Eurasia Mining PLC

Annual Report & Accounts 2022

Eurasia Mining Plc

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Eurasia Mining Plc is a London listed, battery metals, PGM and green hydrogen company with a focus on environmental and sustainability-focused solutions and with awareness of the future outlook for the world energy supply landscape. Eurasia is an international company incorporated in the UK with its headquarters in London.

The Company has been seeking buyers for its West Kytlim, Monchetundra and NKT projects in the Russian Federation, in line with its strategy for delivering value to shareholders.

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In June 2023, all the relevant authorities approved the definitive feasibility study for the Monchetundra mine comprising open pits at West Nittis and Loipishnune, which the Board believes will be an important milestone for the Company in achieving a full exit from its Russian assets.

The Group has over many years developed the infrastructure of the West Kytlim mine. This programme culminated in the installation of grid hydroelectric power to site and the acquisition of an electric dragline. No further capital expenditure is planned for West Kytlim which may operate at the current scale for several decades. The Board believes this is also an important milestone in terms of advancing the possible sale of the Russian assets.

To find out the most up-to-date information, visit our website: **www.eurasiamining.co.uk**

Our operations

West Kytlim

A PGM and gold mine in the Sverdlovsk Oblast and one of the largest surface PGM mines globally. The mine switched to hydro-derived electricity with commissioning of a large 70m boom, 11m^3 shovel electric dragline. Several washplants consisting of a trommel/scrubber and sluice are available at site.

Read more on **page 08**

Kola Battery Metals and PGM

A complex of deposits in the Central Kola Peninsula in the vicinity of Monchegorsk, a city with excellent mining infrastructure, and home to Severonickel, the world's largest nickel-copper-PGM processing plant. The Kola Battery metals and PGM projects are centred on the 80% owned Monchetundra asset – a world class PGM (palladium driven) and Nickel-Copper project.

Read more on **page 10**

Nittis-Kumuzhya-Travyanaya (NKT)

Adjacent to Monchetundra, NKT (Nittis-Kumuzhya-Travyanaya) is a 100% owned Tier 1 scale asset with JORC MRE containing: 305Kt Nickel, 143Kt Copper, and 57 tonnes PGM and Gold. NKT is a direct northeast extension of the Monchetundra (West Nittis) mineralisation and is a nickel mine relaunch with associated PGM. This asset has been included in the sale strategy, following a JORC CPR published by Wardell Armstrong International in December 2021.

Read more on **page 11**

Operational highlights

West Kytlim

- Mine product stockpiled with an approximate PGM concentrate value of £4.1 million (net of VAT) at 31 December 2022 is securely stored.
- Electric dragline, power line and high voltage substations were the final CAPEX items to optimise and sell the asset, with no further investments envisaged going forward. VAT is also expected to be receivable on the historical capital investment cost.
- All stationary plant, machinery and buildings are connected to hydro-derived grid electricity.
- Good safety record with zero injury rate.

Kola Battery Metals and PGM

- Monchetundra Definitive Feasibility Study (TEO of permanent conditions) submitted December 2022 and now approved by all the relevant authorities.
- NKT Mine (Monchetundra Flanks licence) formerly an operating base metal producer, has nickel sulphide ores as defined by Wardell Armstrong in a CPR announced on 16 December 2021.

Corporate and Governance

- New Board appointment Artem Matyushok, a senior M&A executive joined in May 2022.
- Post-period end retirement of James Nieuwenhuys as CEO in July 2023 following completion of the DFS at Monchetundra and installation of power and the dragline at the West Kytlim mine.
- Ukraine conflict and resulting sanctions policies monitored closely to comply with rules and regulations set out by the UK, the US and the EU.

Chairman's statement

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The year 2022 stands out as a uniquely challenging year not only for Eurasia, but also for the entire mining sector.

Our strategy continues to be the eventual sale of the Company's assets in Russia, being the West Kytlim operating mine, the Monchetundra Project mining licence, the NKT brownfield project, and the entitlement to the Nyud brownfield project.

West Kytlim

We took the decision to stockpile the ore from West Kytlim and not to generate revenue from Russia in 2022 due to our strong cash position and the expectation of improving prices in the future.

The West Kytlim mine saw significant investment over many years culminating with a conversion of operations from diesel power to electricity powered equipment and infrastructure. Hydro-derived grid power and an electric dragline installed to site. This allows stripping work to continue through the winter, with the accommodation and office also on the grid. Significant reductions in operating costs have been achieved.

As previously announced, we took the decision to stockpile the mine product (a "black sand" concentrate containing platinum, palladium, iridium, rhodium and gold) from West Kytlim and not to generate revenue from Russia during 2022.

Monchetundra

DFS

At Monchetundra, the DFS study for the several open pits at Loipishnune and West Nittis was completed for the project's development and submitted at the end of 2022 and the Company was notified that all authorities were received at the end of June 2023.

NKT/Monchetundra Flanks

The NKT project comprises a brownfield Tier-1 scale deposit: 305Kt of Nickel, 143Kt of Copper, 57 tons of PGM and Gold (11.2Moz of Platinum equivalent) as estimated by Wardell Armstrong International as JORC-compliant resources for an underground mining operation. We continue to look at the potential for additional mineralisation on the property. For now the NKT Project sits as considerable upside adjacent to the Monchetundra asset.

Nyud Project and Rosgeo agreement

Eurasia retains a right to 75% of the Nyud exploration licence, which was applied for and later received by Rosgeo's subsidiary OOO Monchegorskoye with an intention of establishing a joint venture with Eurasia's 100% owned subsidiary, Yuksporskaya Mining Company, pursuant to the now expired two-year agreement between Rosgeo and Eurasia as announced 26 March 2021. The project is now being considered in the context of the Company's proposed asset sale.

Possible sale of Russian assets

The Board remains of the view that any buyer is likely to be found in BRICS countries. This process has now run on substantially longer than the Company's management team had anticipated. We acknowledge shareholder frustration regarding the duration of the sale process, however, we also note recent precedent transactions which have successfully completed despite the geopolitical situation. Further updates will be made as appropriate although there is currently low visibility as to when this might be. As ever, there can be no guarantee that Eurasia will enter into binding agreements regarding the sale process.

Company cash position

The Company's cash position, including US treasury notes, at 29 June 2023 stands at approximately £1.686 million*. In addition, the Company's unsold PGM concentrate is valued at £4.1 million (net of VAT). The Company's cash reserves are held in USD and GBP accounts outside of Russia and therefore not exposed to Ruble foreign exchange gains or losses against other major hard currencies.

Sanctions

During 2022, the Board has maintained a regular dialogue with the Company's legal advisers regarding the potential impact of any sanctions. The Board remains satisfied the Company's activities are not prohibited under the sanctions' rules. Furthermore, the Group does not engage and has not engaged with any sanctioned persons, entities or agencies.

Directorate change

Management of the Company has also evolved in parallel with the other changes. With the completion of the Monchetundra DFS, the open pit mines are ready for construction. While we have a EPCF agreement for the development of Monchetundra, the Board do not believe it is appropriate to commence immediately due to the ongoing sale process of the Russian assets. It is expected that counterparties will have their own plans for future development, and it is important to leave such options open. In that regard, James Nieuwenhuys, an EPC expert, has retired from Eurasia. The Company is grateful to James for his excellent work as CEO since 2020 and wish him well for the future.

Konstantin Firstov, our CEO at Kola has been appointed the Country Manager and at West Kytlim, newly appointed CEO Vasily Kudrin is in charge of pre-sale activities. Vasily has a strong audit background with Ernst & Young and other firms in various senior roles including a partner position.

Following James Nieuwenhuys' departure from the Eurasia Board, Christian Schaffalitzky will take on additional executive responsibilities. As such, the Company anticipates announcing further Board changes to ensure the roles of the Chairman and CEO are split.

APART FROM THE UKRAINE CONFLICT WHICH HIT THE WORLD HARD IN FEBRUARY, THE ENTIRE INDUSTRY HAS BEEN DISRUPTED BY SUPPLY CHAIN INTERRUPTIONS ALTHOUGH THIS HAS, HOWEVER, RESULTED IN POSITIVE PRICE CHANGES FOR EUA'S METALS. IN THE MEANTIME, WORK HAS CONTINUED ON OPTIMISING THE ASSET BASE PRIOR TO A POSSIBLE SALE.

Outlook

In terms of the future development of Eurasia Mining Plc, we continue to look at expanding the business in various ways, including the development of hydrogen projects outside of Russia coupled with new mining opportunities in investment friendly jurisdictions.

Our strategy continues to be the eventual sale of the Company's assets in Russia, being the West Kytlim operating mine, the Monchetundra Project mining licence, the NKT brownfield project, and the entitlement to the Nyud brownfield project.

In conclusion, and especially for this challenging year, I want to thank my staff colleagues and fellow Directors for their hard work and dedication. I would also like to thank shareholders, who have shown great patience with us in recognising that much of our planning assumptions have been altered by the events of this past year which were outside our control. We look forward to providing our shareholders with further updates regarding our key objectives, including the possible sale of our Russian assets.

Christian Schaffalitzky
Executive Chairman

2 July 2023

* Please note the cash figures provided by the Company in the announcements dated 21 December 2022 and 11 April 2023 also included US treasury notes held by Eurasia.

Our investment case for potential buyers of our Russian assets

Mining Company with focus on Battery Metals and PGM

- Platinum and Palladium markets likely to be in deficit for 2023 and medium- to long-term outlook generally positive for both metals.
- Battery metals Nickel and Copper future outlook also positive.
- DFS at Monchetundra achieved during 2022 and now approved in June 2023, with development work ongoing at the adjacent NKT Nickel/Copper PGM mine relaunch.
- Surface mining with simple and lower cost beneficiation methods than underground alternatives targeting lower Carbon PGM production.

Environmental and Social governance

- Environment is front of mind for a mining Company.
- Low impact (zero concrete and asphalt) low emissions (hydroelectric dragline) mining at West Kytlim.
- Shallow surface mining with remediation following mining.
- Mine product with significant demand component in engine exhaust cleaning.
- Senior team of mining and mineral industry licensing experts with strong governance from Board with wide-ranging and international experience.
- Representative office in Japan to develop connections to Far East markets – Japan, China, Hong Kong SAR.

West Kytlim PGM and gold mine

- Significantly increased available stripping capacity at West Kytlim using electric dragline.
- All Infrastructure and machinery now in place for sustained production over 15+ years LOM.
- Tipil and West Kytlim Flanks licences as exploration upside.
- Platinum as primary commodity with associated PGM (rhodium, iridium, palladium) and gold.

Metal and energy markets

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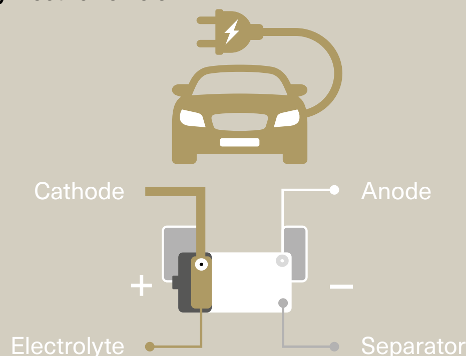
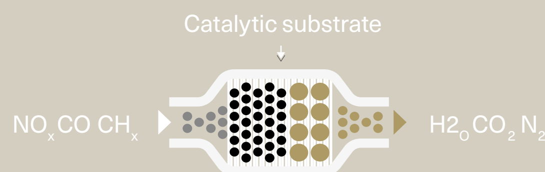
Battery Electric Vehicle



Catalytic Converter



Nickel (Kola Projects)

Nickel

- A strategically important raw material and industrial metal with dominant (65%[1]) of demand in stainless steel production.
- Also a key cathode metal in EV battery production[2].
- Up to 40Kg of Nickel per Electric Vehicle[3] – a strong driver of demand medium to long term – Nickel Sulphide sources preferable in battery production[4].
- Complex trading year through 2022 with prices reaching $31,275 per tonne[5].
- H1 2023 LME closing prices (US$30,978/tonne (3 January 2023) to US$21,338/tonne (23 May 2023) significantly above 2021 prices (full year in the range circa US$16,000 to US$21,000)[6].
- Future demand and price strongly linked to general global economic outlook, particularly the Chinese economy's pandemic recovery, with China being the largest producer and consumer of refined Nickel[7].
- Nickel consumption increasing steadily with market potentially going into deficit from around 2027 at consumption above 3,750 kt per annum.

Copper (Kola Projects)

- A critical component in all energy infrastructure scenarios – existing, transitional, future.
- Strong correlation to global economic outlook with prices falling in recession and recovering with positive sentiment[8].
- Net zero emissions targets driving new uses and demand adding an additional 50% demand on current levels (2021 demand of 25.3m tons)[9].
- Demand outstripping supply by the end of the decade with lack of new mineable resources being the main hurdle (demand passing 36m metric tons with supply around 30m tons)[9].

1 https://www.usgs.gov/centers/national-minerals-information-center/nickel-statistics-and-information
2 https://nickelinstitute.org/en/about-nickel-and-its-applications/nickel-in-batteries/
3 https://www.reuters.com/business/autos-transportation/costs-nickel-cobalt-used-electric-vehicle-batteries-2022-02-03/
4 https://www.bhp.com/-/media/documents/business/2019/191119_whatisnickel.pdf
5 https://www.mining-technology.com/features/nickel-price-surge-2022-markets/
6 https://www.lme.com/en/metals/non-ferrous/lme-nickel#Price+graphs
7 https://knoema.com/ydolvrc/nickel-price-forecasts-long-term-2021-to-2030-data-and-charts
8 https://www.macrotrends.net/1476/copper-prices-historical-chart-data
9 https://www.wsj.com/articles/copper-shortage-threatens-green-transition-620df1e5

PGM markets

Each of the six platinum group metals (PGMs, platinum, palladium, rhodium, iridium, ruthenium and osmium) contribute significantly to a cleaner environment owing to their catalytic properties, which allow for the conversion of detrimental exhaust gases from combustion engines to less harmful and benign gases in a more efficient way than any other catalyst. Vehicle demand and sales drive demand and supply[1], but precious and industrial uses are also significant demand components.

Platinum

- The platinum market is expected to be in a significant (close to 1m oz) deficit for 2023[2] following consecutive surpluses in 2021 and 2022.
- Automotive PGM demand share has for the past decade been dominated by Palladium (around 60%) with further platinum-for-palladium substitution expected as a consequence of decisions on catalyst content taken over the past number of years in a high Palladium price environment[2]. Platinum automotive demand is forecast to increase 11% in 2023 to above 3m ounces[2].
- Emissions control legislation continues to be advanced with significant advancements in China and India from 2023 (see figure 1) with a resulting positive impact on platinum demand.
- BEV and FCEV technologies are set to dominate new light vehicle output while platinum increasingly finds further uses in the hydrogen industry, following from 25% increase in stationary fuel cells (now at 566 MW) with platinum demand for use in electrolysers in Hydrogen production set to increase 24%[2].

Palladium

- All time palladium price high set at $3,339 following the Ukraine conflict and fears of threatened Russian supply.
- Palladium market also predicted to be in deficit (565 koz[4]) for 2023.

1 https://www.edisongroup.com/thematic/the-pgm-markets-outlook-and-price-forecasts/
2 https://platinuminvestment.comfiles/943761/WPIC_PlatinumQuarterly_Q1_2023.pdf
3 https://matthey.com/documents/161599/404086/PGM+Market+Report+May23.pdf/2f048a72-74a8-8b23-f18e-c875000ed76b?t=1684144507321
4 https://www.sfa-oxford.com/platinum-group-metals/palladium-market-and-palladium-price-drivers/

Region	2021 – 2032
Europe	Euro 6 → Euro 5 (July 2025)
North America (EPA)	Federal Tier 3 Phase-in → Federal 'Tier 4' Phase-in
North America (CARB)	LEV III Phase-in → PM = 1 mg/mile → LEV IV Phase-in → SULEV 30 for non-ZEV
Japan	Japan 18 (WLTP)
South Korea (Gasoline)	LEV III (97g/km CO_2 from 2020)
South Korea (Diesel)	Euro 6d (RDE Phase II, 97g/km CO_2) → Euro 7 (estimated)
China (Main Economic Areas)	China 6b, no RDE → China 6b, no RDE → China 7 (estimated)
China (Nationwide)	China 6b → China 6b, no RDE → China 7 (estimated)
Brazil	PROCONVE L-6 → PROCONVE L-7 → PROCONVE L-8
India	BS VI Stage I (Euro 6b) → BS VI Stage II (RDE) → BS VII (estimated)
Indonesia (Gasoline)	Euro 4 → Euro 5 (estimated)
Indonesia (Diesel)	Euro 2 → Euro 4
Thailand	Euro 4 → Euro 5 (estimated)

Figure 1: Emissions legislation, light duty

Electric dragline operational at the West Kytlim in 2022

Operations update

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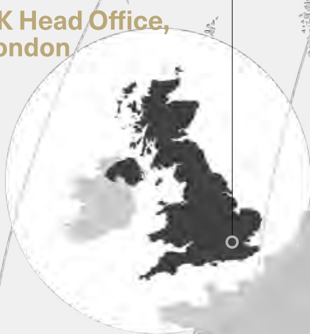
Kola Peninsula, Monchetundra, Russia
Kola battery metals and Surface Platinum Group Minerals

Nittis-Kumuzhya-Travyanaya (NKT) deposit

UK Head Office, London



West Kytlim, Sverdlovsk Oblast, Russia
Surface Platinum Group Minerals and Gold mine

Installation of Kytlim Project electric power line
Following construction of a power line to site, an electric dragline was assembled at the Company's West Kytlim PGM and gold mine to provide a more environmentally sustainable and attractive asset as well as a lower cost operation for the ongoing sale discussions.

Overview

The Central Kola Peninsula Battery Metals (predominantly Nickel and Copper) and PGM projects developed around the Company's fully permitted Monchetundra Project adjacent to the town of Monchegorsk, home to Norilsk's Severonickel nickel and PGM processing facility.

A Definitive Feasibility Study was approved for the Monchetundra Project, while the brownfield NKT Mine is advanced, a former producer.

The Company has demonstrated a consistent approach to creating value by bringing quality projects from exploration through to mining, as well as marketing for its proposed strategic sale following the Board's decision to exit from Russia.

West Kytlim

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Open Pit PGM and Gold mine with a sustainability focus. Predominantly powered by grid (hydro-derived) electric power.

The Operation at West Kytlim has seen very significant upgrades to machinery and mining equipment over the past years.

Sustainable Mining

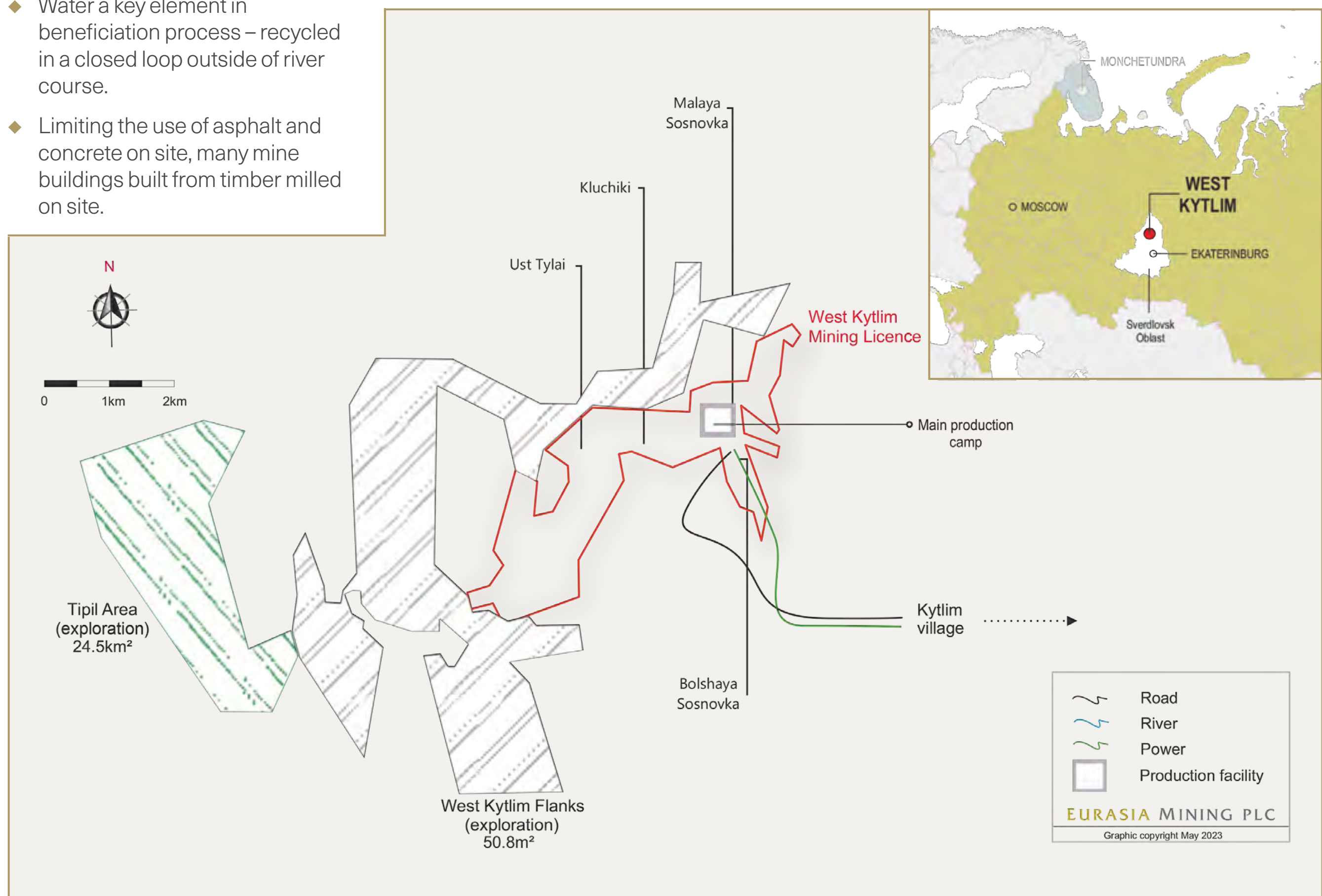
- Shallow open pitting has reduced environmental impact compared to conventional mining methods, and less long-term environmental footprint – no blasting on site and no chemicals used in the production process.
- Recovery to previous land use within 5 to 10 years post remediation and with no remnant pit or tailing dumps. Allows the mine owner and management team to make provisions for remediation on realistic timescale.
- Hydro generated electricity powering ore body development (dragline) and beneficiation (stationary plant).
- Water a key element in beneficiation process – recycled in a closed loop outside of river course.
- Limiting the use of asphalt and concrete on site, many mine buildings built from timber milled on site.

Historical CAPEX highlights

- Three enrichment plants.
- Powerline and electric dragline projects delivered on schedule including peripherals and high voltage substations and hook ups.
- A large fleet of equipment to support the electric dragline, including: 2X Komatsu D275 Dozers, 1X Cat D8 Dozer, 1X Shantui SD26AS, 6X Cat 330 excavators as well as one additional washplant.

Overview

Mining at West Kytlim was initially sub-contracted with Eurasia retaining control of the concentrate upgrade and refining components for two seasons in 2017 and 2018. From 2019 to 2021 further machinery including additional washplants were procured with stripping of overburden and parts of the mining operation contracted as required. A 14-kilometre power line was constructed from the nearby town of Kytlim allowing the mine site and all stationary plant to switch to hydro-derived grid electricity. A large electric shovel, or dragline was also procured and assembled on site during 2022 and was available to contribute to the following winter stripping program. This machine with a 70m boom and 11m^3 bucket allows stripping at greater efficiency and a fraction of the cost of excavator/ bulldozer pairings.



Timeline of West Kytlim operations

2000 - 2014
Anglo Platinum JV
Extensive exploration focused on both Urals and Kola Peninsula leading to Monchetundra and West Kytlim Discoveries.

2015
Mining licence Issued
Continued self-funded drilling and increases in resource base from 2014.

Maiden resource definition and issue of a Discovery Certificate allowing application for a mining licence.

2016
Production start-up
Contracted mining operation commences while advancing drilling on the mining licence towards submission of a new Feasibility Study (Exploration Project).

2017 / 2018 / 2019
Mine expansion
Change of contractor employed at the mine site.

Kluchiki area opened.

Eurasia control of concentrate upgrade at site 165kg produced in 2018.

Switch to owner operated mining in 2019.

2020
New DFS approval
Allowing capacity expansion and production at multiple sites.

2020
Typil licence issued
As exploration upside directly adjacent to the mining licence.

2021
Major investments in mining fleet
Three washplants operating concurrently.

Commencing work on power line project.

2022
Dragline operational
Increased stripping capacity at greater efficiency.

2022
Grid power delivered to mine site
Stationary plant switches to hydro-derived grid power.

Total production for the year of 200kg concentrate.

Kola battery metals and PGM

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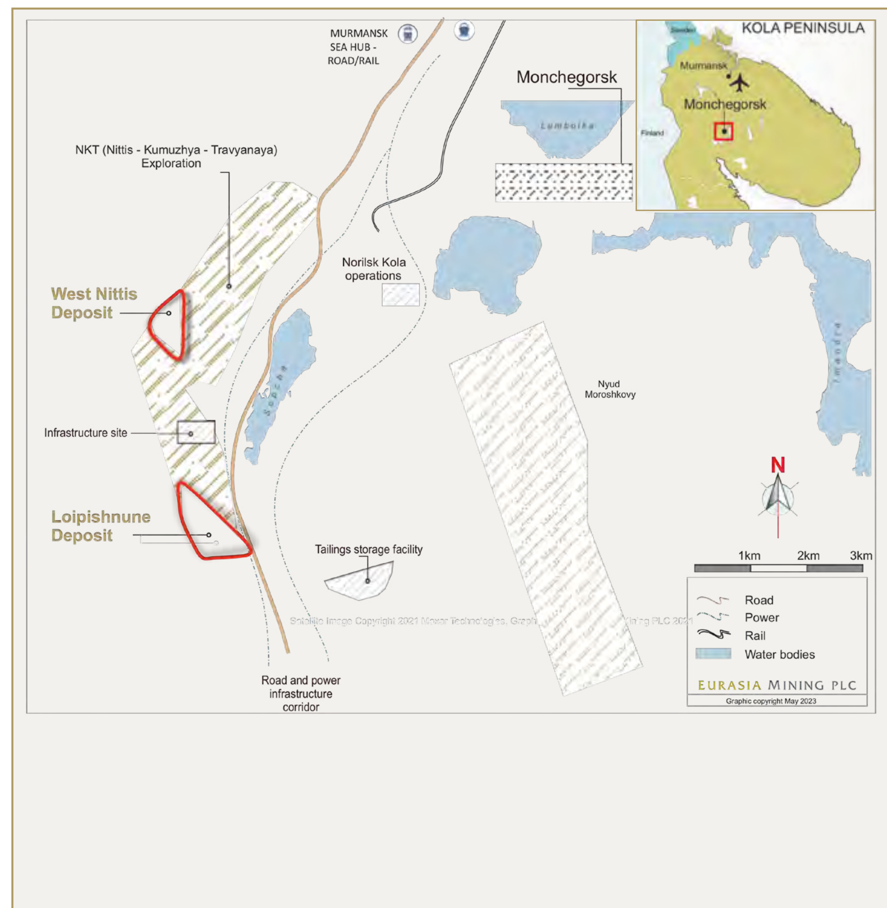
World class PGM and Nickel-Copper projects on Kola Peninsula – cornerstone to a proposed new predominantly open-pittable PGM and Battery Metals mining district.

To enable the sale of the assets and to exit from Russia, the work during 2022 was dominated by the important Definitive Feasibility Study (Russian TEO of permanent conditions) for the open pits at Loipishnune and West Nittis within the Monchetundra project (Licence MUR 16493) which was submitted on time in December 2022.

The study involved a new metallurgical sample collected from drill core and analysed following from the 2016 (pre-feasibility) metallurgical work. Land surveying, geophysics and hydrogeological and geotechnical studies were also completed. The ore at Monchetundra contains commercial grades of palladium, nickel, copper, platinum and gold.



Monchetundra: 2022 Highlights

- Submission of Definitive Feasibility Study for two open pits at Loipishnune and West Nittis in December 2022.
- Recognition of NKT as a potential nickel dominant mine relaunch opportunity, as a standalone project or integrated with Monchetundra.

Monchetundra: 2023 Highlights (in the year to date)

- Monchetundra DFS final approval received.
- Mine now shovel ready with further developments to be led by a new owner in the context of the Company's sale-of-assets process.
- No significant expenditure or work programme planned for the Monchetundra Project during 2023.

NKT (Nittis-Kumuzhya-Travyanaya) Project – Base metals mine relaunch adjacent the Monchetundra project

Tier-1 scale Nickel deposit with JORC MRE containing: 305Kt Nickel, 143Kt Copper, and 57 tonnes PGM and Gold (11.2Moz of Platinum equivalent) estimated by Wardell Armstrong International (WAI) as JORC-compliant resources for a step room and pillar mining operation, with nickel comprising half of the value in the metal basket on a Net Smelter Royalty basis.

The NKT Project is being developed under licence MUR 00950 BP.

A mine was successfully operated by Norilsk Nickel in the area, put on hold because of low IRR at a Nickel price in the region of US$2-5/lb versus above US$10/lb today[1].

Following receipt of the Monchetundra Flanks exploration licence in August 2020, work commenced on collation of the very significant body of historic and recent exploration and mining data available. Originally developed as early as the 1930s, some further drilling was completed in the early 1990s. Subsequently, further exploration programmes were completed by SeveroNickel, PechengaNickel, Kolskaya Mining Metallurgical Company (Kolskaya MMC), and more recently a drilling programme undertaken by Rosgeo from 2015 to 2017.

Eurasia commissioned Wardell Armstrong International to complete a JORC analysis of the principal targets on the site during 2021 leading to publication of an NKT Competent Persons Report describing the feasibility of a room and pillar mining operation based on a 93,422kt (room-and-pillar mineable ore per 2021 WAI CPR) with a total resource of Tier-1 scale: 305Kt of Nickel, 143Kt of Copper, 57 tons of PGM and Gold (11.2Moz of Platinum equivalent) – as estimated by WAI as JORC-compliant resources. The net present value "NPV" using an 8.33% discount rate for the underground part of the NKT project is US$1.2 billion under the WAI price forecast and US$1.7 billion under spot prices. The study had an IRR of 47% with a payback period of three years.

1 Nickel price history: https://www.mining.com/markets/commodity/nickel/all/ (early 200's price). Despite significant volatility from January 2022 nickel has traded above the US$10/lb line for much of the past two years.

The WAI report also included open pit optimisations for the project area and a development programme progressed to further detail the overall geometry of all open pittable mineralisation throughout the project area but principally at Kumuzhya, while also gathering additional information on underground mining targets. Mineralisation presents in two principal categories throughout the area, both of which contribute to both open pit and underground mineral resources:

A. Shallow epigenetic/post-magmatic low sulphide nickel-palladium disseminated and vein (chalcopyrite-pyrrhotite-pentlandite) mineralisation more concentrated in the axis of the massif.

B. Bottom lode syngenetic mineralisation (wider interval and lower grade) occurring on the margins of the massif – Open pit and underground mining potential.

Key performance indicators (KPIs)

Results for the year

The Group has made a loss before tax of £7,230,088 for the year ended 31 December 2022 (2021: loss before tax of £3,138,521). The single largest item causing this variation is the absence of revenue in 2022.

Shareholder return and share price performance
The Company's shares are quoted on the AIM market of the London Stock Exchange and the shares have traded at between 4.1 pence and 28.5 pence*(2021: 15 pence – 36.5 pence) during the year under review. A range of factors both internal and external to the Company can impact share price performance, including significant geopolitical developments and uncertainty therein, commercial and new business developments, operational performance and metal price and metal price forecasting fluctuations. The emergence of conflict in Ukraine in February and March 2022 had an immediate effect on the Company's share price as investor perception was affected across all business sectors.

Exploration and development
The Group maintained sufficient funding to develop and expand operations during the year reported.

The West Kytlim asset, following considerable investment over the past number of years is considered by management to be fully capitalised and capable of sustained production at current levels for a life of mine of up to 15 years, excluding further resources and reserves to be defined in both the West Kytlim Flanks and Typil licence areas adjacent to the mining licence.

A Definitive Feasibility Study "DFS" for the Monchetundra Project was completed during 2022. No further significant expenses are forecast for the Monchetundra Project.

The NKT Project is being assessed either as a standalone mine relaunch adjacent to the Monchetundra Project or with its reserves and resources integrated with those at the Monchetundra Project for concurrent development.

No funds were raised in equity or debt capital markets and no warrants or options were exercised in the period reported.

* Based on Yahoo finance closing prices for 1 January 2022 to 31 December 2022

Non-financial KPIs

Environmental management

The Group has environmental policies in place and receives annual approvals for development work at West Kytlim, where adherence to the relevant environmental subsoil licensing laws is clearly stipulated. All relevant codes in managing exploration programmes (specifically drilling) are also strictly adhered to. Performance against environmental policies is continuously monitored and annually audited including a provision for environmental rehabilitation (Note 28).

Health and safety

The Group has occupational health and safety policies and procedures in place ensuring that all efforts are made to minimise adverse personal and corporate outcomes, through best practice training, implementation and monitoring. These were appropriately reviewed including appointment of a permanent health and safety office following supply of high-voltage electric power and oversized machinery to West Kytlim. The Group's LTIFR (Lost time injury frequency ratio) remains at zero for the year reported.

Operational

The Group has achieved further milestones at each of the Monchetundra, NKT and West Kytlim Projects during the year in review, as discussed in the Operations section herewith. Key deliverables at each project are the Definitive Feasibility Study at Monchetundra, the provision of electric power to West Kytlim and the ongoing development programme for the NKT Project.

Governance

The Company followed the appointment of two Board members during 2021 with the appointment of Artem Matyushok in May 2022. Artem brings significant international mergers and acquisitions experience to the Board which now comprises four Directors and an Executive Chairman and Managing Director. New appointments were made to roles within key subsidiary Kosvinsky Kamen and the creation of a new Country Manager role in May 2023.

Principal risks and uncertainties

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The risks inherent in all mineral exploration and development businesses are kept under constant review by the Board and the executive team.

The risks affecting the Group and the Company are described in detail in the Directors' report and Notes 2 (Going concern) and 32 (Risk management objectives and policies) to the financial statements. The principal operating risks affecting the Group are highlighted below:

Exploration and project development risks

Mineral exploration presents an inherent risk in that information on in-ground resources is both limited (quantitatively and qualitatively) and in most instances expensive to obtain. This presents a challenge which if not properly managed can lead to misallocation of exploration funds, not identifying reserves and resources or, following discovery, not demonstrating the economics of an ore reserve to accepted industry standards. The necessary consents and approvals to conduct exploration and development work must also be obtained and managed.

Mitigation:

The Group maintains appropriate in-house expertise and long-standing relationships with external consultancies in mining and metallurgy to keep abreast of their changing requirements, and to make sure all regulatory obligations are met and duly reported. Together these increase the prospect of a successful outcome which is measured in terms of a project meeting its licensing and reporting requirements and the overall financial and other metrics of the project. The Board impresses on senior management the need to identify and address the major sources of execution risk in any development project, and to continuously monitor diversion from schedules or targets.

Operating mine risks

Machinery breakdowns, departures from expected grade and other operational risks may have a significant impact on revenue, which is a component of the Group's financial capacity.

Mitigation:

Multiple areas are developed concurrently to mitigate risks of a lower than calculated grade at any location. In-fill drilling and in pit sampling are carried out as required, and in addition to resource definition requirements. The majority of the machinery mine fleet is relatively new, having been acquired from 2021 onwards. Skilled operators and mechanics were appointed as required to operate and service this significant new item of machinery at the mine site, as well as new health and safety protocols.

Political risk and sanctions compliance

In view of sanctions imposed on individuals and entities in Russia, from 2014 until the present time, further legal and economic risks may arise. Further sanctions were imposed on Russia from late February 2022 and were subject to further updates during 2022. The Group has generated no revenue from Russia since the beginning of February 2022.

Mitigation:

Strict adherence to the Group's sanctions policy. The Group does not engage with politically exposed or sanctioned persons or entities. The Company employs expert legal advisers and continues to monitor updates to international sanctions legislation focused on Russia and resulting from the conflict in Ukraine to determine their effect on the businesses operations and medium and long-term strategies. Two in-depth reviews of operations against changes in the UK and EU sanctions landscape were carried out in May and December 2022.

Environmental

The Group's operations are subject to statutory environmental regulation, including environmental impact assessments and permitting including forestry permitting. The environmental legislation comprises numerous federal and regional codes discussed further in the environmental report herewith. The Group makes an assessment of the environmental impact when applying for permits and licences. Review and approval of the rehabilitation plan is a prerequisite of the mine plan approval for each season of mining.

Mitigation:

The Group mitigates risk to the operation arising from environmental issues by strictly adhering to relevant environmental laws and codes and by ensuring an appropriate plan for managing the environmental impact of any operation is in place prior to commencement of on-site activity. The West Kytlim mine, by nature of the relatively simple beneficiation methods employed does not require management of hazardous mine and process plant tailings within a tailings dam, as is necessary in large scale underground and open pit mining operations.

Loss of key personnel risk

The loss of key personnel consists of the departure (voluntary or otherwise) of an important employee, which will, in all likelihood, result in a financial loss or increased expense to the small or medium business. The expenses may be of a temporary or a permanent nature. These increased expenses relate to the search for and hiring of a new employee, training costs for the new hire, possible "signing" bonus and higher remuneration packages.

Mitigation:
The Group takes measures to motivate and retain existing employees and has retained a significant number of its senior management for more than ten years. There is not currently a shortage of Mining industry personnel and expertise and the Group is confident a suitable replacement could be found should it be necessary to replace any key member of staff.

The regulatory environment

The Company and the Group's activities are subject to laws and regulations governing various matters, including licensing, production, taxes, mine safety, labour standards, occupational health and safety and environmental protections.

Mitigation:
The Group closely monitors all regulatory requirements and changes to the laws, rules and regulations, taking steps whenever necessary to comply with regulation. The Board considers the regulatory environment for mining companies to be transparent, not more difficult than other jurisdictions, sufficiently prescriptive and in general navigable for a company employing sufficient expertise and resources to manage that aspect of its business. Sanctions legislation has presented a new challenge to the Company which has been met by the appointment of a suitably qualified and UK-based firm.

Financing risk

Historically, the Company has relied on international equity and to a lesser extent debt capital markets to maintain adequate levels of working capital.

Mitigation:
The Group maintains tight financial and budgetary controls as well as cost controls which with forward planning help ensure the Company is adequately funded to reach its objectives. The Russian assets' sale process is in progress.

The Board considers risk assessment to be important in achieving its strategic objectives. Further details of the Group's financial risk management policies can be found in Note 32.

Commodity risk

A potential fall in commodity prices could result in it becoming uneconomic for the Group to mine its assets.

Mitigation:
The Group closely monitors the markets for platinum group metals, changes in their demand and supply, and the effect these have on metal prices, with a view to taking necessary measures in response to such changes, including stockpiling concentrate as has occurred during 2022. The Group continues to consider potential opportunities in other mineral and energy industries which can diversify risk.

Demand for platinum group metals from their principal use – autocatalysts, which reduce harmful engine emissions is perceived by market commentators to remain strong as electric vehicle uptake is offset by tighter emissions control for traditional internal combustion engine vehicles, and as PGM continue to find application in emerging transport technologies such as Fuel Cell Electric Vehicles. For further details see the PGM market summary section at the front of this report.

The Board considers risk assessment to be important in achieving its strategic objectives. Further details of the Group's financial risk management policies can be found in Note 32.

Research and future development

The Group's activities during the year continued to be concentrated on advancing mineral exploration projects through feasibility to mine development. While developing its core projects as discussed in the Operations Update the Company will continue to consider new directions for the business in other minerals and energy markets globally.

Section 172 statement

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Eurasia Mining Plc ('Eurasia' or the 'Company') is a public limited company incorporated and domiciled in the United Kingdom with its registered office at International House, 142 Cromwell Road, London, SW7 4EF, United Kingdom.

Company Background

The Company's shares are quoted on AIM, a market operated by the London Stock Exchange Group plc. The principal activities of the Company and its subsidiaries (the 'Group') are related to international new energy metals and new energy markets.

The purpose of the Strategic Report is to inform members of the Company and help them to assess how the Directors have performed their duties under section 172 of the Companies Act 2006 (duty to promote the success of the Company).

The Board is ultimately responsible for the direction, management, performance and long-term success of the Company. It sets the Group's strategy and objectives, considering the interests of all its stakeholders. A good understanding of the Company's stakeholders enables the Board to factor the potential impact of strategic decisions on each stakeholder group into a boardroom discussion. The Board considers the Company's purpose, vision and values together with its strategic priorities in arriving to Board decisions. Board resolutions are always determined with reference to the interests of the Company's shareholders as well as its employees, its business relationships with suppliers and customers, and the impact of its operations on communities and the environment. This statement serves as an overview of how the Directors have performed this duty during 2022 and engaged with the Company's key stakeholders to help to inform the Board's decision-making.

2022 was an unprecedented year in the Company's history. The conflict in Ukraine has presented many challenges to the Company and the group of Companies. Despite challenges, the Group's overall progress, following from Board decision making, is demonstrated by progress at each of its key projects through the year in review to progress the sale of the Russian assets.

The Board acknowledges that there is a legal requirement for the Company to report on how the Board and its Committees have considered the requirements of s.172 of the Companies Act 2006 in their decision making. These are here considered under the following headings.

1. The likely long-term consequences of any corporate action or decision;

Two of the Group's key assets have been progressed from discovery and early-stage exploration through feasibility and the Board recognises the timescales on which projects of this type are developed to return value on investment (The international Energy Agency has estimated an average of 16.9 years to take a mining project from discovery through feasibility to production[1]) . The Board also recognises that a life of a mine often extends beyond the tenure of all personnel and executives and plans accordingly. Mine plans at West Kytlim include budgets and schedules for remediation of mined out areas.

The Board remains committed to progressing a sale-of-assets process as described elsewhere in this report.

1 https://www.iea.org/data-and-statistics/charts/global-average-lead-times-from-discovery-to-production-2010-2019

2. The interests and professional development of the Company's employees;

Staff are encouraged to maintain their professional credentials and the Company meets annual subscriptions to professional bodies on behalf of its employees as well as, from time to time, tuition fees for short- and longer-term studies, and attendance fees for industry events.

3. The need to foster business relationships with suppliers, customers and other stakeholders;

The commercial reputation of the Group and each Group Company is recognised as critical to the Group's future success. The Group employs local workers, contractors and suppliers wherever possible and maintains a network of contacts in the industry and values long-standing commercial relationships with consultants and contractors.

4. The impact of the Company's operations on the communities adjacent to its projects and the environment;

Rehabilitation plans are submitted as a necessary aspect of all mineral industry statutory reporting instruments and these ensure a mine site is returned to its previous land use following mining.

5. The desirability of the Company to maintain a reputation for high standards of business conduct and corporate governance;

The Company applies the Quoted Companies Alliance code and considers its Corporate Governance responsibilities under their 10 guiding principles (see Directors' Responsibilities section). The Company also maintains an extensive internal body of policy and procedures documentation which is regularly updated and strictly adhered to. Where necessary the Company has resort to its Nominated Adviser and Corporate legal advisers on matters concerning the UK regulatory environment, corporate law and top-tier corporate governance standards.

6. The need to treat all members of the Company fairly and equitably.

No individual shareholder/ member has greater influence, rights (excepting voting rights) or obligations than any other shareholder.

Environmental, Social and Governance

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Maintaining a best-in-class Environmental, Social and Governance position remains a key focus

Introduction

Environmental, Social and Governance priorities are a clear focus of the mining industry generally and increasingly mining industry investors. The Board welcome changes to the international mining landscape particularly with respect to environmental responsibility, and the example being set by industry majors in setting net zero emissions targets, as well as developments in international reporting standards to ensure adequate reporting mechanisms. The Company's West Kytlim operation has undergone significant changes in energy usage which will determine its future environmental impact. With the Monchetundra Project on Kola in pre-mine development, the Board feel it is premature for the Group to set a net-zero emissions target but has taken steps to commence appropriate environmental reporting going forward.

This section of the report describes how Directors consider and adopt principles of corporate governance, as well as environmental and social governance and apply them through the group of Companies while achieving corporate objectives and ensuring the overall direction, supervision and accountability of the organisation. Other key aspects of Corporate Governance within this report are:

- The Section 172 Statement (Strategic Report above) describes how Directors promote the Company for the benefit of members as a whole;
- Financial and non-financial Key Performance Indicators which are outlined to measure performance of the Board year on year; and
- Principal Risks and Uncertainties demonstrate an awareness of potential obstacles to achieving corporate goals.

The Board has adopted the QCA Corporate Governance Code (2018) ("QCA Code") and strives to follow its 10 principles to the fullest extent possible. Directors consider the West Kytlim operation, one of the largest mines of its type in the world, to be an opportunity to demonstrate a potential new style of lower emissions PGM production, competing with other global sources of PGM in terms of CO_2/oz metal produced as well as long-term environmental disturbance.

The Group ensures the land disturbed by mining activities is returned, post mining, to a safe and stable landform. Rehabilitation plans set out land and forestry and are managed with an equal amount of forest planted as is removed for mining. Open pits are infilled with the overburden removed prior to mining, top-soil is replaced and the land regenerates over a period of five to ten growing seasons.

Environmental report

West Kytlim

The area developed at West Kytlim will itself be replanted with appropriate local species and will recover to its pre-mine condition within five to ten years following mining.

Surface mining requires significant disturbance of the upper layers of top-soil and river sediment terraces which are removed to allow access to mineral bearing gravels. These areas are then scheduled for remediation following mining.

Water is a key resource in any stable natural environment. Process water at the mine site is derived from river water and is fully recirculated meaning the water used to disintegrate and beneficiate pay gravels is continuously recycled in a closed loop maintained separate to any free-flowing water course. This hydro infrastructure of dams, roads and ponds is constructed as required at washplant sites in the mining area. There have not as yet been cases of contamination of rivers or streams in the areas under development in the year under review or in previous years. Tails from the mining operation do not contain hazardous chemicals but do include large volumes of sediment and clay, which could damage the ecosystem in a natural river course if not correctly managed. Several relatively small specially protected water environments are defined within the mine licence and particular care is taken to not disturb these areas.

Waste management

The tailings of alluvial mining do not contain any hazardous substances as no chemicals are used in the beneficiation process which is driven by gravity and hydro-mechanical operations. Measures are taken at site to ensure mine site water is maintained in a closed loop separate from river courses.

Air emissions

The switch to electric powered draglines as the key machine component for overburden stripping will remove a significant amount of vehicle emissions associated with overburden stripping. Tracked and heavy machinery on-site complies with the latest accepted emissions standards having mostly been purchased new and is specified to the latest environmental compliance standards.

Social

Relationship with the local community

Consultation

Giving notice of pre-approved and permitted work such as the West Kytlim powerline project, and receiving feedback from the local community who may be affected is a key element of good community relations. No impact on local communities or their activities has been identified at the West Kytlim mine which is situated in an area of unpopulated wilderness without nearby farming operations. The Monchetundra operation adjacent to the town of Monchegorsk is located in a mining friendly jurisdiction with mining and metallurgical processing being the largest employer in the town and district.

Health and Safety report

During 2022 and in the year to date there have been no injuries or accidents on operational sites. Health and safety protocols have been upgraded at the West Kytlim mine site following the arrival of electric draglines and high voltage electricity. Appropriate HSE is available to all employees and its use closely monitored. Signage is a key element of safety awareness which is maintained by the mine site Health and Safety Officer. The highest risk situations are during construction and assembly of various components of the washplants and their peripherals as no on-foot presence is required in pit during excavation, and no drilling and blasting required prior to digging.

Our mine sites are engaged with local communities

- **Consultation** – A key aspect of community involvement for high impact projects
- All mine workers and equipment operators are local (within 70km area), project companies registered locally and taxes are paid locally
- The mine has a sustainability focus – for example, most mine building structures and interiors are constructed from timber milled on site and move to electric power

Environmental protection is front of mind

- **Minimise impact** – Surface mining with limited remnant waste and tails heaps
- Limit use of concrete, steel and asphalt at the mine site
- **Rehabilitate** – Eurasia is committed to ensuring the land disturbed by mining is returned to a safe and stable landform with no long-term damage to the environment or ecosystem
- Rehabilitation plans envisage works impacting local climate, geochemistry of soils, fertility, degree of disturbance, specific landscape and topography features
- **GHG emissions reduction** – Installation of electric draglines powered by mains hydro-derived electricity

Over 20 years' experience

- Building robust partnerships and developing industry contacts
- Leveraging an in-depth knowledge of the licensing system in partnership with support from expert international technical consultants
- Group companies maintain strong contacts base amongst machinery suppliers, contractors, industry consultants, and sub-soil licensing professionals

Christian Schaffalitzky
Managing Director and Chairman

2 July 2023

Directors’ report

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Directors

The Directors who served during the period were:

Christian Schaffalitzky – Executive Chairman
Anthony James Nieuwenhuys – Chief Executive Officer (retired July 2023)
Tamerlan Abdikeev – Non-Executive Director
David Iain Rawlinson – Non-Executive Director
Kotaro Kosaka – Non-Executive Director
Artem Matyushok – Non-Executive Director (appointed May 2022)

Directors' interests

Share interests

The Directors of the Company active at 31 December 2022 held the following beneficial interests (including interests held by spouses and minor children) in the ordinary shares of the Company:

	31 Dec 2022 No. of shares	31 Dec 2021 No. of shares
C. Schaffalitzky	89,569,517	89,569,517
Total	89,569,517	89,569,517

Share options and warrants

Options	31 Dec 2022 No. of shares	31 Dec 2021 No. of shares
C. Schaffalitzky	20,000,000	20,000,000
Total	20,000,000	20,000,000

All options granted to the Directors vested by 31 December 2021.

No share options were exercised by the Directors during 2022 (2021 – nil).

Dividends and profit retention

No dividend is proposed in respect of the year (2021: nil) and the retained loss for the year attributable to the equity holders of the parent of £5,840,245 (2021: loss of £2,910,479) has been taken to reserves.

Share capital

The issued capital of the Company as at 31 December 2022 was:

	Number of shares	Nominal value	Share premium account
Fully paid ordinary of shares at 0.1 pence each	2,853,559,995	2,853,560	51,343,246
Deferred shares of 4.9 pence each	143,377,203	7,025,483	–
	2,996,937,198	9,879,043	51,343,246

Risk Management

The Directors consider that assessing and monitoring the inherent risks in the exploration and mine development business, as well as other financial risks, is crucial for the success of the Group. The Board regularly reviews the performance of the Company's projects against plans and forecasts. Further details on management of financial risks, which includes foreign currency, interest rate, credit, liquidity and capital risks are set out in Note 32.

Going Concern

As at 31 December 2022 the Group's net current assets amounted to £5,883,581 (£23,036,966 in 2021) and includes unsold inventory of £4,182,382. As at the same date, the Group's cash balance was £1,009,908 (£22,009,507 in 2021) and investment in US treasuries of £3,807,925 (2021: nil). The majority of the reduction in year-on-year cash position (2021 to 2022) is attributable to capital investments and operating costs for the West Kytlim mine.

The Group's debt consists of lease liabilities set up to acquire mining machinery for a total amount of £348,269 (at 31 December 2021: £429,543).

The Group's current (as at 29 June 2023) cash position is around £40,000 and US treasury Bonds valued at £1,646,255 with the reduction since December 2022 being accounted for by £150,000 in capital expenditure, £950,000 on development expenditure on its assets portfolio, and £2,031,578 in costs.

These financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operation for the foreseeable future. The Directors have prepared detailed bottom-up financial forecasts to address a range of scenarios for the Group's operations. The Group's forecasts and assumptions reflect key assumptions based on information available at the time of review and include:

1. Sale of inventory of raw platinum concentrate

The Company currently has an inventory of raw platinum concentrate, the product of the 2022 mining season at the Kluchiki and Bolshaya Sosnovka areas, which has been retained in safe storage for later refining. The concentrate has a total net weight of 199.3 kg and a realisable value of not less than £4.1 million. The Company is in advanced negotiations with a number of parties to realise this value in the near future. These funds will be used to support the current mining season (see 2 below) and to continuing operating costs of the Group.

2. Continuing mining operations of the Group

The Group's current mining operations in West Kytlim mine have been running at reduced capacity at start-up of the season, as we were engaged in stripping activity only with a commensurate and very significant reduction in diesel and labour costs. The Board have agreed a new and extensive mining plan for the remainder of the season, based on electricity powered machinery and equipment. The mining operations in West Kytlim will contribute significant additional funds to the Group when the value of the extracted concentrate is realised.

3. Expenditure on Monchetundra asset

The Group has spent £900,000 on a development programme for the Monchetundra asset during 2022 leading to approval of the DFS in 2023. No further significant outgoings have been budgeted for this asset.

4. Management of future cash outflows

In addition to the above, the Group have the ability to manage and where required, reduce expenditure as needed.

As such, the Directors have prepared the financial statements on a going concern basis and consider them to be reasonable.

2022 Events and sanctions compliance

The Company has satisfied itself that its current activities at the West Kytlim Mine and on the Kola Peninsula are not prohibited under UK or EU sanctions rules. For the avoidance of doubt this includes the sale of West Kytlim mine product. Furthermore, the Group does not engage and has not engaged with any sanctioned persons/entities or agencies. Two in-depth reviews of the Company and Group's activities were tested with appropriate legal advice against EU and UK sanctions legislation in May and December 2022.

The Company has continued to fund Group companies through international disbursements as required and in compliance with applicable regulation.

Debt and equity capital markets are expected to remain as options for the Company going forward.

Directors have concluded that the combination of the above factors, with account of the current applicable sanctions regimes, support the Board's opinion that it has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, which management has determined to be at least 12 months from the signing of this Annual Report.

The Board therefore believes it is appropriate to adopt a going concern basis in preparing the Annual Report & Accounts.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report and the Directors’ report.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors must prepare the financial statements in accordance with the UK adopted International Accounting Standards and in accordance with the Companies Act 2006. 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- with contributions from advisers, set the Company and Group’s corporate strategy including research and development activities (detailed in the Strategic Report above); and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time, the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that: so far as each Director is aware there is no relevant audit information of which the Company’s auditor is unaware; and the Directors have taken all the 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 Company’s auditor is aware of that information. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Revenue

No sale of mine product from the West Kytlim mine occurred in the year under review. Historically, revenues generated by the Group have been from refining of PGM concentrates. Refinery receipts record the total of metal sales with payments received for platinum and gold, at the market rate, on average every month throughout the mining season. For reasons related to the nature of metals refining the revenue for other PGM (rhodium, iridium and palladium) are received when all shipments for that year have been received.

Directors' Indemnity

The Group maintains Directors' and Officers' liability insurance as an indemnity provision renewed annually.

Corporate Governance

Eurasia Mining applies the QCA Code as a Corporate Governance framework to ensure adequate corporate governance standards for the current business and mindful of how the business will evolve in line with its corporate strategy and business goals. The QCA Code’s ten principles describe how the Code should be applied to any company.

Eurasia has established a strategy designed to promote long-term value and a return on investment for its shareholders, a strategy which also aims to build the Company to an increasingly profitable enterprise while maintaining good corporate governance and social and environmental responsibility standards.

Delivering Growth

Eurasia has established a strategy designed to promote long-term value and a return on investment for its shareholders, a strategy which also aims to build the Company to an increasingly profitable enterprise while maintaining good corporate governance and social and environmental responsibility standards.

Principle 1: Strategy

The Company’s strategy is to self-fund exploration and development of marketable resource and energy projects in various commodities, and to realise a return on investment, either by carrying the project through feasibility to commissioning or by straightforward sale at any stage of development. The Company recognises that all project development expenditure adds value to a project by increasing its resource and reserve base. Risk to further investment in development expenditure, or in mine development, is also reduced as resources are moved to lower risk categories. The Company has adopted a dual strategy of both project development towards mining, while also investing significant resources in active high-level mergers and acquisitions activity. The Company adapts this strategy in response to external stimulus such as geopolitical events.

The Company is focused on selling its assets in Russia while maintaining corporate governance principles in line with the QCA Code. The key commitments and challenges in adhering to the QCA’s 10 principles are set out below.

Directors' responsibilities statement (continued)

Principle 2: Understanding shareholders

Eurasia seeks to maintain open, direct and two-way communication with its shareholders through various media including press releases, the Company website, interviews and industry events. The Company employs public relations professionals and maintains third-party contracts as required to better disseminate Company news-flow. Through shareholder feedback the Company ensures that it remains in touch with the information requirements of shareholders, their expectations regarding their investment, and the motivation behind their voting decisions. Directors consider shareholders' expectations to be correlated with that of the Company and the Company's strategy. The Company aims to update on key operation and commercial events as appropriate and the Board recognises that shareholders require complete and timely information as a necessary input to their investment decisions. Working with its Nominated Adviser the Company maintains strict adherence to the AIM rules for Companies.

Principle 3: Stakeholders and social responsibility

Experienced and knowledgeable long-standing employees and service providers are a recognised key asset within the Company and our Corporate Governance principles seek to cultivate a productive and fulfilling working environment within the Company and the group of companies. Our mining and other operations are a further key asset and attention is paid to how these operations engage with society and the various stakeholders important to the project's continuous success. Any issue arising from any stakeholder will immediately be dealt with or communicated to the required level to allow for action to be taken. No material events have occurred in the history of the mining operation and where an issue may arise it is reported in full to senior management and Directors. Managing relationships within the Company's workforce, and its outward interactions with local communities, service providers, and the environment, all have the potential to impact on the Company's ability to achieve its medium- to long-term goals – managing these relationships is considered a fundamental facet of good Corporate Governance operating at project level.

Principle 4: Risk management

The leading risks at operational level relate to the reliability of our resource and reserve estimations and our ability to manage the mining operation to achieve its goals. These risks are mitigated by ensuring qualified and knowledgeable personnel are employed and that they are adequately resourced and supported by effective management. Resource exploration involves inherent risks stemming from the fact that information relating to the mineralisation is not immediately available and is expensive to obtain. Recognising this risk and then managing it effectively is a critical aspect of a successful resource exploration and development business. The Company's annual audit provides an opportunity to reassess the key risks facing the business at both a corporate and operational level (see principal risks and uncertainties herewith). These are agreed by Directors and delineated and audited on an annual basis, thus ensuring adequate recognition and articulation of each risk category.

Principle 5: Maintaining a dynamic management framework

The Board consists of a Chairman and Managing Director supported by four Non-Executive Directors. The Board aims to maintain two independent Non-Executive Director positions at all times. At the date of this revision Iain Rawlinson, Artem Matyushok and Kotaro Kosaka are considered independent Non-Executive Directors. In addition, the Board maintains appointments made as strategic advisers with the Mergers and Acquisitions Officer role recognised as pivotal in the current overall strategy.

The Board meets when an executive decision requires Board approval, and in any event no less than once per six-week period. Board members are regularly consulted on executive decisions which would benefit from specific input relevant to a Board member's area of expertise. All Board members are aware of and comfortable with the time and resource requirements associated with their position. Relevant information relating to a Board discussion is prepared and circulated in advance of Board meetings. An attendance record for each Director is maintained and annualised for distribution within the Board. Separately, the Company Secretary is considered a key position necessary in preserving a functional and ergonomic management framework within the Company and good communication across the Group of companies.

Principle 6: Experience and skills

The Board has an effective combination of commercial and technical experience, being led by a Chair with a strong background in geology, who is supported by Non-Executive Directors with commercial, legal and mergers and acquisitions experience in a range of markets and jurisdictions. Board members retire on a fixed rota and declare themselves eligible for reappointment by shareholders at the Company's AGM.

The Board considers the skill sets within the current Board to be sufficient for the successful running of the business, and the delivery of the stated corporate strategy and goals through the medium to long term, however further appointments may be made in due course. In addition, where more specialised skills are required, the Board has access to a network of individuals and organisations with whom it can consult for further information. This can include input to operational decisions relating to the Company's operating mine, or advice of a commercial nature. Each Board member's long-standing career in the industry is invaluable in this regard. Continuing Professional Development ('CPD') and membership of institutions which promote best practice in industry is encouraged in all Board members, though not compulsory to Board membership. As an example, the professional accreditations PGeo ('Professional Geologist', Institute of Geologists of Ireland) and EurGeol ('European Geologist', European Federation of Geologists), attained by the Executive Chairman, are maintained by adherence to a programme of CPD activities.

All Board members regularly attend industry events and conferences to keep abreast of developments in their area of expertise. No one Board member, or group of Board members, dominates decision making within the Board.

Directors' responsibilities statement (continued)

Principle 7: Board performance

The Remuneration Committee, whose membership is considered annually, is responsible for evaluating the performance of the Executive Directors. As mentioned above Board members retire on a fixed rota, and efforts are made with regard to succession planning and appointment of new Board members.

The appointment process involves; assessment of suitability based on qualifications and work history, due diligence by the Company and its Nominated Adviser, a series of meetings with Board members and key personnel, and finally contract negotiation and appointment. Board evaluations are internal to the Company and on an ad-hoc basis, as befits the small scale of the Company currently, but not less than once per year at the time of the Company AGM. Adhering to the Company's strategy, achieving the Company's goals, and maintaining good corporate governance standards are the three most prominent identifiers by which Board effectiveness is evaluated. Board evaluations are not currently made public, and it is the Company's intention to reconsider this position and ensure continued compliance with the Code as the Company develops.

Principle 8: Values

The Company is founded on a culture of following and promoting the highest ethical standards with regard to its commercial transactions, business practices, strategy, internal employee relations and outward-facing stakeholder and community relationships. The Company is incorporated and domiciled in the UK and governed by the laws of England and Wales and its corporate culture and values extend from PLC level throughout the organisation irrespective of jurisdiction. An ability to recognise and promote good ethical values is seen throughout the organisation as an asset to an employee, potential employee or Board member. The current Board members have been chosen with awareness of the Company's corporate culture and the Company's ethical standards in mind – new Board appointments are also considered in this light. Corporate culture, and high ethical standards with regard to business practices are considered a critical element in attaining the Company's strategy and goals and these standards are reinforced through the nominations and staff appraisal process. High standards of ethics create a competitive advantage for the Company and are a core element of the Company's business model, as they ensure the Company's long-term sustainability. Eurasia is an equal opportunities employer, and the Board has recognised a lack of Board diversity which it intends to address.

Principle 9: Governance

Maintaining governance structures that are fit for use as the Company evolves in size and complexity is an essential element of good corporate governance. Maintenance of the corporate governance code is the sole remit of the Chairman, who instigates changes in policy, and ensures the code is applied throughout the organisation. Non-Executive Directors are appointed and participate in all Board level decisions and also provide scrutiny and oversight of the Executive Directors' roles. The Board's Non-Executive Directors are each skilled in different aspects of commerce, law, finance and the UK regulatory environment, with a combined breadth of experience across various markets, commodities and jurisdictions. They communicate regularly with the Chairman and Executive Directors and provide reliable advice in their areas of expertise. The terms and functions of the Audit and Risk, Remuneration and Nomination Committees are set out below. The Company Secretary is available to Non-Executive Directors to support their information requirements and decision making and reports directly to the Chairman.

Audit and Risk Committee

The Audit and Risk Committee may examine any matter relating to the financial affairs of the Group and the Group's audits, this includes reviews of the Annual Financial Statements and announcements, internal control procedures, accounting procedures, accounting policies, the appointment, independence, objectivity, terms of reference and fees of external auditors and such other related functions as the Board may require. The external Auditors have direct access to the members of the Committee, without the presence of the Executive Directors, for independent discussions. Several Audit and Risk Committee meetings are held during the year, prior to and during the annual audit; and to approve Interim and Annual Financial Statements. The Audit and Risk Committee opines on whether accounts are in compliance with International Financial Reporting Standards.

The Chairman of the Audit and Risk Committee is Iain Rawlinson and the Committee comprises Iain Rawlinson and Tamerlan Abdikeev. The Audit and Risk Committee is guided by Company policy and procedure including the Audit and Risk Committee terms of reference.

Remuneration Committee

The Remuneration Committee determines the terms and conditions of employment and annual remuneration of the Executive Directors and senior staff. It consults with the Executive Chairman, takes into consideration external data and comparative third-party remuneration and has access to professional advice outside the Company.

The Chairman of the Remuneration Committee is Iain Rawlinson and the Committee comprises Iain Rawlinson and Tamerlan Abdikeev.

The key policy objectives of the Remuneration Committee in respect of the Company's Executive Directors and other senior Executives are to ensure that individuals are fairly rewarded for their personal contribution to the Company's overall performance, and to act as an independent committee ensuring that due regard is given to the interests of the Company's shareholders and to the financial and commercial health of the Company. Remuneration of Executive Directors comprises basic salary, discretionary bonuses, participation in the Company's Share Option Scheme and other benefits. The Company's remuneration policy with regard to options is to maintain an amount of not more than 10% of the issued share capital in options for the Company's management and employees which may include the issue of new options in line with any new share issues. The Remuneration Committee is guided by company policy and procedure including the Remuneration Committee terms of reference.

Nominations Committee

The Chairman of the Nominations Committee is Christian Schaffalitzky and the Committee comprises Christian Schaffalitzky and Iain Rawlinson. The Committee convenes at a minimum twice annually to consider Board composition, and, if considered necessary, seek further appointments. The Committee is conscious of a need for Board diversity when considering future appointments. The Nominations Committee is guided by Company policy and procedure including the Nominations Committee terms of reference.

Principle 10: Build trust

The Board seeks to maintain both direct and two-way communication with its shareholders through its public and investor relations programmes. All shareholders may at their discretion choose to attend the Company's AGM either virtually or in person. The Company employs Public Relations and Investor Relations professionals and maintains several third-party contracts to better disseminate Company news-flow. Through shareholder feedback the Company ensures that the Board's communication of the Company's progress is thorough and well understood. A clear statement on the outcomes of Board resolutions is communicated immediately after the Company's AGM by RNS and posted to the Company's website. This includes a summary of votes for and against the resolutions put before the shareholders, and where a significant number of votes is cast against a resolution this is clearly stated, with an explanation as to possible remediation regarding that voting. A catalogue of historical Annual Reports and AGM notices is maintained at an appropriate location on the Company's website.

Matters which are reserved strictly for the consideration of the Board include, but are not limited to, discussions and decision on Company strategy, major investment decisions in new business development, commercial arrangements including funding requirements, high-level decisions on distribution of funds, and recruitment or dismissal of senior personnel and Board members. The above outline of the Company's corporate governance framework befits the current scale of the Company but will be subject to appropriate modifications as the Company grows in line with its stated strategy.

An annual review of the corporate governance framework outlined above is undertaken at the Board meeting preceding or directly following the Company's AGM. Changes considered to the current corporate governance framework, to be assessed in due course, include further appointments to the Board, and establishing independent bodies to review and assess Board performance.

UK Code on Takeovers and Mergers: Eurasia Mining is subject to the UK City code on takeovers and mergers, which was revised and extended to apply to all companies listed on the AIM market in October 2013.

Auditors Grant Thornton are willing to continue in office and a resolution proposing their reappointment as auditors of the Company and a resolution authoring the Directors to agree their remuneration will be put to shareholders at the Annual General Meeting.

By order of the Board

K. Byrne
Company Secretary

2 July 2023

Opinion

- We have audited the financial statements of Eurasia Mining Plc (the "Company") and its subsidiaries (collectively the 'Group') which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statement of cash flows for the year ended 31 December 2022 and the related 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 financial statements is applicable law and UK-adopted international accounting standards.
- In our opinion, Eurasia Mining Plc's consolidated and company financial statements:
  - give a true and fair view in accordance with UK-adopted international accounting standards of the financial position of the Group and Company as at 31 December 2022 and of the Group's financial performance and the Group and Company cash flows for the year then ended; and
  - have been properly prepared in accordance with the requirements of 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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the validity of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's future cash flow forecasts, understanding the process by which they were prepared, and assessed the calculations are mathematically accurate.
- Challenging the underlying key assumptions such as expected significant cash inflows, outflows, and other operating expenses.
- Making inquiries about management's plans and available written communication with commercial partners for the processing and sale of raw platinum concentrate from the 2022 mining season to generate significant revenue for the Company and the Group and obtained an understanding on how the future expenditure at the West Kytlim mine and other assets will be funded.
- Making inquiries on management's plans in relation to mining plan being put in place including the level of operating costs and obtained an understanding of how the 2023 and 2024 operations at the West Kytlim mine will enable to generate revenue for the Company and Group.
- Assessing the completeness and appropriateness of management's going concern disclosures in the financial statements.

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

We have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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

Emphasis of Matter

We draw attention to the Strategic report, Directors' report and Note 33 to the financial statements, which describe the Group and Company's current activities and engagement in Russia, sanctions imposed and the impact thereof. Strict international sanctions are imposed on certain activities, entities and individuals connected with Russia; additionally sanctions have been introduced by the Russian Federal government. These expose the Group and Company to legal, political and economic risks. The outcome, length, scale and extent of these are unknown and as such the impact on the Group cannot be predicted at the time of issuing the audit opinion. The Group continues to monitor any impact and have to date indicated that there has not been a significant impact on the Group's activities. In view of the significance of this matter, we consider that it should be drawn to your attention. The ultimate outcome of this matter cannot presently be determined and the financial statements do not include any potential adjustment(s) that may be required arising out of alternative outcomes. Our opinion is not modified in respect of this matter.

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 financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of 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 therefore we do not provide a separate opinion on these matters.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

Based on our considerations as set out below, our areas of focus included:

- Going concern;
- Existence and valuation of inventory; and
- Recoverability of capitalised exploration costs and mining 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. 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.

Whilst Eurasia Mining Plc is a company listed on AIM Market of the London Stock Exchange, the Group's operations principally comprise an exploration & development of platinum group metals, gold and other minerals located in Russia.

We assessed there to be two components holding exploration & development assets, ZAO Kosvinsky Kamen (operational in West Kytlim) and the ZAO Terskaya Mining Company (exploring activities in the Monchetundra region). ZAO Kosvinsky Kamen was subject to a full scope audit and ZAO Terskaya Mining Company was subject to specified audit procedures in relation to the key audit matter, Recoverability of capitalised exploration costs. The Company, Eurasia Mining Plc was also subject to a full scope audit. The audits of the significant components were performed in Ireland by Grant Thornton Ireland. The remaining components of the Group were considered non-significant and these components were subject to analytical review procedures.

Key audit matters (continued)

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 users that are taken on the basis of the financial statements. These, together with qualitative considerations, such as our understanding of the entity and its environment, the history of misstatements, the complexity of the Company and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

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:

Overall Group Materiality	2022	2021
	£260,000	£311,000
Basis for determining materiality	Group & Company – 1% of total assets	Group & Company – 2% of net assets
Rationale for the benchmark applied	We determined that an asset-based measure is appropriate as the Group holds significant cash, inventory and loan balances and its principal activity is the exploration & development of platinum group metals, gold and other minerals, such that the asset base is considered to be a key financial metric for users of the financial statements. We allocated group materiality to significant components dependent on the size and our assessment of the risk of material misstatement of that component.	
Performance materiality	£156,000	£187,000
Basis for determining performance materiality	We determined performance materiality for the Group and Company to be 60% of materiality, having considered our review of the assessment of the risk of misstatements, business risks and fraud risks associated with the entity and its control environment, our expectations about misstatements and our understanding of the business and processes at the Group and Company. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.	

The reporting threshold is set as the amount below which identified misstatements are considered as being clearly trivial. We agreed with the Board and the Audit Committee that we would report to them misstatements identified during our audit of amounts greater than 5% of materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters (continued)

Key audit matters identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Going concern The Directors have prepared a cash flow forecast which anticipates the Group and Company being able to continue on a going concern basis for at least the next twelve months from the date of this report. In making this assessment, the Directors have considered potential sources of cash inflows expected for the next twelve months as disclosed in Note 2 to the financial statements. We identified management's going concern assessment as a key audit matter as the Company and Group's ability to sell the raw platinum concentrate to support its operations and future developments may determine its ability to continue as a going concern. These considerations require significant auditor judgment to conclude that the Group and Company will have the ability to support its operations and future developments.	We performed the following audit procedures: ◆ Evaluating management's future cash flow forecasts, understanding the process by which they were prepared, and assessed the calculations are mathematically accurate. ◆ Challenging the underlying key assumptions such as expected significant cash inflows, outflows, and other operating expenses. ◆ Making inquiries about management's plans and available written communication with commercial partners for the processing and sale of raw platinum concentrate from the 2022 mining season to generate significant revenue for the Company and the Group and obtained an understanding on how the future expenditure at the West Kytlim mine and other assets will be funded. ◆ Making inquiries on management's plans in relation to mining plan being put in place including the level of operating costs and obtained an understanding of how the 2023 and 2024 operations at the West Kytlim mine will enable to generate revenue for the Company and Group. ◆ assessing the completeness and appropriateness of management's going concern disclosures in the financial statements. We completed our planned audit procedures, with no exceptions noted.
Existence and valuation of inventory The carrying value of inventory as at 31 December 2022 is £4,182,382 (2021: £38,673). Management is required to assess the valuation of inventory at each reporting date. There is a significant risk that the carrying value of inventory is inappropriate, that it is not correctly measured at the lower of cost or net realisable value, and could require further write-down.	We performed the following audit procedures: ◆ reviewed management's valuation and write-down assessment and critically evaluated and challenged the commodity prices or selling prices and chemically pure grade assumptions that have been used; ◆ ensured that the cost of inventory is correctly measured based on the first-in-first-out principle and includes all the expenditure that is incurred to get it ready for sale; ◆ with assistance from management experts, performed an inventory count as at 31 December 2022; and ◆ reviewed the disclosures in the Consolidated Financial Statements regarding the carrying value of inventories and write-down of inventories recognised as an expense. **Key observations:** We completed our planned audit procedures, with no exceptions noted. The disclosures in Note 19 are in line with IAS 2.

Key audit matters (continued)
Key audit matters identified (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
Recoverability of capitalised exploration costs and mining assets The intangible asset represented by capitalised costs associated with exploration, evaluation and development of mineral resources as at 31 December 2022 is £2,859,368 (2021: £1,389,029). This relates to activities conducted by the ZAO Terskaya Mining Company component. The mining asset as at 31 December 2022 is £3,509,217 (2021: £3,109,632). This relates to activities conducted by ZAO Kosvinsky Kamen component. Management is required to assess these assets for impairment at each reporting period. In addition, the assumptions used to calculate the value in use requires significant judgement by management and the inputs to the calculation such as metal prices are sensitive to change. The recoverability of these costs is contingent on the success of the extraction of the identified reserves.	We performed the following audit procedures: ◆ obtained management's impairment assessment relating to the mining assets and capitalised exploration costs; ◆ corroborated management's considerations on the exploration and evaluation assets where there was no indicator for impairment by obtaining mining licences, as well as reserve and resource reports; ◆ for intangible asset represented by capitalised costs associated with exploration, evaluation and development of mineral resources: – we assessed whether there were indicators of impairment and concluded that no indicators in terms of IFRS 6 applied – reviewed and summarised licence agreements and confirmed that the terms and requirements are complied with; – reviewed key assumptions underlying the management's expert's calculations and performed procedures to validate their reasonableness; and – evaluated the competence and objectivity of the management's expert. ◆ for mining assets where there were indicators of impairment, we tested the value-in-use calculations performed by management, which included: – performed arithmetical checks on the calculation; – challenged the appropriateness of management's key assumptions which included discount rate, commodity price, recovery rate and production levels used in the model by agreeing to production reports and cash flows, and to external sources where applicable; and – inspected management's sensitivity analysis on the key assumptions including commodity prices, production levels, recovery rates and expected grading of extracted materials. ◆ reviewed the financial statements to verify that the disclosures were appropriately included per IAS 36 'Impairment of Assets' and IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Key observations: We completed our planned audit procedures, with no exceptions noted. The disclosures in Note 13 Property, plant and equipment and Note 14 Intangible assets are in line with IAS 36 and IFRS 6 respectively.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report.

The Directors are responsible for the other information. 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 in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

- In our opinion, based on the work undertaken in the course of the audit:
  - the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
  - except for the required disclosures for Streamlined Energy and Carbon reporting omitted in the Directors' Report, the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

- In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
  - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
  - the financial statements are not in agreement with the accounting records and returns; or
  - certain disclosures of directors' remuneration specified by law are not made; or
  - we have not received all the information and explanations we require for our audit.

Responsibilities of Directors and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with UK-adopted international accounting standards, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and 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 management either intends to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with mining industry regulations and mining licence conditions, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management board, risk and compliance and legal functions and audit committee on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Group's regulatory and legal correspondence and review of minutes of board and audit committee meetings during the year to corroborate inquiries made;
- gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including impairment assessment of capitalised exploration costs and mining assets;
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management; and
- ensuring the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations and they were appropriately briefed on where the risk areas are.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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

Cathal Kelly
(Senior Statutory Auditor)
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Auditors
13-18 City Quay
Dublin 2,
Ireland

2 July 2023

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	Year to 31 December 2022 £	Year to 31 December 2021 £
Sales	8	119,525	2,331,225
Cost of sales	9	(30,173)	(2,584,680)
Gross profit/(loss)		89,352	(253,455)
Administrative costs	9	(4,618,351)	(2,717,765)
Investment income		61,325	1,394
Finance cost	10	(107,697)	(103,445)
Other gains	11	187,592	–
Other losses	11	(2,842,309)	(65,250)
Loss before tax		(7,230,088)	(3,138,521)
Income tax expense	12	–	–
Loss for the year		(7,230,088)	(3,138,521)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit and loss:			
NCI share of foreign exchange differences on translation of foreign operations 36,855		16	(61,656)
Items that will be reclassified subsequently to profit and loss:			
Parent's share of foreign exchange differences on translation of foreign operations (58,679)			(341,762)
Other comprehensive expense for the year, net of tax		(403,418)	(21,824)
Total comprehensive loss for the year		(7,633,506)	(3,160,345)
Loss for the year attributable to:			
Equity holders of the parent		(5,840,245)	(2,910,479)
Non-controlling interest	16	(1,389,843)	(228,042)
		(7,230,088)	(3,138,521)
Total comprehensive loss for the year attributable to:			
Equity holders of the parent		(6,182,007)	(2,969,158)
Non-controlling interest	16	(1,451,499)	(191,187)
		(7,633,506)	(3,160,345)
Loss per share attributable to equity holders of the parent:			
Basic and diluted loss (pence per share)	30	(0.22)	(0.10)

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

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Consolidated statement of financial position

As at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
ASSETS			
Non-current assets			
Property, plant and equipment	13	9,600,231	5,061,743
Assets in the course of construction	13	696,026	640,423
Intangible assets	14	2,859,368	1,389,029
Investment in financial assets	17	3,807,925	–
Investment to potential share in joint venture	15	–	367,464
Total non-current assets		16,963,550	7,458,659
Current assets			
Inventories	19	4,182,382	38,673
Trade and other receivables	20	3,171,669	1,681,864
Current tax asset		6,050	5,334
Cash and cash equivalents	21	1,009,908	22,009,507
Total current assets		8,370,009	23,735,378
Total assets		25,333,559	31,194,037
EQUITY			
Issued capital	22	61,187,111	61,187,111
Other reserves	24	3,580,929	3,922,691
Accumulated losses		(38,954,777)	(33,114,532)
Equity attributable to equity holders of the parent		25,813,263	31,995,270
Non-controlling interest	16	(3,401,548)	(1,950,049)
Total equity		22,411,715	30,045,221
LIABILITIES			
Non-current liabilities			
Lease liabilities	26	181,198	307,136
Provisions	28	254,218	143,268
Total non-current liabilities		435,416	450,404
Current liabilities			
Borrowings	25	–	31,953
Lease liabilities	26	167,071	122,407
Trade and other payables	27	2,230,879	486,558
Provisions	28	88,478	57,494
Total current liabilities		2,486,428	698,412
Total liabilities		2,921,844	1,148,816
Total equity and liabilities		25,333,559	31,194,037

These financial statements were approved by the Board on 2 July 2023 and were signed on its behalf by:

C. Schaffalitzky
Executive Chairman

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

Company statement of financial position

As at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
ASSETS			
Non-current assets			
Property, plant and equipment	13	419	804
Investments in financial assets	17	3,807,925	–
Investments in subsidiaries	16	1,132,246	1,132,246
Total non-current assets		4,940,590	1,133,050
Current assets			
Trade and other receivables	20	434,040	308,485
Other financial assets	18	28,157,840	12,681,450
Cash and cash equivalents	21	136,733	21,892,793
Total current assets		28,728,613	34,882,728
Total assets		33,669,203	36,015,778
EQUITY			
Issued capital	22	61,187,111	61,187,111
Other reserves	24	3,924,026	3,924,026
Accumulated losses		(31,878,477)	(29,371,048)
Total equity		33,232,660	35,740,089
LIABILITIES			
Current liabilities			
Trade and other payables	27	436,543	275,689
Total current liabilities		436,543	275,689
Total liabilities		436,543	275,689
Total equity and liabilities		33,669,203	36,015,778

In accordance with section 408(3) of the Companies Act 2006, Eurasia Mining Plc is exempt from the requirement to present its own statement of profit or loss. The amount of loss for the financial year recorded within the financial statements of Eurasia Mining Plc is £2,507,429 (2021: loss of £2,004,556).

These financial statements were approved by the Board on 2 July 2023 and were signed on its behalf by:

C. Schaffalitzky
Executive Chairman

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

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share capital £	Share premium £	Deferred shares £	Other reserves £	Translation reserve £	Accumulated losses £	Attributable to equity holders of the parent £	Non-controlling interest £	Total £
Balance at 1 January 2021	2,758,702	28,028,671	7,025,483	3,924,026	57,344	(30,204,053)	11,590,173	(1,758,862)	9,831,311
Issue of ordinary share capital for cash	94,858	24,834,836	–	–	–	–	24,929,694		24,929,694
Share issue cost	–	(1,555,439)	–	–	–	–	(1,555,439)		(1,555,439)
Transaction with owners	94,858	23,279,397	–	–	–	–	23,374,255	–	23,374,255
Loss for the year	–	–	–	–	–	(2,910,479)	(2,910,479)	(228,042)	(3,138,521)
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	(58,679)	–	(58,679)	36,855	(21,824)
Total comprehensive loss for the year ended 31 December 2021	–	–	–	–	(58,679)	(2,910,479)	(2,969,158)	(191,187)	(3,160,345)
Balance at 31 December 2021	2,853,560	51,308,068	7,025,483	3,924,026	(1,335)	(33,114,532)	31,995,270	(1,950,049)	30,045,221
Balance at 1 January 2022	2,853,560	51,308,068	7,025,483	3,924,026	(1,335)	(33,114,532)	31,995,270	(1,950,049)	30,045,221
Transaction with owners	–	–	–	–	–	–	–	–	–
Loss for the year	–	–	–	–	–	(5,840,245)	(5,840,245)	(1,389,843)	(7,230,088)
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	(341,762)	–	(341,762)	(61,656)	(403,418)
Total comprehensive loss for the year ended 31 December 2022	–	–	–	–	(341,762)	(5,840,245)	(6,182,007)	(1,451,499)	(7,633,506)
Balance at 31 December 2022	2,853,560	51,308,068	7,025,483	3,924,026	(343,097)	(38,954,777)	25,813,263	(3,401,548)	22,411,715

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

Company statement of changes in equity

For the year ended 31 December 2022

	Share capital £	Share premium £	Deferred shares £	Other reserves £	Accumulated losses £	Total £
Balance at 1 January 2021	2,758,702	28,028,671	7,025,483	3,924,026	(27,366,492)	14,370,390
Issue of ordinary share capital for cash	94,858	24,834,836		–		24,929,694
Share issue cost	–	(1,555,439)		–		(1,555,439)
Transactions with owners	94,858	23,279,397	–	–	–	23,374,255
Loss and total comprehensive income	–	–	–	–	(2,004,556)	(2,004,556)
Balance at 31 December 2021	2,853,560	51,308,068	7,025,483	3,924,026	(29,371,048)	35,740,089
Balance at 1 January 2022	2,853,560	51,308,068	7,025,483	3,924,026	(29,371,048)	35,740,089
Transactions with owners	–	–	–	–	–	–
Loss and total comprehensive income	–	–	–	–	(2,507,429)	(2,507,429)
Balance at 31 December 2022	2,853,560	51,308,068	7,025,483	3,924,026	(31,878,477)	33,232,660

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

Consolidated statement of cash flows

For the year ended 31 December 2022

	Note	Year to 31 December 2022 £	Year to 31 December 2021 £
Cash flows from operating activities			
Loss for the year		(7,230,088)	(3,138,521)
Adjustments for:			
Depreciation of non-current assets	13	1,006,210	422,752
Asset value write offs to cost of sales/production		2,365,988	149,882
Finance costs recognised in profit or loss	25	107,697	103,445
Investment income recognised in profit or loss		(61,325)	(1,394)
Loss recognised on disposal of investments		814,158	–
Loss recognised on valuation of inventory		2,028,151	–
Gain on disposal of property, plant and equipment		(4,952)	–
Rehabilitation cost recognised in profit or loss		99,725	145,785
Net foreign exchange (gains)/losses	11	(182,640)	65,250
		(1,057,076)	(2,252,801)
Movement in working capital			
Increase in inventories		(6,166,681)	(24,862)
Increase in trade and other receivables		(1,300,887)	(1,395,059)
Increase in trade and other payables		1,716,777	197,728
Cash outflow from operations		(6,807,867)	(3,474,994)
Income tax paid		–	–
Net cash used in operating activities		(6,807,867)	(3,474,994)
Cash flows from investing activities			
Payments for investment securities		(7,030,548)	–
Proceeds from sale of investment securities		2,835,299	–
Investment income		11,943	1,394
Investment to acquire interest in other entities		(354,769)	(367,464)
Purchase of property, plant and equipment	13	(7,190,406)	(1,910,033)
Proceeds from disposal of property, plant and equipment		4,952	–
Payment for exploration and evaluation assets	14	(1,239,085)	(682,419)
Net cash used in investing activities		(12,962,614)	(2,958,522)
Cash flows from financing activities			
Proceeds from issue of equity shares		–	24,929,694
Share issue costs		–	(1,555,439)
Repayment of borrowings		(36,232)	–
Repayment of lease liability		(141,528)	(101,674)
Interest paid		(90,446)	(101,048)
Net cash proceeds (used in) from financing activities		(268,206)	23,171,533
Net (decrease)/increase in cash and cash equivalents		(20,038,687)	16,738,017
Effects of exchange rate changes on the balance of cash held in foreign currencies		(960,912)	(132,611)
Cash and cash equivalents at beginning of year		22,009,507	5,404,101
Cash and cash equivalents at end of year		1,009,908	22,009,507

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

Company statement of cash flows

For the year ended 31 December 2022

	Note	Year to 31 December 2022 £	Year to 31 December 2021 £
Cash flows from operating activities			
Loss for the year		(2,507,429)	(2,004,556)
Adjustments for:			
Depreciation of non-current assets		385	703
Investment revenue recognised in profit or loss		(49,382)	–
Impairment loss on investments	11	389,292	–
Net foreign exchange loss		64,219	26,576
		(2,102,915)	(1,977,277)
Movement in working capital			
Increase in trade and other receivables		(124,319)	(202,443)
Increase/(decrease) in trade and other payables		160,854	(66,998)
Cash outflow from operations		(2,066,380)	(2,246,718)
Income tax paid		–	–
Net cash used in operating activities		(2,066,380)	(2,246,718)
Cash flows from investing activities			
Payments for investment securities		(7,030,548)	–
Proceeds on sale of investment securities		2,835,299	–
Amounts advanced to related party		(15,476,390)	(4,455,274)
Investments to acquire interest in other entities		(354,769)	–
Net cash used in investing activities		(20,026,408)	(4,455,274)
Cash flows from financing activities			
Proceeds from issue of equity shares		–	24,929,694
Share issue costs		–	(1,555,439)
Net cash proceeds from financing activities		–	23,374,255
Net (decrease)/increase in cash and cash equivalents		(22,092,788)	16,672,263
Effects of exchange rate changes on the balance of cash held in foreign currencies		336,728	(26,576)
Cash and cash equivalents at beginning of year		21,892,793	5,247,106
Cash and cash equivalents at end of year		136,733	21,892,793

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

1 General information

Eurasia Mining Plc (the "Company") is a public limited company incorporated and domiciled in Great Britain with its registered office at International House, 142 Cromwell Road, London SW7 4EF, United Kingdom and principal place of business at Clubhouse Holborn, 20 St Andrew Street, London EC4A 3AG, United Kingdom. The Company's shares are listed on the AIM Market of the London Stock Exchange plc. The principal activities of the Company and its subsidiaries (collectively "Group") are related to the exploration for and development
of battery metals, platinum group metals, gold and other minerals as well as green hydrogen projects.

Eurasia Mining Plc's consolidated financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

2 Going concern

As at 31 December 2022 the Group's net current assets amounted to £5,883,581 (£23,036,966 in 2021) and includes unsold inventory of £4,182,382. As at the same date, the Group's cash balance was £1,009,908 (£22,009,507 in 2021) and investment in US treasuries of £3,807,925 (2021: nil). The majority of the reduction in year-on-year cash position (2021 to 2022) is attributable to capital investments and operating costs for the West Kytlim Mine.

The Group's debt consists of lease liabilities set up to acquire mining machinery for a total amount of £348,269 (at 31 December 2021 – £429,543).

The Group's current (as at 29 June 2023) cash position is around £40,000 and US Treasury Bonds valued at £1,646,255 with the reduction since December 2022 being accounted for by £150,000 in capital expenditure, £950,000 on development expenditure on its assets portfolio, and £2,031,578 in costs.

These financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operation for the foreseeable future. The directors have prepared detailed bottom-up financial forecasts to address a range of scenarios for the Group's operations. The Group's forecasts and assumptions reflect key assumptions based on information available at the time of review and include:

1. Sale of inventory of raw platinum concentrate:
The Company currently has an inventory of raw platinum concentrate, the product of the 2022 mining season at the Kluchiki and Bolshaya Sosnovka areas, which has been retained in safe storage for later refining. The concentrate has a total net weight of 199.3 kg and a realisable value of not less than £4.1 million. The Company is in advanced negotiations with a number of parties to realise this value in the near future. These funds will be used to support the current mining season (see 2 below) and to continuing operating costs of the Group.

2. Continuing mining operations of the Group
The Group's current mining operations in West Kytlim mine has been running at reduced capacity at start-up of the season, as we were engaged in stripping activity only with a commensurate and very significant reduction in diesel and labour costs. The Board have agreed a new and extensive mining plan for the remainder of the season, based on electricity powered machinery and equipment. The mining operations in West Kytlim will contribute significant additional funds to the Group when the value of the extracted concentrate is realised.

3. Expenditure on Monchetundra asset
The Group has spent £900,000 on a development programme for the Monchetundra asset during 2022 leading to approval of the DFS in 2023. No further significant outgoings have been budgeted for this asset.

4. Management of future cash outflows
In addition to the above, the Group have the ability to manage and where required, reduce expenditure as needed.

As such, the Directors have prepared the financial statements on a going concern basis and consider them to be reasonable.

3 Changes in accounting policies

3.1 New and revised relevant standards that are effective for annual periods commencing on or after 1 January 2022

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations – Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments are effective for annual periods beginning on or after 1 January 2022 and are applied prospectively.

These amendments did not have an impact on the Group.

3 Changes in accounting policies (continued)

3.1 New and revised relevant standards that are effective for annual periods commencing on or after 1 January 2022 (continued)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies these amendments.

These amendments did not have an impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments are effective for annual periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

These amendments did not have an impact on the Group.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter

As part of its 2018-2021 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

This amendment is effective for annual periods beginning on or after 1 January 2022 with earlier adoption is permitted.

These amendments did not have an impact on the Group.

IFRS 9 *Financial Instruments – Fees* in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

This amendment is effective for annual periods beginning on or after 1 January 2022. Early adoption is permitted. The Company will apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the Company first applies the amendment.

These amendments did not have an impact on the Group.

Amendment to IAS 41 *Agriculture* – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Early adoption is permitted.

These amendments did not have an impact on the Group.

3 Changes in accounting policies (continued)

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

IFRS 17 *Insurance Contracts*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 replaces IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. There are several scope exceptions. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for insurance contracts with direct participation terms (the variable fee approach).
- A simplified approach (the premium allocation approach) is mainly for short-duration contracts.

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

These amendments are effective for annual periods beginning on or after 1 January 2023 and are applied retrospectively. The Group is currently assessing the possible impact the amendments will have on current liabilities and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It also explains how organisations use measurement methods and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted and must be disclosed.

These amendments are not expected to have an impact on the Group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS *Practice Statement 2 Making Materiality Judgments*, which provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments should help entities disclose more useful information about accounting policies by replacing the requirement for entities to disclose "significant accounting policies" with a requirement to disclose "material accounting policy information", and by adding guidance on how entities should apply materiality judgements to disclosure of accounting policies.

The amendments to IAS 1 apply for annual periods beginning on or after 1 January 2023, early application is permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of these amendments.

4 Summary of significant accounting policies

4.1 Basis of preparation

The consolidated financial statements of the Group and the Company financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

These financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

4.2 Presentation of financial statements

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements. The Group has elected to present the "Consolidated Statement of Profit or Loss" in one statement.

4.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has all of the following:

- Power over investee;
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect the amount of investor's returns.

The results of subsidiaries acquired or disposed of are included in the Consolidated Statement of Profit or Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling party's share of changes in equity since the date of the combination.

4.4 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised as a profit or loss immediately.

In a business combination achieved in stages, the Group remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

4.5 Foreign currencies

Functional and presentation currency

The individual financial statements of each group entity are prepared in the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in GBP, which is the functional and the presentation currency of the Company.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4 Summary of significant accounting policies (continued)

4.5 Foreign currencies (continued)

Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each Statement of Profit or Loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

4.6 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

All equity-settled share-based payments are ultimately recognised as an expense in the profit or loss with a corresponding credit to "Share-based payments reserve".

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting or if the share options vest but are not exercised.

When share options lapse or are forfeited the respective amount recognised in the Share-based payment reserve is reversed and credited to accumulated profit and loss reserve.

4.7 Revenue

To determine whether to recognise revenue, the Group follows a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group earns its revenues primarily from the sale of platinum group metals from the West Kytlim mine. The Company enters into a contract with its main customer to deliver all mined metals extracted from the mine. There is one performance obligation under the sales contract, and that is the delivery of metals. As such, the entire price under the contract is allocated to the single performance obligation. Revenue is recognised when control over the metals passes to the customer.

The Group has determined that it is the principal in the sales transactions as the Group holds the mining licence and has the rights to the underlying resources. The Group controls the sales process, from selecting the customer to determining sales price.

4 Summary of significant accounting policies (continued)

4.8 Taxation

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

Current tax

The tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income 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 income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill, initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

4.9 Property, plant and equipment

Mining assets

Mining assets are stated at cost less accumulated depreciation. Mining assets include the cost of acquiring and developing mining assets and mineral rights, buildings, vehicles, plant and machinery and other equipment located on mine sites and used in the mining operations.

Mining assets, where economic benefits from the asset are consumed in a pattern which is linked to the production level, are depreciated using a unit of production method based on the volume of ore reserves. This results in a depreciation charge proportional to the depletion of reserves

Stripping activity asset costs

In alluvial mining operations, it is necessary to remove overburden and other waste in order to access or improve access to the ore body. Associated costs are recognised as a stripping activity asset. A stripping activity asset is initially measured at cost and subsequently carried at cost or its revalued amount less depreciation or amortisation and impairment losses.

A stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method is used.

Assets under construction

Assets under construction are fixed asset investments that have not been commissioned by the year-end. The expenses associated with acquisition, building, delivery and other allowed expenses are first capitalised as assets under construction and then, once completed, depreciated over their useful life.

Other assets

Freehold properties held for administrative purposes, are stated in the statement of financial position at cost.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as follows:

Property	30 years
Plant and machinery	3-30 years
Office, fixture and fittings	3-5 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4 Summary of significant accounting policies (continued)

4.10 Intangible assets

Exploration and evaluation of mineral resources

Exploration and evaluation expenditure comprise costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and/or
- compiling pre-feasibility and feasibility studies.

4.11 Investments in subsidiary undertakings

Investments in subsidiaries are measured at cost less accumulated impairment.

The carrying values of non-financial assets are reviewed annually for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverable amount of non-financial assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. Impairment losses are recognised within operating loss.

4.12 Impairment testing intangible assets and property, plant and equipment

At each statement of financial position date, the Group reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

In assessing whether an impairment is required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU). The FVLCD is estimated based on future discounted cash flows expected to be generated from the continued use of the asset, including any expansion prospects and eventual disposal, using market-based commodity prices, exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements based on the latest Life of mine plans. These cash flows were discounted using a real post-tax discount rate that reflects the current market assessments of time value of money.

Value in use is determined as the present value of the estimated cash flows expected to arise from continued use in its current form and eventual disposal. Value in use cannot take into consideration future development. The assumptions used in the calculation are often different than those used in a FVLCD and therefore are likely to yield a different result.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss of the assets is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.13 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4 Summary of significant accounting policies (continued)

4.14 Cash

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

4.15 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial instruments, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

4 Summary of significant accounting policies (continued)

4.15 Financial instruments (continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Borrowings

Amounts borrowed from third parties are recorded initially at fair value, being the amount received under the agreements less issuance costs, and subsequently measured at amortised cost using an effective interest rate. There are times when there are conversion options included in the Group's borrowing agreements. The conversion options are analysed under IAS 32 – *Financial Instruments*: presentation to determine the proper classification. If the option is determined to be equity, the fair value of the conversion option is included in other reserves, with the fair value of the liability portion being recorded as a liability with interest accruing under the effective interest rate. If the conversion option is determined to be a liability, it is treated as a derivative financial instrument measured at fair value through profit or loss.

When a conversion option is exercised, the fair value of the shares issued is recorded in share capital and share premium. The amortised carrying value of the liability portion is extinguished. If the conversion option is an equity instrument, this is closed to retained earnings. If the conversion option is a liability component, it is extinguished. Any difference between the carrying value of the liability and the conversion option and the fair value of share issued is taken to the profit and loss as gain or loss on extinguishment.

If debt agreements are modified, any difference between the fair value of the original debt and the modified debt is included as a gain or loss on modification. If the modification is significant, this is considered an extinguishment of the old debt and recognition of new debt.

Warrants

The Company will issue warrants in association with debt and equity issuances and as compensation to suppliers or vendors in exchange for services. These are determined to be equity instruments. When warrants are issued with debt or as compensation to suppliers or vendors, the value of the warrants are included within the share-based payments reserve that sits within the other reserve. When warrants are issued together with equity issuances any fair value associated with these are recognised when the warrants are exercised within share premium. On exercise of the warrants, the value of the warrants will be transferred from other reserves to the profit and loss reserve as applicable.

4 Summary of significant accounting policies (continued)

4.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Environmental protection, rehabilitation and closure costs

Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the reporting date. The provision is discounted using a discount rate equal to yield to maturity of relevant state bonds and the unwinding of the discount is included in interest expense.

The provision is reviewed on an annual basis for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations.

4.17 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

4 Summary of significant accounting policies (continued)

4.17 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within property, plant and equipment in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment testing intangible assets and property, plant and equipment' policy.

4.18 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Group that make the operating decisions.

5 Critical accounting judgements and key sources of estimation uncertainty

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

5.1 Key sources of estimation uncertainty

The following are the key assumptions/uncertainties at the statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.1.1 Provision for environmental rehabilitation

Provision is made for close down, restoration and environmental rehabilitation costs based on the estimated future costs using information available at the reporting date. Costs are estimated based on the observable local prices, fees and already agreed contract for specific jobs. The provision is discounted using a risk-free discount rate from 6.99% to 8.31% attributed to the Russian Federal bonds with corresponding maturity.

5.1.2 Impairment review of the mining assets

The impairment assessment of the West Kytlim mining asset was performed by calculating the higher of fair value less cost of disposal and value in use and compared against the carrying value of the mining assets. Projected cash flows from 2023 to 2043 were used to assess the fair value less costs of disposal. The chosen period is consistent with the quantity of the approved reserves and resources are available for mining operations. No impairment has been recognised.

Assumptions used throughout 2023 to 2043:

- Pt grade 0.454g/tonne
- Process recovery 89.7%
- Platinum/Gold price $1,172-1,381/oz/$1,825/oz
- Post-tax discount rate 7.74%

5.1.3 Impairment review of the intangible asset

Intangible asset represents the Monchetundra development and Nittis-Kumuzhya-Travyanaya (the "NKT") exploration and evaluation assets. NKT, previously referred to as The Monchetundra Flanks, is a northeast extension of the Monchetundra mineralisation. Monchetundra has been assessed as an economically viable asset for the purpose of preparing and submitting a Definitive Feasibility Study for the mines development. Parameters of the assessment have been evaluated by an expert panel of mining industry professionals and are being regularly evaluated by the Company for signs which can trigger impairment of the asset. The NKT exploration and evaluation asset falls under the IFRS 6 treatment. There were no indicators of impairment identified during the course of the year ended 31 December 2022.

5.1.4. Impairment of investments in subsidiary and receivables from subsidiaries

The Company's financial statements, and in particular its investments in and receivables from subsidiaries, are affected by certain of the critical accounting judgements and key sources of estimation uncertainty.

The critical estimates and judgments referred to application of the expected credit loss model to intercompany receivables (Note 32). Management determined that the interest free on demand loans were required to be assessed on the lifetime expected credit loss approach and assessed scenarios considering risks of loss events and the amounts which could be realised on the loans. In doing so, consideration was given to factors such as the cash held by subsidiaries and the underlying forecasts of the Group's divisions and their incorporation of prospective risks and uncertainties.

In relation to impairment of investments in subsidiary please refer to Note 4.11.

6 Segmental information

During the year under review management identified the Group consisting of separate segments:

	West Kytlim	Monchetundra	Corporate and other segments	Total
Geographical location	Urals Mountains, Russia	Kola Peninsula, Russia	London, UK	
Activity	Operating mine and revenue generating unit	Licenced mining project	Management and investment	
2022	£	£	£	£
Non-current assets	9,726,366	2,797,496	4,439,688	16,963,550
Total assets	16,948,963	3,237,597	5,146,999	25,333,559
Total liability	2,397,851	51,042	472,951	2,921,844
Revenue	119,525	–	–	119,525
Loss for the year	(4,397,875)	87,385	(2,919,598)	(7,230,088)
2021	£	£	£	£
Non-current assets	5,362,684	1,376,006	719,969	7,458,659
Total assets	6,730,257	1,546,716	22,917,064	31,194,037
Total liability	826,471	15,653	306,692	1,148,816
Revenue	2,331,225	–	–	2,331,225
Loss for the year	(621,695)	(145,502)	(2,371,324)	(3,138,521)

7 Employees

Average number of staff (excluding Non-Executive Directors) employed throughout the year was as follows:

	2022	2021
By the Company	4	4
By the Group	116	74

8 Revenue

Disaggregation by primary markets is as follows:

	Year to 31 December 2022		Year to 31 December 2021	
	Group £	Company £	Group £	Company £
Revenue from sale of platinum and other precious metals	61,075	–	2,331,225	–
Revenue from management services	–	120,000	–	120,000
Revenue from other services	58,450	–	–	–
	119,525	120,000	2,331,225	120,000

8 Revenue (continued)

Disaggregation of revenue from contracts with customers:

	Year to 31 December 2022 Group Russia £	Year to 31 December 2022 Company Cyprus £	Year to 31 December 2021 Group Russia £	Year to 31 December 2021 Company Cyprus £
Revenue from external customers				
– Sale of platinum and other precious metals	61,075	–	2,331,225	–
– Other services	58,450	–	–	–
Revenue from related parties				
– Management services	–	120,000	–	120,000
	119,525	120,000	2,331,225	120,000
Timing of revenue recognition				
At a point of time	119,525	–	2,331,225	–
Over time	–	120,000	–	120,000
	119,525	120,000	2,331,225	120,000

There was no sale of PGM concentrate from the 2022 mining season at West Kytlim. Revenue recognised in 2021 relates to the sale of PGM concentrate from the West Kytlim mine to a single customer "Ekaterinburg Non-ferrous Metals Refinery", being the only regional refinery, processing platinum group metals and being duly licenced to deal with precious metals.

9 Profit/(loss) for the year

Profit/(loss) for the year has been arrived at after charging:

	Year to 31 December 2022 Group £	Year to 31 December 2022 Company £	Year to 31 December 2021 Group £	Year to 31 December 2021 Company £
Cost of sales	(30,173)	–	(2,584,680)	–
Administrative expenses	(4,618,351)	(2,223,300)	(2,717,765)	(2,296,563)
Cost of sales includes:				
Staff benefits expenses	–	–	433,872	–
Depreciation*	–	–	421,987	–
Administration expenses include:				
Staff benefits expenses	1,174,636	823,106	1,517,088	1,275,474
Depreciation*	8,602	385	765	702
Audit fees payable	145,000	145,000	110,000	110,000
Mineral extraction tax**	1,953,851	–	149,918	–
Staff benefits expense:				
Wages, salaries and Directors' fees (Note 29)	1,073,952	804,174	1,958,156	1,253,471
Social security costs	99,364	17,592	196,319	20,684
Other short-term benefits	1,321	1,321	1,319	1,319
	1,174,637	823,087	2,155,794	1,275,474

* Total depreciation for the year ended 31 December 2022 was £1,006,210 (2021: £422,588).
** Mineral extraction tax contains a provision of £1,652,122 reflecting a recent change to mineral tax legislation and its application to the product of the West Kytlim mine. This is made as a conservative measure as the Group is taking the necessary steps to have the decision reconsidered.

10 Finance cost

	Year to 31 December 2022 Group £	Company £	Year to 31 December 2021 Group £	Company £
Interest on obligations under finance leases	90,446	–	101,048	–
Unwinding of discounts on provisions	17,251	–	2,397	–
	107,697	–	103,445	–

11 Other gains and losses

	Year to 31 December 2022 Group £	Company £	Year to 31 December 2021 Group £	Company £
Gains				
Net foreign exchange gain	182,640	–	–	–
Gain on disposal of property, plant and equipment	4,952	–	–	–
	187,592	–	–	–
Losses				
Net foreign exchange loss	–	(64,219)	(65,250)	(26,576)
Loss on revaluation of stock to net realisable value	(2,028,151)	–	–	–
Impairment loss on investments	(814,158)	(389,292)	–	–
	(2,842,309)	(453,511)	(65,250)	(26,576)

The majority of the foreign exchange gains and losses are a result of the revaluation of monetary assets and liabilities in the subsidiary accounts as a result of movements in the Ruble exchange rates.

In 2022 the Group took a decision to postpone the sale of platinum and other metals due to a strong Ruble and low platinum price. Stock available at 31 December 2022 represents platinum concentrate ready for refining, which was valued (i) using methodology set in the refining and sale and purchase agreement made with local refinery in 2021 and (ii) exchange rate and metal prices at 31 December 2022.

The Group recognised an impairment loss on (i) the investment made to build a joint venture with Rosgeo (Note 15) due to uncertainty of any near-term development in that regard due to limitations enforced by current sanctions legislation (ii) a loss on an investment in to a UK "waste to electricity" project the Company decided not to immediately carry through to binding agreements.

12 Income taxes

(a) Tax charged in the statement of profit and loss

	Year to 31 December 2022 Group £	Year to 31 December 2021 Group £
Current tax	–	–

There was no tax payable by the Company for the year ended 31 December 2022 (2021: £nil) due to the Company having taxable losses.

(b) Reconciliation of the total tax charge

	Year to 31 December 2022 Group £	Year to 31 December 2021 Group £
Loss before tax	(7,230,088)	(3,182,199)
Current tax at 19% (2021: 19%)	(1,373,717)	(604,618)
Adjusted for the effect of:		
Expenses not deductible for tax purposes	–	–
Profits not subject to tax	–	–
Tax losses utilised	–	–
Unrecognised tax losses carried forward	1,373,717	604,618
Actual tax expense	–	–

12 Income taxes (continued)

(b) Reconciliation of the total tax charge (continued)

The Group operates in the following jurisdictions with the following applicable tax rates:

Jurisdiction	Year to 31 December 2022	Year to 31 December 2021
United Kingdom	19%	19%
Russia	20%	20%
Cyprus	12.5%	12.5%

No tax is payable for the year ended 31 December 2022 (2021: nil) due to the Group and the Company having taxable losses.

13 Property, plant and equipment

(a) Group property, plant and equipment

	Mining asset £	Stripping asset £	Property £	Plant and machinery £	Right of use assets £	Office fixture and fittings £	Total £
Cost							
Balance at 1 January 2021	3,704,511	148,618	23,037	483,147	682,691	10,142	5,052,146
Additions	64,371	609,968	–	622,745	–	1,729	1,298,813
Disposals	–	–	–	(2,834)	–	(868)	(3,702)
Transferred to inventory	–	(149,882)	–	–	–	–	(149,882)
Exchange differences	35,380	1,264	56	4,106	5,802	66	46,674
Balance at 31 December 2021	3,804,262	609,968	23,093	1,107,164	688,493	11,069	6,244,049
Additions	49,950	2,391,500		–	–	2,477	2,443,927
Transfer from assets under construction	–	–	–	4,776,644	–	–	4,776,644
Disposals	–	–	–	(61,910)	–	(2,389)	(64,299)
Transferred to inventory	–	(2,365,988)	–	–	–	–	(2,365,988)
Exchange differences	527,350	81,689	883	148,276	92,206	1,175	851,579
Balance at 31 December 2022	4,381,562	717,169	23,976	5,970,174	780,699	12,332	11,885,912
Depreciation							
Balance at 1 January 2021	(561,978)	–	(1,048)	(92,612)	(92,277)	(8,323)	(756,238)
Disposals		–		2,834	–	868	3,702
Depreciation expense	(127,280)	–	(87)	(156,536)	(137,699)	(1,150)	(422,752)
Exchange differences	(5,372)	–	(10)	(787)	(784)	(65)	(7,018)
Balance at 31 December 2021	(694,630)	–	(1,145)	(247,101)	(230,760)	(8,670)	(1,182,306)
Disposals	–	–	–	61,910	–	2,389	64,299
Depreciation expense	(81,361)	–	(99)	(766,873)	(156,139)	(1,738)	(1,006,210)
Exchange differences	(96,354)	–	(153)	(33,093)	(30,904)	(960)	(161,464)
Balance at 31 December 2022	(872,345)	–	(1,397)	(985,157)	(417,803)	(8,979)	(2,285,681)
Carrying amount:							
at 31 December 2022	3,509,217	717,169	22,579	4,985,017	362,896	3,353	9,600,231
at 31 December 2021	3,109,632	609,968	21,948	860,063	457,733	2,399	5,061,743

The Group's right of use assets represents plant and machinery type assets acquired under lease terms (Note 26).

The stripping asset is also a component of the mining assets; however, this is being shown separate from the mining assets for presentational purposes. There was no depreciation of the stripping asset in the current period.

13 Property, plant and equipment (continued)

(b) Assets in the course of construction

	2022 £	2021 £
Cost		
Balance at 1 January	640,423	28,957
Additions	4,746,479	611,220
Commissioned assets	(4,776,644)	–
Exchange differences	85,768	246
Balance at 31 December	696,026	640,423

Assets in the course of construction represent the Group's investment in the asset taken time to construct and bring into operation. Such items include powerline, dragline and field workers' camp structures.

(c) Company's office fixture and fittings

	2022 £	2021 £
Cost		
Balance at 1 January	2,298	2,298
Additions	–	–
Disposal	–	–
Balance at 31 December	2,298	2,298
Depreciation		
Balance at 1 January	(1,494)	(791)
Depreciation expense	(385)	(703)
Disposals	–	–
Balance at 31 December	(1,879)	(1,494)
Carrying amount	419	804

The Company's property, plant and equipment are free from any mortgage or charge.

14 Intangible assets

In 2022 intangible assets represented only capitalised costs associated with the Group's exploration, evaluation and development of mineral resources.

	2022 £	2021 £
Cost		
Balance at 1 January	1,389,029	696,504
Additions	1,239,085	682,420
Exchange differences	231,254	10,105
Balance at 31 December	2,859,368	1,389,029

At 31 December 2022 and 31 December 2021, the Group's intangible assets consisted of the Monchetundra development and Nittis-Kumuzhya-Travyanaya (the "NKT") exploration and evaluation assets.

The Company did not directly own any intangible assets at 31 December 2022 (2021: nil).

No impairment loss has been recognised in 2022 (2021: £nil).

15 Investment to potential share in joint venture

In 2021 the Group entered into an agreement with Rosgeo, a Russian registered and state funded exploration company, to set up a series of joint ventures. The Rosgeo agreement allowed the Group to gain a 75% equity stake in several new assets with the remaining 25% equity stakes to be held by Rosgeo.

In 2021 the Company invested RUB37,180,000 (£367,464 at a prevailing exchange rate at the transaction date). Owing to the uncertainty of any near-term development in that regard due principally to limitations enforced by current sanctions legislation the Group had made provision for impairment loss on this investment in full.

16 Subsidiaries

Details of the Company's subsidiaries at 31 December 2022 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ordinary shares held	Principal activity
Urals Alluvial Platinum Limited	Cyprus	100%	Holding Company
ZAO Eurasia Mining Service	Russia	100%	Holding Company
ZAO Kosvinsky Kamen	Russia	68%	Mineral Evaluation
ZAO Terskaya Mining Company	Russia	80%	Mineral Evaluation
ZAO Yuksporskaya Mining Company	Russia	100%	Mineral Evaluation
OOO Kola Mining	Russia	100%	Mineral Evaluation
OOO Kola Nickel	Russia	100%	Mineral Evaluation
Eurasia Mining (UK) Limited	UK	100%	Dormant company

The Company's investments in subsidiaries presented on the basis of direct equity interest and represent the following:

	2022 £	2021 £
Investment in subsidiaries (i)	1,132,246	1,132,246
	1,132,246	1,132,246

Investment in subsidiaries represents the Company investments made into its 100% subsidiary Urals Alluvial Platinum Limited (the "UAP"), which in turn controls other subsidiaries within the Group.

Subsidiaries with material non-controlling interests ("NCI")

Summary of non-controlling interest

	2022 £	2021 £
As at 1 January	(1,950,049)	(1,758,862)
Loss attributable to NCI	(1,389,843)	(228,042)
Exchange differences	(61,656)	36,856
As at 31 December	(3,401,548)	(1,950,049)

Non-controlling interest on subsidiary basis

	2022 £	2021 £
ZAO Kosvinsky Kamen	(2,702,482)	(1,218,383)
ZAO Terskaya Mining Company	(699,066)	(731,666)
	(3,401,548)	(1,950,049)

16 Subsidiaries (continued)

ZAO Kosvinsky Kamen

	2022 £	2021 £
Non-current assets	9,726,366	5,362,684
Current assets	7,222,597	1,367,573
Total assets	16,948,963	6,730,257
Non-current liabilities	21,083,191	7,874,026
Current liabilities	2,184,055	570,275
Total liabilities	23,267,246	8,444,301
Net assets	(6,318,283)	(1,714,044)
Equity attributable to owners of the parent	(3,615,801)	(495,661)
Non-controlling interests	(2,702,482)	(1,218,383)
Loss for the year attributable to owners of the parent	(3,053,367)	(449,647)
Loss for the year attributable to NCI	(1,407,320)	(198,942)
Loss for the year	(4,460,687)	(648,589)
Total comprehensive expense for the year attributable to owners of the parent	(3,120,140)	(367,601)
Total comprehensive expense for the year attributable to NCI	(1,484,099)	(163,234)
Total comprehensive expense for the year	(4,604,239)	(530,835)

ZAO Terskaya Mining Company

	2022 £	2021 £
Non-current assets	2,797,496	1,376,006
Current assets	440,101	170,710
Total assets	3,237,597	1,546,716
Non-current liabilities	3,073,744	2,097,248
Current liabilities	776,399	66,434
Total liabilities	3,850,143	2,163,682
Net assets	(612,546)	(616,966)
Equity attributable to owners of the parent	86,520	114,700
Non-controlling interests	(699,066)	(731,666)
Profit/(loss) for the year attributable to owners of the parent	69,908	(116,402)
Profit/(loss) for the year attributable to NCI	17,477	(29,100)
Profit/(loss) for the year	87,385	(145,502)
Total comprehensive expense for the year attributable to owners of the parent	(28,180)	(121,793)
Total comprehensive income (expense) for the year attributable to NCI	32,600	(27,953)
Total comprehensive income (expense) for the year	4,420	(149,746)

17 Financial assets

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Non-current				
Financial assets at amortised cost:				
US treasury notes	3,807,925	3,807,925	–	–
	3,807,925	3,807,925	–	–

US treasury notes return interest of 1.25% to 2.125% per annum payable semi-annually, and mature between August and October 2024.

18 Other financial assets

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Current				
Advances to related parties	–	28,157,840	–	12,681,450
	–	28,157,840	–	12,681,450

The maximum exposure to credit risk at the reporting date is the carrying value of each class of assets mentioned above.

The Group has assessed the estimated credit losses of these loans and given the effective interest rate of the loans is 0%, there would be an immaterial loss expected on these loans.

Amounts due from related parties are non-interest bearing and are repayable on demand. Advances made in 2022 were used to acquire earth moving machinery, fund mine operating cost and exploration programme.

19 Inventories

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Platinum concentrate	4,131,104	–	–	–
Stores	51,278	–	38,673	–
	4,182,382	–	38,673	–

Platinum Concentrate is the PGM and gold bearing concentrate produced at the West Kytlim mine for full year 2022 which was held in stock at 31 December 2022 ready for later refining. Inventories held by the Group are stated at the lower of cost and net realisable value.

20 Trade and other receivables

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Trade receivables	–	–	480,588	–
Advances made*	822,280	–	520,385	–
Prepayments	135,447	128,425	140,335	134,661
VAT recoverable	1,942,410	97,817	361,906	25,796
Other receivables	271,532	171,529	178,652	120,000
Due from related parties	–	36,269	–	28,028
	3,171,669	434,040	1,681,864	308,485

* The Group had made several advances to and down payments to secure new earth moving machinery to be acquired for the West Kytlim mine.

The fair value of trade and other receivables is not materially different to the carrying values presented. None of the receivables are provided as security or past due.

21 Cash and cash equivalents

	Group £ (2022)	Company £ (2022)	Group £ (2021)	Company £ (2021)
Cash at bank	1,009,908	136,733	22,009,507	21,892,793
	1,009,908	136,733	22,009,507	21,892,793

All amounts are short term. The carrying value of cash and cash equivalents is considered a reasonable approximation of fair value.

22 Issued capital

	2022	2021
Issued and fully paid ordinary shares with a nominal value of 0.1p		
Number	2,853,559,995	2,853,559,995
Nominal value (£)	2,853,560	2,853,560
Issued and fully paid deferred shares with a nominal value of 4.9p		
Number	143,377,203	143,377,203
Nominal value (£)	7,025,483	7,025,483
Share premium		
Value (£)	51,308,068	51,308,068
Total issued capital (£)	61,187,111	61,187,111

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

Deferred shares have attached to them the following rights and restrictions:

- they do not entitle the holders to receive any dividends and distributions;
- they do not entitle the holders to receive notice or to attend or vote at General Meetings of the Company;
- on return of capital on a winding up the holders of the deferred shares are only entitled to receive the amount paid up on such shares after the holders of the ordinary shares have received the sum of 0.1 pence for each ordinary share held by them and do not have any other right to participate in the assets of the Company.

No shares were issued in 2022.

Issue of ordinary share capital in 2021:

	Price in pence per share	Number	Nominal value £
As at 1 January 2021		2,758,701,681	2,758,702
20-May-2021 – Share placing for cash	26.5	53,306,751	53,307
20-September-2021 – Share placing for cash	26.0	41,551,563	41,551
		94,858,314	94,858
As at 31 December 2021		2,853,559,995	2,853,560

23 Share-based payments

Share options and warrants outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in pence per share	Number of options as at 31 December 2022	Number of options as at 31 December 2021
Share options			
2 November 2023	0.42	55,000,000	55,000,000
2 November 2023	0.60	40,000,000	40,000,000
2 November 2023	0.90	35,000,000	35,000,000
Weighted average exercise price	0.60	130,000,000	130,000,000
Warrants			
20 May 2024	26.5	53,306,751	53,306,751
23 September 2024	26.0	41,551,563	41,551,563
Weighted average exercise price	26.28	94,858,314	94,858,314
Total contingently issuable shares at 31 December		224,858,314	224,858,314

All the listed options and warrants were exercisable as at 31 December 2022 (2021: all).

Share options

Movement in number of share options outstanding and their related weighted average exercise prices are as follows:

(Price expressed in pence per share)	Average exercise price	2022 No. of share options	Average exercise price	2021 No. of share options
Share options				
At 1 January	0.60	130,000,000	0.60	130,000,000
At 31 December	0.60	130,000,000	0.60	130,000,000

No options were granted by the Group in 2022 (2021: nil) to the Directors, Group employees and consultants to the Group. 21,000,000 options have been authorised in 2018 to be granted at a later date. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the vesting date to the date of their expiry. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Out of 173,000,000 options granted by the Group in 2018:

- 72,000,000 options issued with an exercise price of 0.42 pence and vested on the issue date.
- 53,000,000 options issued with an exercise price of 0.6 pence and were due to vest at the date when VWAP has been 0.6 pence or above for 10 consecutive days, or at the latest 31 December 2018. Options vested on 22 November 2018.
- 48,000,000 options issued with an exercise price of 0.9 pence vesting at the date when VWAP has been 0.9 pence or above for 10 consecutive days, or at the latest 30 June 2019. Options vested on 30 June 2019.

All options granted in 2018 were due to expire on 2 November 2022 and were extended to 2 November 2023.

Warrants

No warrants were granted by the Group in 2022 (94,838,314 warrants were granted by the Group in 2021).

Movement in number of warrants outstanding and their related weighted average exercise prices are as follows:

(Price expressed in pence per share)	Average exercise price	2022 No. of warrants	Average exercise price	2021 No. of warrants
Warrants				
At 1 January	26.28	94,858,314	–	–
Granted	–	–	26.5	53,306,751
Granted	–	–	26.0	41,551,563
At 31 December	26.28	94,858,314	26.28	94,858,314

24 Other reserves

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Capital redemption reserve	3,539,906	3,539,906	3,539,906	3,539,906
Foreign currency translation reserve:				
At 1 January	(1,335)	–	57,344	–
Recognised in the period	(341,762)	–	(58,679)	–
At 31 December	(343,097)	–	(1,335)	–
Share-based payments reserve:				
At 1 January	384,120	384,120	384,120	418,181
Recognised in the period	–	–	–	(18,483)
Utilised on exercise of warrants	–	–	–	(15,578)
At 31 December	384,120	384,120	384,120	384,120
	3,580,929	3,924,026	3,922,691	3,924,026

The capital redemption reserve was created as a result of a share capital restructure in earlier years.

The foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into GBP.

The share-based payments reserve represents (i) reserve arisen on the grant of share options to employees under the employee share option plan and (ii) reserve arisen on the grant of warrants under terms of professional service agreements and/or issued under terms of financing arrangements.

25 Borrowings

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Current borrowings				
Unsecured loan	–	–	31,953	–
	–	–	31,953	–

In 2017 the Group entered into an unsecured loan facility to borrow up to RR57 million at 14% per annum, from Region Metal, the then contractor and the West Kytlim mine operator. The Group had drawn RR4.18 million and repaid RR0.9 million by 31 December 2021. As the contractor's arrangements have been discontinued the Group has no intention to utilise any more funds from this facility. The loan was due for repayment in 2021 but the Group received a court order not to repay the loan due to ongoing court arbitrage between the lender and its creditors.

The Group is not a party of this arbitrage and/or not linked to any party. The loan was repaid in full in 2022.

26 Lease liabilities

Leases

The Group leases certain of its plant and equipment. The average lease term is 2.5 years (2021: 3.5 years). The Group has the option to purchase the equipment for a nominal amount at the maturity of the finance lease. The Group's obligation under finance leases is secured by the lessor's title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 21.9% to 23.5% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2022 £	2021 £	2022 £	2021 £
Less than one year	224,700	200,633	167,071	122,407
Between one and five years	202,820	377,027	181,198	307,136
More than five years	–	–	–	–
	427,520	577,660	348,269	429,543
Less future finance charges	(79,251)	(148,117)	–	–
Present value of minimum lease payments	348,269	429,543	348,269	429,543

Reconciliation of movements in lease liabilities

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
At 1 January	429,543	–	526,929	–
Interest accrued	90,446	–	101,048	–
Interest paid in cash	(90,446)	–	(101,048)	–
Principal paid in cash	(141,528)	–	(101,674)	–
Exchange differences	60,254	–	4,288	–
At 31 December	348,269	–	429,543	–

27 Trade and other payables

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Trade payables	270,214	–	210,665	–
Accruals	1,825,269	159,583	161,035	121,565
Social security and other taxes	46,460	7,998	18,751	4,965
Other payables	88,936	268,962	96,107	149,159
	2,230,879	436,543	486,558	275,689

The fair value of trade and other payables is not materially different to the carrying values presented. The above listed payables were all unsecured.

28 Provisions

	2022 £	2021 £
Long term provision:		
Environment rehabilitation	254,218	143,268
Short term provision:		
Environment rehabilitation	88,478	57,494
	342,696	200,762

Movement in provision is as follows:

	2022 £	2021 £
At 1 January	200,762	52,137
Recognised in the period	54.612	138,020
Results of remeasurement or settlement without cost	45,446	7,487
Unwinding of discount and effect of changes in the discount rate	17,251	2,397
Exchange differences	24,625	721
At 31 December	342,696	200,762

Provision is made for the cost of restoration and environmental rehabilitation of the land disturbed by the West Kytlim mining operations, based on the estimated future costs using information available at the reporting date.

The provision is discounted using a risk-free discount rate of from 6.99% to 8.31% (2021: 8.39% to 8.66%) depending on the commitment terms, attributed to the Russian Federal Bonds.

Provision is estimated based on the sub-areas within general West Kytlim mining licence the Company has carried down its operations by the end of the reporting period. Timing is stipulated by the forestry permits issued at the pre-mining stage for each of sub-areas. Short-term provision relates to technical and biological recultivation and forest compensation to be completed by the end of financial year 2023.

29 Related party transactions

Transactions with subsidiaries

In the normal course of business, the Company provides funding to its subsidiaries for reinvestment into exploration projects.

	2022 £	2021 £
Receivables from subsidiaries	36,269	28,028
Loans provided to subsidiaries	28,157,840	12,681,450
Service charges to subsidiary	120,000	120,000

The amounts owed by subsidiaries are unsecured and receivable on demand.

29 Related party transactions (continued)

Transactions with key management personnel

The Group considers that the key management personnel are the Directors of the Company.

The following amounts were paid and/or accrued to the Directors of the Company who held office at 31 December 2022:

	2022 £	2021 £
Short-term benefits	580,194	638,288
	580,194	638,288

The remuneration of the Directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends. No pension contribution has been made for the Directors in 2022 (2021: nil).

An analysis of remuneration for each Director of the Company during 2022:

Name	Position	Salaries, bonuses and allowances £	Directors fees £	Payment to entity controlled by Director £	Total £
C. Schaffalitzky	Executive Chairman	120,000	–	–	120,000
J. Nieuwenhuys	Executive Director	180,000	–	–	180,000
T. Abdikeev	Non-Executive Director	90,000	26,250	–	116,250
I. Rawlinson	Non-Executive Director	–	55,000	–	55,000
K. Kosaka	Non-Executive Director	15,000	45,000	–	60,000
A. Matyushok	Non-Executive Director	–	27,944	21,000	48,944
		405,000	154,194	21,000	580,194

30 Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022 £	2021 £
Loss attributable to equity holders of the Company	(6,045,421)	(2,910,479)
Weighted average number of ordinary shares in issue	2,853,559,995	2,803,433,563
Basic loss per share (pence)	(0.22)	(0.10)

Potential number of shares that could be issued following exercise of share options or warrants:

Number of exercisable instruments:

	2022 £	2021 £
Share options	130,000,000	130,000,000
Warrants	94,858,314	94,858,314
	224,858,314	224,858,314

There is no dilutive effect of share options or warrants (2021: nil) as the Group was in a loss position.

31 Commitments

At the time of the award of the Monchetundra mining licence a royalty payment was calculated by the Russian Federal Reserves Commission. 20% of this payment was paid in December 2018 and the remaining 80%, or RR16.68 million (approximately £187,000) to be paid by November 2023.

During 2020 the Group entered into several lease agreements to lease mining plant and equipment. As at 31 December 2022 the average lease term was 2.5 years and present value of minimum lease payments £348,269 (2021: £429,543).

The Group has no other material commitments.

32 Risk management objectives and policies

Financial risk management objectives

The Group's operations are limited at present to investing in entities that undertake mineral exploration. All investments in exploration are capitalised on a project basis, which are funded by shareholders funds and fixed rate borrowings. The Group's activities expose it to a variety of financial risks including currency, fair value and liquidity risk. The Group seeks to minimise the effect of these risks on a daily basis, though due to its limited activities the Group has not applied a policy of using any financial instruments to hedge these risks exposures.

Risk management is carried out by the Company under close board supervision.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars and Russian Rubles. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's policy is not to enter into currency hedging transactions.

The following significant exchange rates have been applied during the year:

GBP	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
USD	1.238	1.376	1.204	1.348
RUB	87.51	101.37	89.23	101.18

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD and RR, as indicated below, against GBP at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss before taxes by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Strengthening		Weakening	
	Equity £	Profit or loss £	Equity £	Profit or loss £
31 December 2022				
USD (5% movement)	89,077	(22,834)	(80,597)	20,660
RUB (5% movement)	387,517	266,807	(350,616)	(241,394)
31 December 2021				
USD (5% movement)	100,534	69,642	(90,957)	(63,013)
RUB (5% movement)	111,281	43,678	(100,700)	(39,523)

Interest rate risk

The Group has investment into US treasury notes returning fixed interest of 1.25% to 2.125% per cent per annum payable biannually, and mature between August and October 2024. The Group's operating cash flows are dependent on changes in note price prevailing on the time of selling the notes for cash prior to maturity date.

The Group has lease liabilities disclosed in Note 26. All lease liabilities are at a fixed rate of interest.

Fair values

In the opinion of the Directors, there is no significant difference between the fair values of the Group's and the Company's assets and liabilities and their carrying values.

32 Risk management objectives and policies (continued)

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the consolidated statement of financial position date, as summarised below:

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Non-current financial assets	3,807,925	–	–	–
Current loans and advances	–	28,157,840	–	12,681,450
Trade and other receivables	3,171,669	434,040	1,681,864	275,689
Cash and cash equivalents	1,009,908	136,733	22,009,507	21,892,793
	7,989,502	28,728,613	23,691,371	34,849,932

The Group's risk on cash at bank is mitigated by holding of the majority of funds at "A" rated bank.

No significant amounts are held at banks rated less than "B". Cash is held either on current account or on short-term deposit at floating rate. Interest is determined by the relevant prevailing base rate. The fair value of cash and cash equivalents at 31 December 2022 are not materially different from its carrying value.

Recoverability of the loans is dependent on the borrower's ability to transform them into cash generating units through discovery of economically recoverable reserves and their development into profitable production.

The Company continuously monitors defaults by the counterparties, identified either individually or by group, and incorporates this information into its credit risk control. Management considers that all of the above financial assets that are not impaired are of good credit quality.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, borrowing facilities, cash and cash equivalent by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities.

	Current within 12 months £	Non-current 1 to 2 years £	Non-current Later than 2 years £
2022			
Lease liabilities	224,700	202,820	–
Trade and other payables	2,230,879	–	–
	2,455,579	202,820	–
2021			
Borrowings	31,953	–	–
Lease liabilities	200,633	377,027	–
Trade and other payables	486,558	–	–
	719,144	377,027	–

32 Risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities.

	Current within 12 months £	Non-current 1 to 2 years £	Later than 2 years £
2022			
Trade and other payables	436,543	–	–
	436,543	–	–
2021			
Trade and other payables	275,689	–	–
	275,689	–	–

The tables above have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the statement of financial position date.

Capital risk

At present the Group's capital management objective is to ensure the Group's ability to continue as a going concern.

Capital is monitored on the basis of its carrying amount and summarised as follows:

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Total borrowings	348,269	–	461,496	–
Less cash and cash equivalents	(1,009,908)	(136,733)	(22,009,507)	(21,892,793)
Net debt	–	–	–	–
Total equity	25,813,263	33,232,660	31,995,270	35,740,089
Total capital	25,813,263	33,232,660	31,995,270	35,740,089
Gearing	0%	0%	0%	0%

Capital structure is managed depending on economic conditions and risk characteristics of underlying assets. In order to maintain or adjust capital structure, the Group may issue new shares and debt financial instruments or sell assets to reduce debt.

33 Events after the statement of financial position date

The Group's assets are located in Russia. In 2022 additional sanctions to those which had existed since 2014 were imposed on certain activities, entities and individuals connected with Russia, which continue to evolve and which are being carefully monitored by the Group in accordance with the Group's sanctions compliance policy, and with the assistance of its external legal advisers. The Company has satisfied itself that neither of its current activities at the West Kytlim Mine or on the Kola Peninsula are prohibited under UK or EU sanctions rules. Furthermore, the Group does not engage and has not engaged with any sanctioned persons/entities or agencies.

To date there has been no significant impact on the Group's activities as a result of recent updates to the UK and EU sanctions legislation. Sanctions introduced by the Russian Federal government have also not affected the Group, although this is being closely monitored. The Group closely monitors all regulatory requirements and changes to the laws, rules and regulations, taking steps whenever necessary to ensure compliance with new legislation.

There have been no further adjusting events after the statement of financial position.

Company information

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