii)	Holding Company	Ordinary	100%
Southern Minerals Group LLC (i)	USA (iii)	Sale of magnetite	Ordinary	100%
Ebony Iron Pty Limited	Australia (ii)	Holding Company	Ordinary	100%
Leigh Creek Copper Mine Pty Ltd (i)	Australia (ii)	Exploration and development	Ordinary	100%
Iron Glen Pty Ltd	Australia (ii)	Dormant Company	Ordinary	100%
Cornwall Resources Limited	United Kingdom (iv)	Exploration and development	Ordinary	100%

(i) Held by Ebony Iron Pty Limited
(ii) Registered office – 3 Laundess Avenue, Panania NSW 2213
(iii) Registered office - 303 Fierro Road, Hanover, New Mexico, USA, 88041
Registered office – 10 John St, London WC1N2EB

11. Property, plant, and equipment

Group	Development Asset $'000	Plant and Machinery $'000	Total $'000
Cost			
At 1 January 2021	6,828	762	7,590
Additions in the year	584	4	588
Foreign exchange difference	(385)	(20)	(405)
At 31 December 2021	7,027	746	7,773
Additions	490	-	490
Bond Uplift	797	-	797
Foreign exchange difference	(507)	(23)	(530)
At 31 December 2022	7,807	723	8,530
Depreciation			
At 1 January 2021	-	(239)	(239)
Charge in the year	-	(52)	(52)
Foreign exchange difference	-	3	3
At 31 December 2021	-	(288)	(288)
Charge in the year	-	(16)	(16)
Foreign exchange difference	-	(3)	(3)
At 31 December 2021	-	(307)	(307)
Carrying value			
At 31 December 2020	6,828	523	7,351
At 31 December 2021	7,027	458	7,485
At 31 December 2022	7,807	416	8,223

12. Inventories

	2022 $'000	2021 $'000
Finished goods held for sale	5	4
	5	4

No inventories have been written off to profit or loss in the year (2021: Nil).

13. Trade, other receivables, and prepayments

	2022 $'000	2021 $'000
Group		
Current		
Trade receivables	218	190
Less: provision for impairment of trade receivables	-	-
	218	190
Other receivables	72	245
VAT/GST Receivable	29	50
	319	485
Prepayments	25	6
Non-Current		
Rehabilitation bond	136	145
	136	145
Company		
Current		
Prepayments	-	3
VAT/GST Receivable	17	18
	17	21

The Group's trade receivables are derived from magnetite customers at Cobre, whose credit quality is assessed by considering the customers financial position, experience, and other factors. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. Within 60 days of the year end, the Group had collected 100% of the trade receivables outstanding at 31 December 2022. The Group did not recognise any impairment and believes that credit risk is limited as customers pay within a short period of time. Other receivables in 2022 includes $71k receivables from the University of Exeter being a reimbursement due under the Deep Digital Cornwall Project, which were received in full by end of April 2023 .The Group applies the IFRS 9 simplified approach to measuring credit losses using a lifetime expected credit loss provision for trade receivables. Based on the assessment, the carrying value of trade receivables, classified at amortised cost, approximated the fair value.

14. Cash and cash equivalents

Group	2022 $'000	2021 $'000
Bank current accounts – unrestricted	341	611
Cash and cash equivalents in the statement of cash flows	341	611

Cash and cash equivalents *(continued)*

Company	2022 $'000	2021 $'000
Bank current accounts – unrestricted	9	40
Cash and cash equivalents in the statement of cash flows	9	40

The Group's balances are held with well-known and highly rated UK, USA, and Australian banks.

15. Trade and other payables

Group	2022 $'000	2021 $'000
Trade payables	226	256
Other payables	24	23
Accruals	116	129
	366	408
Company		
Trade payables	54	45
Other payables	-	-
Accruals	73	96
	127	141

Book values approximate to fair value at 31 December 2022 and 2021.

16. Trade and other payables

	Provision for environmental Liability[1] $'000	Total $'000
Group		
At 1 January 2021	439	439
Finance Charges	7	7
Foreign exchange	(25)	(25)
At 1 January 2022	421	421
Bond Uplift	797	797
Finance Charges	-	-
Foreign exchange	(27)	(27)
At 31 December 2022	1,191	1,191

[1] LCCM's operations are subject to specific environmental regulations. The Group has assessed the environmental rehabilitation provision arising from these regulations and has recognised an amount, which reflects the fair value of such liabilities.

Non-Current Liabilities

	2022 $'000	2021 $'000
Company		
Loans to Subsidiary Undertakings	1,919	1,221
	1,919	1,221

17. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate applicable for losses in the relevant jurisdiction. However, the deferred tax asset as at 31 December 2022 was nil (2021: nil) as the tax losses were not expected to be recovered in the foreseeable future (see note 7 for details).

18. Leases

The Group has leases for an office, plant and machinery and a vehicle. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 11).

Right of Use Asset

	Office Lease $'000	Plant, machinery, and vehicles $'000	Total $'000
Group			
At 1 January 2021	40	38	78
Additions	-	822	822
Amortisation (capitalised)	(20)	(5)	(25)
Amortisation	-	(158)	(158)
At 31 December 2021	20	697	717
Group			
At 1 January 2022	20	697	717
Additions	-	167	167
Amortisation (capitalised)	(19)	(3)	(22)
Amortisation	-	(278)	(278)
At 31 December 2022	1	583	584

Lease Liabilities

	Office $,000	Plant, machinery, and vehicles $'000	Total $'000
Group			
As at 1 January 2021	40	40	80
Additions	-	822	822
Interest payments	2	13	15
Lease Payments	(20)	(175)	(195)
As at 01 January 2022	22	700	722
Additions	-	167	167
Interest expense	1	17	18
Lease payments	(19)	(301)	(320)
At 31 December 2022	4	583	587

Lease Liabilities are presented in the Statement of financial position as follows:

	2022 $,000	2021 $'000
Group		
Current	282	302
Non-Current	305	420
Total	587	722

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right of Use Asset	No of Right of Use assets leased	Range of remaining term	No of leases with extension options
Office lease	1	less than 1 year	-
Plant and Machinery	5	1-4 years	1
Motor Vehicle	1	5 years	-

19. Share Capital and Premium

	Number	Issue Price	Share Capital $,000	Share Premium $,000	Total $'000
At 1 January 2021 Ordinary shares (par value of 0.1 pence each)	2,015,964,616		2916	49,387	52,303
Share Issue(ii)	106,666,667	0.375p	146	405	551
Issue Costs on Placement				(28)	(28)
At 31 December 2021 Ordinary shares of 0.1 pence each	2,015,964,616		2916	49,387	52,303
At 31 December 2022 Ordinary shares of 0.1 pence each	2,015,964,616		2916	49,387	52,303

No director options (2021: nil) were exercised during the year.

(i) During 2021 the Company issued 106,666,667 shares at 0.375 pence raising $551,000 (£400,000). Issue costs on this placement were $28,000 (£19,300)

During 2020, the Company issued 175,000,000 shares. As part of this issue the Company also issued 175,000,000 warrants. Each share had a warrant attached which entitled the holder to subscribe for one new Ordinary Share at a price of 1.0p per share with an expiry date of 30 December 2022.

Number of outstanding warrants at 31 December 2022 and a reconciliation of their movements during the year were:

Date of grant	Granted at 31.12.21	Issued	Cancelled / Exercised	Granted at 31.12.22	Exercise price	Exercise Period	
						From	To
03.12.20	175,000,000	-	175,000,000	-	1.00p	03/12/20	30/12/22

The estimated fair value of options issued is calculated by applying the Black-Scholes option pricing model.

The assumptions used in the calculation were as follows:

Share price at date of grant	0.42p
Exercise Price	1.00p
Expected Volatility	75.7%
Expected Dividend	nil
Contractual Life	2.7 years
Risk free rate	0.189%
Estimated fair value of each option	0.1115p

The expected volatility was determined based on the historic volatility of the Company's shares.

The risk-free rate of interest for a 2-year term is estimated to be 0.0189% United Kingdom Sovereign Curve.

The options expired on 30 December 2022 and the value of the outstanding options at 31 December 2022 is $nil (2021: $153,000). In December 2022 the balance of the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period was transferred to retained earnings.

20. Share based payments.

The Group has a share-ownership compensation scheme for senior executives of the Group whereby senior executives may be granted options to purchase ordinary shares in the Company. There were nil (2021: nil) options issued to directors and senior executives during the year and 22,250,000 options lapsed (2021: 49,250,000) during the year.

The options and warrants carry neither rights to dividends nor voting rights at shareholders meetings.

Options

Number of outstanding options at 31 December 2022 and a reconciliation of their movements during the year were:

Date of grant	Outstanding at 31.12.21	Issued	Lapsed	Outstanding at 31.12.22	Exercise price	Exercise Period From	To
15.02.18	17,500,000 (i)	-	(17,500,000)	-	5.00p	15.02.18	30.06.22
09.08.18	4,750,000 (i)	-	(4,750,000)	-	5.00p	09.08.18	30.06.22
	22,250,000	-	(22,250,000)	-			

(i) Market based vesting condition of 10.0p volume weighted average share price over 5 consecutive days.

All options outstanding at 31 December 2021 expired on 30th June 2022.

There were nil options outstanding at 31 December 2022.The options outstanding at 31 December 2021 had an exercise price 5.00p, a weighted average exercise price of 5.00p and a remaining weighted average contractual life of 181 days. The weighted average exercise price of warrants and option lapsed, cancelled or exercised during the year was 1.00p (2021: 1.00).

The value of the options at 31 December 2022 is nil (2021: $97,000)

21. Commitments

(a) Capital expenditure commitments.

At 31 December 2022, no capital commitments existed (2021: Nil).

(b) Exploration commitments

So as to maintain current rights to tenure of exploration tenements, the group is required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. Other than for standard rent and licence fees, the group has flexibility over the life of the tenement to meet exploration expenditure commitments. The expected timing of outlays (exploration expenditure, rent and licence fees) which arise in relation to granted tenements and are as follows:

Group	2022 $'000	2021 $'000
due within one year	304	305
due after one year and within five years	1,303	1,283
due after five years	1,939	1,889
	3,546	3,477

(c) Other commitments

As part of the terms of agreement in relation to the purchase of CRL, the company had a commitment of AUD $1m on net smelter sales arising from CRL production reaching $A50m and a further $A1m on net smelter sales arising from CRL production reaching $A100m.

Given the asset is in still in the exploration phase, these milestone events triggering deferred consideration payments are considered to be uncertain.

As part of the PEPR, the company has an obligation to pay a A$1.440m bond prior to commencement of authorised operations at the LCCM site. The bond addresses future liabilities resulting from operations as described in the PEPR.

Whilst a possible obligation exists in relation to the consideration payable, given the project is not in operation, it was concluded that at reporting date that the payment is considered to be uncertain.

When the payments become probable, the group will raise a liability.

22. Controlling party

There is no ultimate controlling party of the Group.

23. Related party transactions

Director and key management personnel remuneration has been disclosed in Note 6.

Directors interest in Shares and Options have been disclosed in the Directors Remuneration Report.

J Harrison is a director of the group and was consultant to CRL during 2022. Fees paid by CRL for services provided by J Harrison's associated entity, during this period were $35,874 (2021: $23,000)

The Group paid $183,391(2021: $192,787) of John Peters' Directors remuneration to an associated entity. Of this amount $122,261 (2021: $128,572) was paid by the Company and $61,130 (2021: $64,215) was paid by a subsidiary company Iron Glen Holdings Pty Ltd. The amount outstanding at year end payable to the associated entity was $37,428 (2021: $32,250)

The Group paid $57,780 (2021: $60,027) of Alan Broome's Directors remuneration to an associated entity The amount outstanding at year end payable to the associated entity was $17,013 (2021: $14,882)

The Group paid $23,588 (2021 $25,745) of Jeffrey Harrison's Directors remuneration to an associated entity. No amount was outstanding at year end (2021: nil)

There were no other relevant transactions with Directors or other related parties.

24. Events after the reporting period

- SMG's major client has not, as yet, returned.
- The debt funder for LCCM has withdrawn their non-binding offer due to rising mineral costs causing breaches to their lending ratios, despite LCCM profitability being strong.
- Reduced cash flows likely to require short term debt funding ahead of a likely raise in the second half of the year
- Interest in grant-based funding at Redmoor has grown from both the UK Shared Prosperity Funds and US government's interest in securing Tungsten not sourced from China or Russia
- SMG took the decision to reduce the claim on CVI to costs of US $160,000 which was accepted by the Receiver. It appears that the Receiver is now likely to make a distribution in 2023, although it is anticipated that this will be a fraction of a dollar for each claim.

Competent Persons Statement

The information in this report that relates to Redmoor Project is based on information compiled and reviewed by Paul Gribble C.Eng. a Fellow of the Institute of Materials, Minerals and Mining (FIMMM), and who is Principal Geologist of Geologica UK (Geologica). Paul Gribble has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Gribble is also a Competent Person as defined in the Note for Mining and Oil & Gas Companies which form part of the AIM Rules for Companies.

The information in this report that relates to the LCCM project is based on information compiled by Mr. David Larsen, who is a Member of the Australian Institute of Geoscientists (Member No. 1976). Mr. Larsen is the Principal Geologist at Terra Consulting Pty Ltd and is a consultant to the Company. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012) and a qualified person as defined in the AIM Note for Mining and Oil & Gas Companies which forms part of the AIM Rules for Companies. Mr. Larsen has over 30 years' Australia and international experience in exploration, mining geology and resource estimation for gold, base metals and iron ore deposits.