

Tungsten West Limited

Statement of Financial Position
prepared for the purpose of Companies Act 2006, s. 92(1)(b) and (c)
As at 31 July 2021

Registration number: 11310159

THURSDAY



AADMFA1E

A06

23/09/2021

#363

COMPANIES HOUSE

Tungsten West Limited

Contents

Company Information	1
<i>Independent Auditor's Report</i>	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Notes to the Financial Statements	5 to 21

Tungsten West Limited

Company Information

Directors	Mr S L Fabian
	Mr F P H Johnstone
	Mr R W M Maxey
	Mr M C Denning
	Mr M E Thompson
	Mr A N Widdowson
Registered office	Shakespeare Martineau LLP 6th Floor 60 Gracechurch Street London EC3V 0HR
Auditors	PKF Francis Clark LLP North Quay House Sutton Harbour Plymouth Devon PL4 0RA

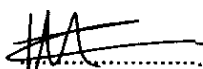
Tungsten West Limited

Statement of Financial Position

31 July 2021

	Note	31 July 2021 £	31 March 2021 £
Assets			
Non-current assets			
Property, plant and equipment	3	32,363	32,773
Right of use assets	4	36,004	45,146
Investments in subsidiaries, joint ventures and associates	5	4,294,248	4,256,990
		<u>4,362,615</u>	<u>4,334,909</u>
Current assets			
Trade and other receivables	6	12,480,437	9,625,120
Cash and cash equivalents	7	3,595,596	3,270,809
		<u>16,076,033</u>	<u>12,895,929</u>
Total assets		<u>20,438,648</u>	<u>17,230,838</u>
Equity and liabilities			
Equity			
Share capital	8	(760,164)	(6,856)
Share premium		(5,610,593)	(12,327,484)
Share option reserve		(105,098)	(67,840)
Warrant reserve		(841,318)	(754,586)
Retained earnings		<u>(1,901,814)</u>	<u>7,069,210</u>
Total equity		<u>(9,218,987)</u>	<u>(6,087,556)</u>
Non-current liabilities			
Loans and borrowings	9	(10,590,185)	(10,330,563)
Current liabilities			
Trade and other payables	11	(602,153)	(784,937)
Loans and borrowings	9	<u>(27,323)</u>	<u>(27,782)</u>
		<u>(629,476)</u>	<u>(812,719)</u>
Total liabilities		<u>(11,219,661)</u>	<u>(11,143,282)</u>
Total equity and liabilities		<u>(20,438,648)</u>	<u>(17,230,838)</u>

Approved by the Board and authorised for use on 02/09/2021 and signed on its behalf by:



Mr M C Denning

Director

Company registration number: 11310159

The notes on pages 5 to 21 form an integral part of these financial statements.

Tungsten West Limited

Statement of Changes in Equity Period from 1 April 2021 to 31 July 2021

	Share capital £	Share premium £	Share option reserve £	Warrant reserve £	Retained earnings £	Total £
At 1 April 2020	5,139	5,991,124	4,896	61,000	(4,315,796)	1,746,363
Loss for the period	-	-	-	-	(2,753,414)	(2,753,414)
Total comprehensive income	-	-	-	-	(2,753,414)	(2,753,414)
New share capital subscribed	1,717	7,029,946	-	-	-	7,031,663
Warrant issue	-	(693,586)	-	693,586	-	-
Issue of share options	-	-	62,944	-	-	62,944
At 31 March 2021	6,856	12,327,484	67,840	754,586	(7,069,210)	6,087,556
At 1 April 2021	6,856	12,327,484	67,840	754,586	(7,069,210)	6,087,556
Loss for the period	-	-	-	-	(1,028,976)	(1,028,976)
Total comprehensive income	-	-	-	-	(1,028,976)	(1,028,976)
New share capital subscribed	795	4,122,354	-	-	-	4,123,149
Bonus issue	752,513	(752,513)	-	-	-	-
Capital reduction	-	(10,000,000)	-	-	10,000,000	-
Warrant issue	-	(86,732)	-	86,732	-	-
Issue of share options	-	-	37,258	-	-	37,258
At 31 July 2021	760,164	5,610,593	105,098	841,318	1,901,814	9,218,987

The notes on pages 5 to 21 form an integral part of these financial statements.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

Shakespeare Martineau LLP

6th Floor

60 Gracechurch Street

London

EC3V 0HR

United Kingdom

The principal place of business is:

Hemerdon Mine

Drakelands

Plympton

Devon

PL7 5BS

2 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the UK ("adopted IFRS").

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRS and under historical cost accounting rules.

The financial statements are presented in Sterling, which is the functional currency of the company.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

Going concern

The Directors have carefully considered the Company's financial position, liquidity and future cash-flow requirements. The Company is proceeding with plans to raise the required finance in its subsidiaries to undertake the changes required to the processing plant and to restart mining operation. In June the Company completed a further capital raise of £3.8m which, together with existing cash reserves in the group headed by this company, will give it sufficient working capital to maintain existing care and maintenance activities until the required finance package is expected to be in place. Should the expected fund raising be delayed the Directors believe that the Company has sufficient funding available to allow the mine to continue to operate in its current form for a period of at least 12 months from the date of approval of these financial statements.

Accordingly based on the forecasts the directors have prepared, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they believe it is appropriate to apply the going concern basis of accounting in preparing the financial statements.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 April 2021 have had a material effect on the financial statements.

Tax

Income tax expense consists of the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported for accounting purposes because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for tax matters that are uncertain if it is considered probable that there will be a future outflow of funds to a tax authority. The provision is measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company

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 the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting 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 based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The company intends to submit research and development tax credit claims. The company accounts for a claim at the point it has been approved by HMRC.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

Property, plant and equipment

Land and buildings are stated at the cost less any depreciation or impairment losses subsequently accumulated (cost model).

Plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture, Fittings and equipment	5% - 20% Straight Line

Right-of-use asset

Right-of-use assets consist of a lease for a property under IFRS16. These assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

Investments

Fixed asset investments are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade and other receivables where payment is due within one year do not constitute a financing transaction and are recorded at the undiscounted amount expected to be received, less attributable transaction costs. Any subsequent impairment is recognised as an expense in profit or loss.

All trade and other receivables are subsequently measured at amortised cost, net of impairment.

Trade payables

Trade and other payables are initially recognised at fair value less attributable transaction costs. They are subsequently measured at amortised cost.

Convertible debt

The redemption of convertible debt does not give rise to a fixed number of shares on conversion and so is recognised as a liability with no equity element initially recorded at the amount of proceeds received. Interest compounds annually at a rate of 8% but shall not be payable until the maturity date.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

Leases

At inception of the contract, the company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all material lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

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 company uses its incremental borrowing rate. It 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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share options granted to shareholders classified as equity instruments are accounted for at the fair value of cash received or receivable. Share options granted to shareholders which represent a future obligation for the company outside of its control are recognised as a financial liability at fair value through profit and loss.

Share options granted to employees are fair valued at the date of grant with the cost recognised over the vesting period. If the employee is employed in a subsidiary company the cost is added to the investment value, in the financial statements of the parent, and the expense recognised in staff costs in the statements of the subsidiary.

Warrants issued in return for a service are classified as equity instruments and measured at the fair value of the service received.

Where the service received relates to the issue of shares the cost is debited against the proceeds received in share premium.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, intangible assets, deferred tax assets, prepayments and deferred tax liabilities.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

In particular the company has recognised a financial liability arising from the founder share incentives at fair value. Subsequent movements in fair value are recognised through profit or loss.

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment and the valuation of financial instruments as explained in more detail below:

Share Options

The Directors have valued share options granted to employees using the Black Scholes model. A number of inputs into this model require significant elements of judgement including in particular the market value of ordinary shares at grant and the estimate of share price volatility.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

The company has had to assess reasonable discount rates based on market factors to use under IFRS. These discount rates have been used on the Right-of-use assets. The discount rate on the Right-of-use asset is the rate for an equivalent debt instrument.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

3 Property, plant and equipment

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 April 2020	-	-
Additions	34,289	34,289
At 31 March 2021	34,289	34,289
At 1 April 2021	34,289	34,289
At 31 July 2021	34,289	34,289
Depreciation		
Charge for year	1,516	1,516
At 31 March 2021	1,516	1,516
At 1 April 2021	1,516	1,516
Charge for the period	410	410
At 31 July 2021	1,926	1,926
Carrying amount		
At 31 July 2021	32,363	32,363
At 31 March 2021	32,773	32,773

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

4 Right of use assets

	Property £	Total £
Cost or valuation		
At 1 April 2020	-	-
Additions	54,116	54,116
At 31 March 2021	54,116	54,116
At 1 April 2021	54,116	54,116
At 31 July 2021	54,116	54,116
Depreciation		
At 1 April 2020	-	-
Charge for year	8,970	8,970
At 31 March 2021	8,970	8,970
At 1 April 2021	8,970	8,970
Charge for the period	9,142	9,142
At 31 July 2021	18,112	18,112
Carrying amount		
At 31 July 2021	36,004	36,004
At 31 March 2021	45,146	45,146

Depreciation on right-of-use assets charged through the profit and loss totals £9,142 (2021: £8,970). Interest expense on lease liabilities charged through the profit and loss totals £504 (2021: £650).

5 Investments

Subsidiaries	£
Cost or valuation	
At 1 April 2020	4,194,046
Additions	62,944
At 31 March 2021	4,256,990
At 1 April 2021	4,256,990
Additions	37,258
At 31 July 2021	4,294,248
Carrying amount	
At 31 July 2021	4,294,248
At 31 March 2021	4,256,990

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

Aggregates West Limited was acquired during 31 March 2021 financial year at nil cost. Additions relate to further investment in subsidiaries as a result of share options in the company granted to employees of those subsidiaries.

Details of the subsidiaries as at 31 July 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2021
Drakelands Restoration Limited	Mining of tungsten and tin	Shakespeare Martineau LLP 6th Floor 60 Gracechurch Street London United Kingdom EC3V0HR England and Wales	100%	100%
Tungsten West Services Limited	Provision of services to group	Shakespeare Martineau LLP 6th Floor 60 Gracechurch Street London United Kingdom EC3V0HR England and Wales	100%	100%
Aggregates West Limited	Sales of aggregates	Shakespeare Martineau LLP 6th Floor 60 Gracechurch Street London United Kingdom EC3V0HR England and Wales	100%	100%

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

6 Trade and other receivables

	31 July 2021	31 March 2021
	£	£
Trade receivables	-	9,601
Receivables from related parties	12,369,338	9,539,430
Prepayments	41,347	8,791
Other receivables	69,752	67,298
	<u>12,480,437</u>	<u>9,625,120</u>

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The carrying amount of trade and other receivables approximates the fair value.

As the company is in the early phases of operations and making a few minor sales, bad debt is being considered on customer by customer basis. No irrecoverable debts were identified as at year end

7 Cash and cash equivalents

	31 July 2021	31 March 2021
	£	£
Cash at bank	<u>3,595,596</u>	<u>3,270,809</u>

8 Share capital

Allotted, called up and fully paid shares

	No.	31 July 2021 £	No.	31 March 2021 £
Ordinary shares of £0.0001 each	-	-	68,560,000	6,856.00
Ordinary shares of £0.01 each	<u>76,016,400</u>	<u>760,164.00</u>	<u>-</u>	<u>-</u>
	<u>76,016,400</u>	<u>760,164.00</u>	<u>68,560,000</u>	<u>6,856.00</u>

On the 22 July 2021 the company issued 99 £0.0001 bonus shares for every 1 share held. At this date all shares in issue were then consolidated into £0.01 shares. This bonus issue was to ensure the company had the minimum required £50,000 share capital to re-register as a public company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

9 Loans and borrowings

	31 July 2021 £	31 March 2021 £
Non-current loans and borrowings		
Hire purchase contracts	9,394	18,623
Convertible debt	10,580,691	10,311,840
Other borrowings	100	100
	<u>10,590,185</u>	<u>10,330,563</u>
	31 July 2021 £	31 March 2021 £
Current loans and borrowings		
Hire purchase contracts	<u>27,323</u>	<u>27,782</u>

Convertible bonds

The redemption of convertible debt does not give rise to a fixed number of shares on conversion and so convertible debt is recognised as a liability with no equity element initially recorded at the amount of proceeds received. Interest compounds annually at a rate of 8% but shall not be paid until the maturity date. Convertible debt is redeemable at a premium at the option of the company if paid prior to maturity. Maturity date is 30 November 2022.

Movement in liability

	31 July 2021 £	31 March 2021 £
Brought forward	10,311,840	9,548,000
Interest expense	<u>268,851</u>	<u>763,840</u>
	<u>10,580,691</u>	<u>10,311,840</u>

10 Obligations under leases and hire purchase contracts

Finance leases

2021	Minimum lease payments £	Interest £	Present value £
Within one year	28,200	(877)	27,323
In two to five years	<u>9,400</u>	<u>(6)</u>	<u>9,394</u>
	<u>37,600</u>	<u>(883)</u>	<u>36,717</u>

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

	Minimum lease payments £	Interest £	Present value £
2021			
Within one year	28,200	(418)	27,782
In two to five years	18,800	(177)	18,623
	<u>47,000</u>	<u>(595)</u>	<u>46,405</u>

The present values of future finance lease payments are analysed as follows:

	31 July 2021 £	31 March 2021 £
Current liabilities	27,323	27,782
Non-current liabilities	9,394	18,623
	<u>36,717</u>	<u>46,405</u>

11 Trade and other payables

	31 July 2021 £	31 March 2021 £
Trade payables	5,600	87,500
Accrued expenses	595,639	65,577
Social security and other taxes	914	1,858
Other payables	-	630,002
	<u>602,153</u>	<u>784,937</u>

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 45 days. No interest is charged on overdue amounts.

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

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

12 Share-based payments

Warrants

Scheme details and movements

Warrants have been issued to certain shareholders and intermediaries as commission for introducing capital to the company. Warrants can be exercised at any point before the expiry date for a fixed number of shares.

The movements in the number of share options during the period were as follows:

	31 July 2021 Number	31 March 2021 Number
Outstanding, start of period	2,310,681	220,000
Granted during the period	126,760	2,090,681
Outstanding, end of period	<u>2,437,441</u>	<u>2,310,681</u>

The exercise price of warrants outstanding at 31 July 2021 ranged between £0.25 and £0.65 (March 2021: between £0.25 and £0.56) and their contractual life was 2 years (March 2021: 2 years).

Founder share incentives

Scheme details and movements

The founder shareholders have a right to receive shares at a nominal value once certain milestones are hit.

The movements in the number of share options during the period were as follows:

	31 July 2021 Number	31 March 2021 Number
Outstanding, start of period	6,963,000	5,139,000
Granted during the period	638,137	1,824,000
Outstanding, end of period	<u>7,601,137</u>	<u>6,963,000</u>

One of the milestones in the agreement obligates the company to issue shares upon an event which is outside its control. This represents a financial liability which is measured at fair value with changes in value going through the profit and loss account. See note 14.

EMI share options

Scheme details and movements

Share options have been issued to key employees as an incentive to stay with the company. These options can be exercised within 4 years following the grant date, once the option has vested.

The movements in the number of share options during the period were as follows:

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

	31 July 2021 Number	31 March 2021 Number
Outstanding, start of period	1,233,333	833,333
Granted during the period	397,226	400,000
Outstanding, end of period	<u>1,630,559</u>	<u>1,233,333</u>

The exercise price of share options outstanding at 31 July 2021 ranged between £0.0001 and £0.6 (March 2021: between £0.0001 and £0.30) and their contractual life was 4 years (March 2021: 4 years).

Share options have been valued using the Black Scholes model. The key assumption being the volatility of the future share price which has been set at 33%. The directors have based this on observable market volatilities of similar entities.

13 Commitments

Other financial commitments

The total amount of other financial commitments not provided in the financial statements was £4,200,000 (2021 - £4,200,000). This is payable on the commencement of mining operations and represents contractual amounts due to the mining contractor and further committed payments to the funds held in the escrow account under the escrow agreement.

14 Classification of financial and non-financial assets and financial and non-financial liabilities

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 July 2021 was as follows:

	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets & liabilities at FVTPL
Assets			
Current Assets			
Trade and other receivables	12,439,090	-	-
Cash and cash equivalents	3,595,596	-	-
	<u>16,034,686</u>	<u>-</u>	<u>-</u>
Liabilities			
Non-current liabilities			
Loans and Borrowings	-	(10,590,185)	-
Current liabilities			
Trade and other payables	-	(602,153)	-
Loans and borrowings	-	(27,323)	-
	<u>-</u>	<u>(10,590,185)</u>	<u>-</u>

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

-	(629,476)	-
-	(11,219,661)	-

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 March 2021 was as follows:

	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets & liabilities at FVTPL
Assets			
Current Assets			
Trade and other receivables	9,616,329	-	-
Cash and cash equivalents	3,270,809	-	-
	<u>12,887,138</u>	<u>-</u>	<u>-</u>
Liabilities			
Non-current liabilities			
Loans and Borrowings	-	(10,330,563)	-
Current liabilities			
Trade and other payables	-	(634,938)	(149,999)
Loans and borrowings	-	(27,782)	-
	<u>-</u>	<u>(662,772)</u>	<u>(149,999)</u>
	<u>-</u>	<u>(10,993,283)</u>	<u>(149,999)</u>

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

IFRS 13 requires the provision of information about how the company establishes the fair values of financial instruments. Valuation techniques are divided into three levels based on the quality of inputs:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included in level 1 that are observable, directly or indirectly;
- Level 3 inputs are unobservable.

The company's only financial instrument that is measured at fair value is the founder share incentives valued at £Nil (2021: £149,999). These are classified as level 2. They are valued based on a market valuation with assumptions used for the share price and probability of external sale.

There are no significant unobservable inputs.

15 Financial risk review

This note presents information about the company's exposure to financial risks and the company's management of capital.

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

Credit risk

In order to minimise credit risk, the company has adopted a policy of only dealing with creditworthy counterparties (banks and debtors) and it obtains sufficient collateral, where appropriate, to mitigate the risk of financial loss from defaults. The most significant credit risk relates to customers that may default in making payments for goods they have purchased.

To date the company has only made a small number of sales and therefore the credit risk exposure has been low.

Liquidity risk

The directors regularly monitor forecast and actual cash flows and match the maturity profiles of financial assets and liabilities to ensure proper liquidity risk management and to maintain adequate reserves, and borrowing facilities. In the view of the directors, the key risk to liquidity is in meeting short term cash flow needs. All amounts repayable on demand or within three months are covered by the company's cash and accounts receivable balances, which gives the directors confidence that funds will be available to settle liabilities as they fall due.

Market risk

The company is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The interest rates and terms of repayment are disclosed in note 9 to the financial statements. The company's policy is to obtain the most favourable interest rates available for all liabilities. Except as outlined above, the company has no significant interest-bearing assets and liabilities. The company in the future will also be exposed to exchange rate risk on the basis that tungsten prices are principally denominated in USD. The company will seek to manage this risk through the supply contracts it agrees with future customers.

The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates or foreign currency exchange rates at the current time.

16 Related party transactions

During the period one Director received a commission payment of £35,000 (March 2021: £79,000) from a third party in connection with raising additional share capital for Tungsten West Limited. In addition, one Director received a beneficial interest in 58,333 Warrants at 60p (March 2021: 22,222 Warrants at 45p) granted during the year to a third party in relation to raising additional share capital for Tungsten West Limited.

Convertible bonds

At 31 July 2021 £3,300,000 (31 March 2021: £3,300,000) of convertible bonds were held by family members of two of the directors. Interest due on these bonds at 31 July 2021 was £454,080 (31 March 2021: £359,040).

Tungsten West Limited

Notes to the Financial Statements

Period from 1 April 2021 to 31 July 2021

Key management personnel

Summary of transactions with key management

Key management personnel are the directors. In total the directors received remuneration totalling £24,000 from the company in the short period. Further directors remuneration of £71,200 was borne by Tungsten West Services Limited for work completed on behalf of Tungsten West Limited.