Company registration number 00939442 (England and Wales)



# Parys Mountain Mines Limited

## Annual report for the year ended 31 March 2022

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| **Directors** | J. F. Kearney | |
| | D. W. Hooley | deceased 7 June 2022 |
| | Jo Battershill | appointed 25 November 2021 |
| | Don McCallum | appointed 21 July 2022 |
| **Company Secretary** | D. K. Varma | |
| **Registered Office** | Parys Mountain<br>Amlwch<br>Anglesey<br>LL68 9RE | |
| **Auditor** | UHY Farrelly Dawe White Limited<br>FDW House, Blackthorn Business Park,<br>Coe's Road, Dundalk,<br>Co. Louth,<br>Ireland<br>A91 RW26 | |

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2022.

The Parys Mountain Cu-Zn-Pb-Ag-Au Project on the Isle of Anglesey hosts a significant polymetallic deposit with a resource estimate of 16.9Mt grading 1.7% Zn, 0.8% Pb, 1.0% Cu, 17g/t Ag and 0.2g/t Au. The site has a head frame, a 300m deep production shaft, is connected to grid power, located only 20 miles from the port of Holyhead and is well advanced towards permitting for an operation. We have freehold ownership of the minerals and much of the surface land on the western portion of the property where all the current resources are located. Access to infrastructure is good, political risk is low and the project enjoys the support of local people and government.

An independent Preliminary Economic Assessment (PEA) was completed in January 2021, using the three-year trailing metal prices as of September 2020 - US$2.81/lb Cu, US$1.20/lb Zn, US$0.95/lb Pb, US$16.67/oz Ag and US$1459/oz Au. Three separate development cases or scenarios were evaluated as part of the PEA, utilising planned mine tonnages ranging from 5.5Mt at 1,500tpd, to 11.4Mt at 3,000tpd in an expanded case.

The expanded case produced the most attractive financial returns, indicating a total cash operating surplus of more than £408 million over a 12-year mine life, which translated to a pre-tax net present value discounted at 10% of over £96 million with an IRR of 26%.

However, with commodity prices having been consistently, and meaningfully, higher than the three-year trailing averages of September 2020, the economic results from the development scenarios assessed would now be substantially higher.

### First drilling programme since 2012

After securing additional funding in October 2021, we are now moving forward with our plans to progress development. The first drilling programme since 2012 was commenced in late November 2021 and a site manager and geologist were recruited.

The original 9-hole programme comprising 2,750m was designed to target the areas of Inferred Resources, generally around the periphery of the mineralised zones, with the aim of improving the confidence in the White Rock and Engine Zone resources. Prior to the drilling programme, 78% of the White Rock and Engine Zones were in the indicated category and we expect to be able to lift this once all the assays have been returned.

Initial assay results have now been returned for eight of the ten drill holes completed with multiple high-grade sections identified within a broader overall mineralised zone, as reported subsequent to the end of the period. Best results received to date include:

- 3.7m at 8.5% Zn, 6.3% Pb, 1.0% Cu, 38g/t Ag & 0.3g/t Au (from 142m)
- 2.8m at 7.2% Zn, 4.2% Pb, 0.6% Cu, 23g/t Ag & 0.3g/t Au (from 150m)
- 6.0m at 7.1% Zn, 3.7% Pb, 0.4% Cu, 37g/t Ag & 2.0g/t Au (from 172m)
- 3.7m at 5.8% Zn, 4.6% Pb, 0.6% Cu, 46g/t Ag & 0.2g/t Au (from 149m), and
- 6.0m at 6.3% Zn, 4.0% Pb, 0.2% Cu, 25g/t Ag & 0.3g/t Au (from 133.5m)

Importantly, the high-grade intersections reported above were generally contained within much broader zones of lower grade mineralisation that could potentially be mined and processed through a pre-concentration technique to upgrade the metal content while rejecting the unmineralized material. Selected lower grade zones include:

- 12.4m at 4.8% Zn, 3.3% Pb, 0.5% Cu, 20g/t Ag & 0.3g/t Au (from 140m)
- 21.5m at 4.0% Zn, 2.0% Pb, 0.3% Cu, 26g/t Ag & 1.0g/t Au (from 170.5m)
- 12.7m at 3.7% Zn, 1.9% Pb, 0.2% Cu, 22g/t Ag & 0.6g/t Au (from 204.5m), and
- 12.8m at 3.0% Zn, 1.3% Pb, 0.2% Cu, 51g/t Ag & 0.5g/t Au (from 167.9m)

### Geotechnical modelling and new metallurgical testing

The drill holes were also designed to provide samples for both geotechnical domain modelling within the White Rock and Engine zones and confirmatory metallurgical test work.

Subsequent to the end of the reporting period, Knight Piésold, one of the world's leading geotechnical consultants, commenced the geotechnical modelling that will feed into the underground design and optimisation process.

The next round of metallurgical testwork will begin once the final assay results have been returned. Testwork from 2007 had already demonstrated that Dense Media Separation (DMS) would upgrade the feed into the comminution circuit with a mass rejection of around 40% and 3-5% associated metal losses. We also plan to complete a trade-off study between DMS and X-Ray based ore-sorting technology which is now utilised across many mines around the globe.

### Environmental assessment and permitting

Additionally at Parys Mountain, first steps were taken to secure the required operating permits for mining and processing of ore. Environmental consultants were engaged in late 2021 to evaluate historical baseline studies that then fed into a subsequent gap analysis to determine future permitting requirements.

The permitting process has changed significantly since the commencement of mining activities in 1988. While we have a number of planning permissions that relate to the proposed development of the mine, processing plant and tailings storage facility, these need to be reviewed and updated to make sure they are fit for purpose to meet today's more stringent requirements.

The review process with the North Wales Minerals and Waste Planning Service and local Councils is now under way and demonstrating encouraging progress. Knowing that the Environmental Impact Assessment (EIA) is likely to be the longest lead item in this process, initial environmental monitoring and ecological surveys were initiated during the period and will feed directly into the EIA.

Baseline studies for reptiles, insects and birds are being carried out along with testing of water bodies around the site. Given the natural run-off from the outcropping sulphides that make up the historically mined Parys Mountain deposits, almost all the surface water is acidic and carries very little, if any, natural wildlife. Ongoing studies will be continued over the course of the next 12-months and expanded to include soil geochemistry, ground water and air quality monitoring, noise vibration studies, traffic modelling and initial design work for the tailings management facility.

### Exploring Northern Copper Zone

We also plan to commence work on the large Northern Copper Zone, which currently hosts a resource estimate of 9.4Mt at 1.7% CuEq - all in the Inferred Resource category. Initial work on the Northern Copper Zone will include reviewing the historical resource model and identifying areas that could be brought into the mine plan earlier than currently envisaged, with a view to infill drilling and potentially converting to the Indicated category.

The long section of the Northern Copper Zone in Figure 3 demonstrates the potential scale of the opportunity and also highlights the limited amount of historical drilling along strike to the east. A selection of the historical assays include:

- **4.2m at 16.7% CuEq** (3.97% Cu, 7.53% Pb, 14.1% Zn, 532g/t Ag and 0.3g/t Au) from a depth of 563m
- **1.4m at 13.5% CuEq** (13.26% Cu, Pb and Zn not assayed, 18g/t Ag and 0.1g/t Au) from a depth of 432m
- **0.9m at 12.1% CuEq** (11.7% Cu, 0.19% Pb, 1.00% Zn, 6/t Ag, gold not assayed) from a depth of 497m
- **3.8m at 8.6% CuEq** (8.29% Cu, 0.02% Pb, 0.06% Zn, 32g/t Ag, gold not assayed) from a depth of 352m
- **11.4m at 5.5% CuEq** (2.04% Cu, 3.03% Pb, 6.38% Zn, 50g/t Ag and 0.4g/t Au) from a depth of 495m
- **4.8m at 5.4% CuEq** (3.68% Cu, 0.95% Pb, 3.00% Zn, 28g/t Ag and 0.2g/t Au) from a depth of 562m
- **7.6m at 4.0% CuEq** (2.84% Cu, 0.19% Pb, 0.50% Zn, 7g/t Ag and 1.4g/t Au) from a depth of 298m
- **6.0m at 3.8% CuEq** (2.22% Cu, 0.08% Pb, 4.19% Zn, 15g/t Ag and 0.2g/t Au) from a depth of 466m
- **50.9m at 1.2% CuEq** (1.12% Cu, 0.02% Pb, 0.06% Zn, 2g/t Ag, gold not assayed) from a depth of 399m
- **146.3m at 1.2% CuEq** (0.98% Cu, 0.20% Pb, 0.30% Zn, 7g/t Ag, gold not assayed) from a depth of 350m
- **25.9m at 1.14% Cu** (no other elements assayed) from a depth of 557m
- **46.0m at 0.80% Cu** (no other elements assayed) from a depth of 366m

The Northern Copper Zone covers an extensive area with the resource estimate extending over 800m in length and 400m in depth. Subsequently, the review of the potential will be divided into blocks, as shown in the figure above. Both blocks B and D have potential to host high-grade extensions to the Garth Daniel resource between depths of 400 - 600m. Blocks A and C have potential to host thick lower grade intersections amenable to bulk mining methods between 200 - 400m depth, and blocks E and F are both essentially extensional targets.

## Metal price environment remains supportive

Metals are critical for the climate transition and the clean energy technologies needed to meet the world's climate action goals will require much more metal. For example, every electric car requires up to four times more copper than an ICE car and every megawatt of solar power generation capacity requires 5 tonnes of copper. According to the International Energy Agency, achieving the Paris Agreement targets will require almost twice the volume of metals by 2050. As a Board, we remain very confident that the outlook for most minerals, particularly for the copper and zinc minerals at Parys Mountain, is very encouraging. Base metal prices generally held onto the impressive gains from the previous year, or in the case of zinc, rallied strongly. During the year, we saw a strong demand for metals with the prices for zinc, copper, and lead rising in 2021 by 28.1%, 26.8%, and 14.8%, respectively. Copper reached a decade long high in May 2021 of over $4.80/lb while the zinc price was the highest since 2007. Copper prices on the London Metal Exchange (LME) averaged US$4.23 per pound in 2021, up from an average of US$2.80 per pound in 2020.

Global demand for zinc grew strongly during the year. Zinc prices increased significantly and especially in the fourth quarter, Zinc prices on the London Metal Exchange (LME) averaged US$1.36 per pound during 2021, higher than US$1.03 per pound in 2020, and the highest annual average since 2007.

First quarter 2022 LME copper prices reached record levels and averaged US$4.53 per pound, 17% higher than the first quarter 2021 average of US$3.86 per pound. Zinc prices rose to US$1.70 per pound during the first quarter of 2022 compared with US$1.25 per pound in the same period in 2021.

In the second quarter of 2022 LME copper averaged US$4.31/lb (vs. US$4.53/lb in Q1) and zinc prices rose to a high of $1.95/lb in April and averaged US$1.77/lb (vs. US$1.70/lb in Q1), although subsequently metal prices have since retreated due to uncertainties about the war in Europe, higher oil prices, gas shortages, and inflation.

The base case economic model in the PEA utilized three-year trailing metal prices of $2.81/lb copper, $1.20/lb zinc, $0.95/lb lead, $16.67/oz silver, and $1,459/oz gold, with an exchange rate of £1.00/$1.25. We continue to believe that the base case three-year trailing metal prices used in the PEA are a very conservative starting point. Prices at 23 August 2022 were $3.70/lb copper, $1.58/lb zinc, $0.89/lb lead, $18.99/oz silver and $1739/oz gold, with the exchange rate at £1.00/$1.18. Using these commodity prices the expanded case pre-tax $NPV_{10\%}$ increases from US$120 million to US$221 million, with pre-tax IRR of 42%, which clearly demonstrate the sensitivity and leverage of a mine at Parys Mountain to higher metal prices.

At these August 2022 metal prices, copper production from a Parys Mountain mine would represent 50% of the net smelter revenue under the expanded case while zinc and lead would represent 28% and 12% respectively. The PEA indicates production of 75,000 tonnes of copper, 166,000 tonnes of zinc, 80,000 tonnes of lead, over 5 million ounces of silver and 30,000 ounces of gold over the project's 12-year mine life, this equates to an average copper equivalent production rate of 14,000 tonnes per year over the proposed life of the operation.

## Financial

The profit for the year was £2,340 (2021 profit £638). The company's expenditure on the property during the year was £394,410 (2021 - £101,570) the increase being due to additional activities being undertaken as described above.

## Dividend

There is no revenue from the operations of the company. The directors are unable to recommend a dividend (2021 - nil).

Since the date of the statement of financial position the activities of the company have continued in accordance with the directors' expectations.

## Risks and uncertainties

The directors have carried out an assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. In conducting its business, the company faces a number of risks and uncertainties, the more significant of which are described below. The board believes the principal risks are adequately disclosed in these financial statements and that there are no other risks of comparable magnitude which need to be disclosed.

Mineral exploration and mine development is a high-risk speculative business and the ultimate success of the company will be dependent on the successful development of a mine at Parys Mountain, which is subject to numerous significant risks most of which are outside the control of the board.

In reviewing the risks facing the company, the board considers it is sufficiently close to operations and aware of activities to be able to adequately monitor risk without the establishment of any formal process. There may be risks against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. However, there are also risks and uncertainties of a nature common to all mineral projects and these are summarised below.

#### General mining risks

Actual results relating to, amongst other things, results of exploration, mineral reserves, mineral resources, capital costs, mining production costs and reclamation and post closure costs, could differ materially from those currently anticipated by reason of factors such as changes in expected geological or geotechnical structures, general economic conditions and conditions in the financial markets, changes in demand and prices for minerals that are expected to be produced, legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which operations take place, technological and operational difficulties encountered in connection with labour relations, costs and changing foreign exchange rates and other matters.

The mining industry is competitive in all of its phases. There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The company faces competition from other mining companies in connection with the recruitment and retention of qualified employees and other personnel and in attracting investment and or potential joint venture partners to its properties.

**Exploration and development**

Exploration for minerals and development of mining operations involve risks, many of which are outside the company's control. Exploration by its nature is subject to uncertainties and unforeseen or unwanted results are always possible. Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

Substantial expenditures are required to develop the mining and processing facilities and infrastructure at any mine site. No assurance can be given that a mineral deposit can be developed to justify commercial operations or that funds required for development can be obtained on a timely basis and at an acceptable cost. There can be no assurance that the current development programmes will result in profitable mining operations. Current operations are in politically stable environments and hence unlikely to be subject to expropriation but exploration by its nature is subject to uncertainties and unforeseen or unwanted results are always possible.

**Development and liquidity risk**

The going concern risk is discussed in the directors' report. The company has relied on equity financings by its parent to fund its working capital requirements and will need to generate additional financial resources to fund all future planned exploration programmes.

Developing the Parys project will be dependent on raising further funds from various sources. There is no assurance that the company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability.

**Metal prices**

The prices of metals fluctuate widely and are affected by many factors outside the company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. Metal prices are usually expressed and traded in US dollars and any fluctuations may be either exacerbated or mitigated by currency fluctuations which affect the revenue which might be received in sterling.

**Permitting, environment, climate change and social**

The company's operations are subject to environmental legislation and regulations which are evolving in pursuit of national climate change objectives and in a manner where standards are becoming more stringent. Mineral extraction and processing can have significant environmental impacts. Mining operations require approval of environmental impact assessments and obtaining planning permissions. We hold planning permissions for the development of the Parys Mountain property but further environmental studies and assessments and various approvals and consents will be required to carry out proposed activities and these may be subject to various operational conditions and reclamation requirements.

There can be no assurance that all permits, licences, permissions and approvals required for our activities will be obtainable on reasonable terms or on a timely basis.

**Employees and personnel**

The company is dependent on the services of a small number of key executives and employees. The loss of these persons or the inability to attract and retain additional highly skilled and experienced employees may adversely affect business or future operations.

**Brexit**

The directors believe that the effect on the specific operations of the UK having left the European Union is unlikely in and of itself to be material and the resultant expected focus on domestic investment in the UK may be beneficial to the Parys Mountain Project.

**Covid-19**

The directors have carefully considered the impact of the Covid-19 pandemic on the Parys Mountain property and have concluded that to date it has had no impact on the project and further it is unlikely to have, assuming that the pandemic does not escalate and passes over in the next two to three years. The project is not currently in production, so Covid-19 does not impact current operations.

## Events since year end

There have been no significant events since the year end.

## Directors and directors' interests

The directors who held office during the year were:

J. F. Kearney
D. W. Hooley deceased 7 June 2022
Jo Battershill appointed 25 November 2021
Don McCallum appointed 21 July 2022

None of the directors has any interests in the shares of the company which are required to be disclosed. The company is a wholly owned subsidiary of Anglesey Mining plc and the interests of the directors (who are also directors of the parent undertaking) are disclosed in the financial statements of that company.

## Going concern basis

The directors have considered the business activities of the company as well as its principal risks and uncertainties as set out in this report. When doing so they have carefully applied the guidance given in the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued in September 2014.

The financial statements are prepared on a going concern basis. The validity of the going concern basis is dependent on finance being available for the continuing working capital requirements of the company for the foreseeable future, being a period of at least twelve months from the date of approval of the accounts. Based on the committed support of the company's parent there will be sufficient finance available for the continuing working capital requirements of the company on a status quo basis for at least twelve months from the date of the financial statements.

Additional financial resources will be required to meet planned business objectives, to progress the ongoing development of the Parys Mountain project and to continue as a going concern. The plans to phase the development of the project by undertaking the various optimisation programmes and completing a prefeasibility or feasibility study to progress the Parys Mountain Mine towards production require interim funding to finance the further studies and optimisation programmes and, in the longer term, senior financing to fund the capital and development costs to put the Parys Mountain Mine into production.

Anglesey Mining, the company's parent, is actively pursuing various financing options with certain shareholders and financial institutions regarding proposals for financing and is in discussions with a range of investors, including private equity funds. Whilst these discussions continue the directors have reasonable expectations that those financing discussions will be successful and therefore the financial statements have been prepared on the going concern basis.

However, given the limited financial resources currently available, and that there is no guarantee that such funding will be available, there is a risk that the company will not have sufficient financial resources to fund its short-term project funding requirements, and therefore there exists a material uncertainty concerning the ability of the company to continue as a going concern or that it will be successful in receiving the necessary investment to advance the development of the project and put a mine at the Parys Mountain property into production.

## Market value of land

Obtaining an accurate estimate for the market value of the company's land is difficult, especially given its historical use. The land is carried in the accounts at its cost to the company of £174,687. In the opinion of the directors, the market value of this land is unlikely to be less than this figure and this opinion is not affected by the Covid pandemic, for the reasons set out above in the Risks section.

## Auditor

To the best of the directors' knowledge and belief and having made appropriate enquiries of other officers of the company, all information relevant to enabling the auditor to provide their opinion on the financial statements has been provided. The directors have taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish the company's auditor is aware of any such information.

During the year a formal auditor review and engagement process was undertaken. Four firms, including Mazars, were invited to submit proposals and from these UHY Farrelly Dawe White in Dublin, Ireland were selected and formally appointed on 13 May 2022.

## Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have prepared this report in accordance with the provisions applicable to companies subject to the small companies' regime.

**Approved by the board of directors and signed on its behalf**

D. K. Varma
Company secretary
7 December 2022

# Independent auditor's report to the members of Parys Mountain Mines Limited

## Opinion

We have audited the financial statements of Parys Mountain Mines Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of total comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements concerning the applicability of the going concern basis of preparation. As detailed in the Director's Report, the company does not generate revenue.

At 31 March 2022 the company had net current liabilities of £93,800 and cash and cash equivalent reserves of £32. The group however has sufficient resources to support the company's continuing working capital requirements on a status quo basis for at least twelve months from the date of the financial statements. In Note 2, the directors explain that the company needs to generate additional financial resources to meet its planned business objectives. The directors are actively pursuing various financing options and they are confident that the group will raise the additional funding when required. Therefore, the financial statements have been prepared on a going concern basis.

As stated in note 2, these events or conditions, along with the other matters as set forth in this note to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to going concern assessment and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

**Use of the audit report**

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

**Michael Bellew (Senior Statutory Auditor)**
**for and on behalf of UHY Farrelly Dawe White Limited**

**Chartered Certified Accountants**
**Statutory Auditor**
FDW House
Blackthorn Business Park
Coes Road
Dundalk
Co. Louth
Ireland

8 December 2022

## Statement of total comprehensive income

*All operations are continuing*

| | Notes | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|---|
| | | £ | £ |
| **Revenue** | | | |
| Rentals and other income | | 5,240 | 3,832 |
| Administration expenses | | (2,924) | (3,233) |
| **Operating profit** | 3 | 2,316 | 599 |
| Finance income | | 24 | 39 |
| **Profit before tax** | | 2,340 | 638 |
| Tax | | - | - |
| **Total comprehensive income for the year** | | 2,340 | 638 |

## Statement of financial position

| | Notes | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **ASSETS** | | £ | |
| **Non-current assets** | | | |
| Mineral property exploration and evaluation | 7 | 15,711,703 | 15,317,293 |
| Property, plant and equipment | 8 | 174,687 | 174,687 |
| Deposit | 9 | 123,811 | 123,787 |
| | | 16,010,201 | 15,615,767 |
| **Current assets** | | | |
| Other receivables | 10 | 13,878 | 12,348 |
| Cash and cash equivalents | | 32 | 7,211 |
| | | 13,910 | 19,559 |
| **Total assets** | | 16,024,111 | 15,635,326 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 11 | (107,710) | (32,980) |
| | | (107,710) | (32,980) |
| **Net current assets/(liabilities)** | | (93,800) | (13,421) |
| **Non-current liabilities** | | | |
| Provision for site reinstatement | 12 | (50,000) | (50,000) |
| **Total liabilities** | | (157,710) | (82,980) |
| **Net assets** | | 15,866,401 | 15,552,346 |
| **EQUITY** | | | |
| Share capital | 13 | 1,000 | 1,000 |
| Share premium | | 37,461 | 37,461 |
| Other reserves | | 15,650,550 | 15,338,835 |
| Retained profits | | 177,390 | 175,050 |
| **Total shareholder's equity** | | 15,866,401 | 15,552,346 |

The financial statements were approved and authorised for release by the board of directors on 7 December 2022 and signed on its behalf by:

Jo Battershill, Director

Company registration number 00939442

## Statement of changes in equity

All attributable to the equity holder in the company

| | Share capital | Share premium | Other reserves | Retained profits | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Total shareholder's equity at 1 April 2020** | 1,000 | 37,461 | 15,250,076 | 174,412 | 15,462,949 |
| Total comprehensive income for the year: | | | | | |
| Profit for the year | - | - | - | 638 | 638 |
| Total comprehensive income for the year | - | - | - | 638 | 638 |
| Capital contributions | - | - | 88,579 | - | 88,579 |
| **Total shareholder's equity at 31 March 2021** | 1,000 | 37,461 | 15,338,655 | 175,050 | 15,552,166 |
| Total comprehensive income for the year: | | | | | |
| Profit for the year | - | - | - | 2,340 | 2,340 |
| Total comprehensive income for the year | - | - | - | 2,340 | 2,340 |
| Capital contributions | - | - | 311,715 | - | 311,715 |
| **Total shareholder's equity at 31 March 2022** | 1,000 | 37,461 | 15,650,370 | 177,390 | 15,866,221 |

# Notes to the financial statements for the year ended 31 March 2022

## 1. General information

Parys Mountain Mines Limited is domiciled and incorporated in England and Wales under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the Directors' report. The registered office address is shown on page 1.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company has been operating. Foreign operations are included in accordance with the policies set out in note 2.

## 2. Significant accounting policies

**Basis of Accounting**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

**Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the fair valuation of certain financial assets. The principal accounting policies adopted are set out below.

**Going concern**

The directors have considered the business activities of the company as well as its principal risks and uncertainties as set out in this report. When doing so they have carefully applied the guidance given in the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued in September 2014.

The financial statements are prepared on a going concern basis. The validity of the going concern basis is dependent on finance being available for the continuing working capital requirements of the company for the foreseeable future, being a period of at least twelve months from the date of approval of the accounts. Based on the committed support of the company's parent there will be sufficient finance available for the continuing working capital requirements of the company on a status quo basis for at least twelve months from the date of the financial statements.

Additional financial resources will be required to meet planned business objectives, to progress the ongoing development of the Parys Mountain project and to continue as a going concern. The plans to phase the development of the project by undertaking the various optimisation programmes and completing a prefeasibility or feasibility study to progress the Parys Mountain Mine towards production require interim funding to finance the further studies and optimisation programmes and, in the longer term, senior financing to fund the capital and development costs to put the Parys Mountain Mine into production.

Anglesey Mining, the company's parent, is actively pursuing various financing options with certain shareholders and financial institutions regarding proposals for financing and is in discussions with a range of investors, including private equity funds. Whilst these discussions continue the directors have reasonable expectations that those financing discussions will be successful and therefore the financial statements have been prepared on the going concern basis. Nevertheless, there is a risk that adequate additional funding may not be available on a timely basis or on acceptable terms to move the Parys Mountain project through to its full potential and there is no guarantee that such funding will be available, or that there will be the necessary investment to advance the development of the project and put a mine at the Parys Mountain property into production. Given the resources currently available, there is a risk that there will not be sufficient financial resources to fund all the planned programme requirements.

**New standards and interpretations not yet adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after 1 January 2021. Many are not applicable or do not have a significant impact to the Group and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Group.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on 1 January 2023. The adoption of the above standard and interpretations is not expected to lead to any changes to the accounting policies or have any other material impact on the financial position or performance of the company.

IAS 37 - Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract - i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfil the contract - e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on 1 January 2022.

IAS 16 - Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on 1 January 2022.

IAS 8 - Accounting Estimates ("IAS 8") was amended. 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 organizations 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. The adoption of the above standard and interpretations is not expected to lead to any changes to the accounting policies or have any other material impact on the financial position or performance of the group.

The adoption of the above standards and interpretations is not expected to lead to any changes to the accounting policies or have any other material impact on the financial position or performance of the group.

There have been no other new or revised International Financial Reporting Standards, International Accounting Standards or Interpretations that are in effect since that last annual report that have a material impact on the financial statements.

**Foreign currencies**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period.
On consolidation, the assets and liabilities of the company's overseas operations are translated at exchange rates prevailing on the period end date. Exchange differences arising, if any, are classified as items of other comprehensive income and transferred to the company's translation reserve within equity.
Such translation differences are reclassified to profit or loss, and recognised as income or as expense, in the period in which there is a disposition of the operation.

**Taxation**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the period end liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.
The carrying amount of any deferred tax asset is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Property, plant and equipment**

The company's freehold land is stated in the statement of financial position at cost. The directors consider that the residual value of buildings, based on prices prevailing at the date of acquisition and at each subsequent reporting date as if the asset were already of the age and in the condition expected at the end of its useful life, is such that any depreciation would not be material. The carrying value is reviewed annually to consider whether it exceeds the recoverable value, in which case any impairment in value would be charged immediately to the income statement.
Plant and office equipment are stated in the statement of financial position at cost, less depreciation. Depreciation is charged on a straight line basis at the annual rate of 25%. Residual values and the useful lives of these assets are also reviewed annually.

**Intangible assets - mineral property exploration and evaluation costs**

Intangible assets are stated in the statement of financial position at cost, less accumulated amortisation and provisions for impairment.
Costs incurred prior to obtaining the legal rights to explore a mineral property are expensed immediately to the income statement. Mineral property exploration and evaluation costs are capitalised until the results of the projects, which are usually based on geographical areas, are known; these include an allocation of administrative and management costs as determined appropriate to the project by management.
Where a project is successful, the related exploration costs are amortised over the life of the estimated mineral reserve on a unit of production basis. Where a project is terminated, the related exploration costs are expensed immediately. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

**Impairment of tangible and intangible assets**

The values of mineral properties are reviewed annually for indications of impairment and when these are present a review to determine whether there has been any impairment is carried out. They are written down when any impairment in their value has occurred and are written off when abandoned. Where a provision is made or reversed it is dealt with in the income statement in the period in which it arises.

**Provisions**
Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the end of the reporting period and are discounted to present value where the effect is material.

**Financial instruments**
*Initial recognition*
All financial assets and liabilities are initially recognised on the trade date; this being the date that company becomes a party to the contractual provisions of the instrument.
All financial instruments are initially recognised at fair value plus, in the case of financial assets and financial liabilities not held at fair value through profit or loss, directly attributable transaction costs.
*Classification and measurement*
*Financial assets*
The classification of financial instruments depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. The company classifies its financial assets in one of the following categories:
- Amortised cost
- Fair value through other comprehensive income (FVOCI)

*Financial assets classified and measured at amortised cost*
Amortised cost financial instruments are non-derivative financial assets held within a business model, whose objective is to collect contractual cash flows, on specified dates that are solely payments of principal and interest on the principal amount outstanding.
Such financial instruments are those that are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment based on Expected Credit Loss (ECL). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the financial asset.
Financial assets classified as amortised cost are other receivables, deposits and cash and cash equivalent. The carrying values of these financial assets at the yearend are not material to the company.
*Financial assets classified and measured at fair value through other comprehensive income "FVOCI"*
FVOCI financial assets are those non-derivative financial assets held within a business model, whose objectives are both to sell the financial assets and to collect contractual cash flows, on specified dates, that are solely payments of principal and interest on the principal amount outstanding.
Financial assets that are classified as FVOCI are measured at fair value. The changes in fair value are recognised directly in equity with three exceptions, which are recognised in profit and loss:
- Interest, calculated using the effective interest method;
- Impairment losses; and
- Foreign exchange gains and losses on monetary financial assets.

When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income.
*Financial liabilities*
The company classifies all financial liabilities as other financial liabilities measured at amortised cost. Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

**Equity and reserves**
Share capital represents the nominal value of shares that have been issued. Share premium represents the amount by which the amount received for a share issue exceeds its face value. Capital contributions represent amounts advanced by the company's parent which are not expected to be repaid. Retained earnings include all current and prior period retained profits.

**Leases**
Mining lease payments relating to mineral property exploration and evaluation are capitalised; there are no other leases, see note 15 for details. There are no IFRS 16 disclosures required in respect of the mining leases.

**Judgements made in applying accounting policies and key sources of estimation uncertainty**

The following critical judgements have been made in the process of applying the accounting policies:

(a) In determining the treatment of exploration and evaluation expenditures the directors are required to make estimates and assumptions as to future events and circumstances. Significant judgment must be exercised in determining when a project moves from the exploration and evaluation category phase and into the development category of mineral property interests. The existence and extent of economic mineral resources, proven or probable mineral reserves; regulatory permits and licences; the availability of development financing; current and future metal prices; and market sentiment are all factors to be considered.

(b) In connection with possible impairment of exploration and evaluation assets, the directors assess each potentially cash generating unit annually to determine whether any indication of impairment exists. The judgements made when doing so are similar to those set out above and are subject to the same uncertainties.

**Nature and purpose of equity reserves**
The share premium reserve represents the consideration that has been received in excess of the nominal value of shares on issue of new ordinary share capital, less any direct costs of issue. Other reserves are in respect of capital contributions by the company's parent. The retained earnings reserve represents profits and losses retained in previous and current periods.

## 3. Operating profit

The remuneration of the auditor for the annual audit of the company's financial statements is borne by the parent company, Anglesey Mining plc, a company registered in England and Wales.

## 4. Remuneration of directors, staff numbers and costs

Other than the directors, the company had no employees during the year or the preceding year. Any directors' remuneration is paid by the parent company.

## 5. Result on ordinary activities before taxation

Revenues are in respect of rental income from land owned by the company. The company earned no income, and administrative costs were borne by the parent company.

## 6. Taxation

Trading profits for taxation purposes have been offset against losses of other companies using Company Relief. Accordingly no provision has been made for Corporation Tax. There are capital allowances, including mineral extraction allowances, of £13.2 million unclaimed and available at 31 March 2022 (2021 - £12.8 million).

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Current tax | - | - |
| Deferred tax | - | - |
| Total tax | - | - |

Tax is calculated at the domestic income tax of 19% (2021 - 19%) of the estimated assessed profit for the year.

The total charge for the year can be reconciled to the accounting profit or loss as follows:

| | 2022 | 2021 |
|---|---|---|
| Profit for the year | 2,340 | 638 |
| Tax at the domestic income tax rate of 19% (2020 - 19%) | 445 | 121 |
| **Tax effect of:** | | |
| Expenses not deductible in determining taxable result | - | - |
| Prior year losses utilised | (445) | (121) |
| Current tax | - | - |

## 7. Mineral property exploration and evaluation costs

| | |
|---|---|
| At 31 March 2021 | 15,317,293 |
| Additions - site | 367,474 |
| Additions - rentals & charges | 26,936 |
| At 31 March 2022 | 15,711,703 |
| Net book value 2022 | 15,711,703 |
| Net book value 2021 | 15,317,293 |

Included in the additions are mining lease expenses of £18,727 (2021 - £19,170).

The recoverability of the deferred exploration and evaluation costs are subject to a number of significant potential risks including:

- the raising of new finance to develop the mine;
- the viability of the operation of the mine;
- the ability of the company to trade profitably in the future; and
- the continued financial support of its parent.

Further significant potential risks have been outlined in the directors' report.

The realisation of these intangible fixed assets is dependent on the development of economic mineral reserves. Should this prove unsuccessful, the value included in the statement of financial position would be written off.

**Potential impairment of mineral property**

Accumulated exploration and evaluation expenditure in respect of the Parys Mountain property is carried in the financial statements at cost less any impairment provision.

At each reporting date the exploration and evaluation assets are assessed to determine whether specific facts and circumstances indicate there is an indication of impairment and whether an impairment test is required. If such an

indication exists, the recoverable amount of the asset is estimated and if the carrying amount of the asset exceeds its estimated recoverable amount, the asset is impaired, and the impairment loss is measured. If impairment testing is required, the impairment testing of exploration and evaluation assets is carried out in accordance with IAS 36 Impairment of Assets as modified by IFRS 6. Any impairment loss is charged to the Statement of Income and Loss to reduce the carrying amount to its estimated recoverable amount.
In determining whether there is an impairment indicator, consideration is given to both internal factors (e.g. adverse changes in performance) and external factors (e.g., adverse changes in the business or regulatory environment). Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The existence and extent of proven or probable mineral reserves; retention of regulatory permits and licences; the availability of development financing; current and future metal prices; and market sentiment are all factors to be considered. There are several external factors that can have a significant impact on the recoverable amount of a mineral property, including the uncertainty of market conditions, the volatility of commodity prices and foreign exchange rates.
Following review, the directors concluded that there are no material adverse changes in facts and circumstances, or in market conditions or regulations affecting, the Parys Mountain property during the year ended 31 March 2022. The directors continued to rely on the publication in January 2021 of the independent PEA, with an expanded resource base, which demonstrated that a major mining operation can be established at Parys Mountain, with robust economics at reasonable capital and operating costs.
The property has the potential for the discovery of new or additional resources and has ongoing exploration potential and further work is recommended and planned. Metal prices have improved and the outlook for most minerals, and particularly for the copper, zinc and lead minerals at Parys Mountain, is very encouraging. Accordingly, the directors concluded that any specific facts and circumstances which might suggest there is an indication of impairment have not materially changed during the year and there are no facts or circumstances that suggest there is an indication of impairment and therefore no impairment test was required or completed.

## 8. Freehold property

| | |
|---|---|
| **Cost** | **£** |
| At 31 March 2021 and 2022 | 174,687 |
| **Carrying amount** | |
| At 31 March 2021 and 2022 | 174,687 |

The directors assess the market value of the land annually and are satisfied that it is in excess of the carrying value.

## 9. Deposit

| | £ |
|---|---|
| Opening balance | 123,787 |
| Interest in year | 24 |
| Closing balance | 123,811 |

This deposit was required and made under the terms of a Section 106 Agreement with the Isle of Anglesey County Council which has granted planning permissions for mining at Parys Mountain. The deposit is refundable upon restoration of the permitted area to the satisfaction of the Planning Authority. The carrying value of the deposit approximates to its fair value.

## 10. Other receivables

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Amounts receivable & prepayments | 13,878 | 12,348 |

The carrying value of the receivables approximates to their fair value.

## 11. Trade and other payables

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Trade payables | (31,617) | (1,479) |
| Accruals | (76,093) | (31,501) |
| Totals | (107,710) | (32,980) |

The carrying value of the trade and other payables approximates to their fair value.

## 12. Provision

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Provision for site reinstatement | (50,000) | (50,000) |
| Addition in year | - | - |
| Provision at the end of the year | (50,000) | (50,000) |

The provision for site reinstatement covers the estimated costs of reinstatement at the Parys Mountain site of the work done and changes made up to the date of the accounts. These costs would be payable on completion of mining activities which is estimated to be in more than 20 years' time or on earlier abandonment of the site. There are significant uncertainties inherent in the assumptions made in estimating the amount of this provision, which include judgements of changes to the legal and regulatory framework, magnitude of possible contamination and the timing and extent and costs of required restoration and rehabilitation activity.

## 13. Share capital

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Issued and fully paid** | | |
| 1000 ordinary shares of £1 each | | |
| At 31 March 2021 and 2022 | 1,000 | 1,000 |

## 14. Parent company and financial support

During the year Anglesey Mining plc (Anglesey), a listed company registered in England and Wales with no single controlling party, was the company's ultimate parent. Anglesey has indicated its willingness to provide financial support to enable the company to continue its activities for the foreseeable future being a period of at least 12 months from the date of approval of these accounts.

## 15. Commitments and mineral properties

(a) Most of the mineral resources delineated to date are under the western portion of Parys Mountain, the freehold and minerals of which is owned by the company. A royalty of 6% of net profits after deduction of capital allowances, as defined for tax purposes, from production of freehold minerals is payable. The mining rights over and under this area, and the leasehold area described in (b) below, are also held by the company by virtue of a 99 year lease dated 16 September 1971.

(b) Under a lease from Lord Anglesey dated December 2006, other companies within the Anglesey Mining group hold the eastern part of Parys Mountain, formerly known as the Mona Mine. An annual certain rent of £18,727 is payable for the year beginning 23 March 2021; the base part of this rent increases to £20,000 when extraction of minerals at Parys Mountain commences; all of these rental figures are index-linked. A royalty of 1.8% of net smelter returns from mineral sales is also payable. The lease may be terminated by the company at 12 months' notice and otherwise terminates in 2070.

(c) Under a mining lease from the Crown dated December 1991, there was an annual lease payment of £5,000. A royalty of 4% of gross sales of gold and silver from the lease area was also payable. The lease may be terminated at 12 months' notice and otherwise terminates in 2020. It is guaranteed by the company's parent. This Crown lease expired in April 2020 and negotiations in respect of the renewal of this lease or the granting of a new lease are continuing. It is expected that a new or renewed lease, if taken up and accepted, would be subject to annual lease payments and a royalty on gold and silver sales.

**Lease payments**

The mining leases may be terminated by the lessees with 12 months' notice. If they are not so terminated, the minimum payments due in respect of the leases and royalty agreement are analysed as follows: within the year commencing 1 April 2022 - £20,114 and for the five years between 1 April 2023 and 31 March 2026 - £106,713 Thereafter the payments will continue at proportionate annual rates, in some cases with increases for inflation, for so long as the leases are retained or extended.

## 16. Events after the period end

There are no events after the period end to report.