

Company Registration No. 11417276 (England and Wales)

**METAL CAPITAL EXPLORATION LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

# METAL CAPITAL EXPLORATION LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	K M Simich M L Fitzgerald
<b>Secretary</b>	LDC Nominee Secretary Limited
<b>Company number</b>	11417276
<b>Registered office</b>	2 New Bailey 6 Stanley Street Salford Greater Manchester M3 5GS
<b>Auditor</b>	Alexander & Co LLP Centurion House 129 Deansgate Manchester M3 3WR

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# METAL CAPITAL EXPLORATION LIMITED

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Independent auditor's report	3 - 5
Income statement	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 - 14

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# METAL CAPITAL EXPLORATION LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2021**

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The directors present their annual report and financial statements for the year ended 30 June 2021.

### Principal activities

The Company is a holding company for exploration and development operations in Botswana. The company is a subsidiary of Sandfire Resources Botswana Pty Limited. The ultimate parent company is Sandfire Resources Limited, a company whose shares are publicly traded on the Australian Stock Exchange (ASX).

### Results and dividends

The results for the year are set out on page 6.

The company is a holding company and does not trade. There are no specific key performance indicators relevant to the company.

The company and its parent intends to continue to provide funding to its subsidiary.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K M Simich  
M L Fitzgerald

### Auditor

In accordance with the company's articles, a resolution proposing that Alexander & Co LLP be reappointed as auditor of the company will be put at a General Meeting.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the 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.

# **METAL CAPITAL EXPLORATION LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2021***

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M L Fitzgerald  
**Director**

17 March 2022

# METAL CAPITAL EXPLORATION LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF METAL CAPITAL EXPLORATION LIMITED

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#### Opinion

We have audited the financial statements of Metal Capital Exploration Limited (the 'company') for the year ended 30 June 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 30 June 2021 and of its loss 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 relating to going concern

As indicated in note 1.2 to the financial statements, the financial statements have been prepared on the basis that support from the company's parent undertaking will be made available. We draw your attention to note 9 which indicates the company had liabilities of £15,314,965 due to its parent undertaking at 30 June 2021. These conditions indicate a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Conclusions relating to going concern

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.

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

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.

# **METAL CAPITAL EXPLORATION LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF METAL CAPITAL EXPLORATION LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our 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 the 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, 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 these financial statements.

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

Based on our understanding of the company, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the legal and regulatory framework that the company operates in. We considered the extent to which non-compliance might have a material effect on the financial statements. The key laws and regulations we considered in this context included UK Companies Act 2006.

## **METAL CAPITAL EXPLORATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF METAL CAPITAL EXPLORATION LIMITED**

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As a result of the above, our audit procedures performed included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud.
- Agreeing financial statements disclosures to underlying supporting documentation and assessing compliance with relevant laws and regulations.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK).

We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors of Metal Capital Exploration Limited.

#### **Use of our report**

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

**Stephen Jolley (Senior Statutory Auditor)**  
**For and on behalf of Alexander & Co LLP**

25 March 2022

**Chartered Accountants**  
**Statutory Auditor**

Centurion House  
129 Deansgate  
Manchester  
M3 3WR



# METAL CAPITAL EXPLORATION LIMITED

## INCOME STATEMENT

*FOR THE YEAR ENDED 30 JUNE 2021*

		Year ended 30 June 2021 £	Period ended 30 June 2020 £
	Notes		
Administrative expenses		(10,410)	(27,747)
Tax on loss	4	-	-
		<u>          </u>	<u>          </u>
<b>Loss and total comprehensive income for the financial year</b>		<b>(10,410)</b> <u>          </u>	<b>(27,747)</b> <u>          </u>

The income statement has been prepared on the basis that all operations are continuing operations.

# METAL CAPITAL EXPLORATION LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
<b>Non-current assets</b>					
Investments	5	14,802,260		9,392,457	
<b>Current assets</b>					
Trade and other receivables	7	494,048		16,320	
<b>Current liabilities</b>	8	(9,500)		(10,800)	
<b>Net current assets</b>		484,548		5,520	
<b>Total assets less current liabilities</b>		15,286,808		9,397,977	
<b>Non-current liabilities</b>	8	(15,314,965)		(9,415,724)	
<b>Net liabilities</b>		(28,157)		(17,747)	
<b>Equity</b>					
Called up share capital	11	10,000		10,000	
Retained earnings		(38,157)		(27,747)	
<b>Total equity</b>		(28,157)		(17,747)	

The financial statements were approved by the board of directors and authorised for issue on 17 March 2022 and are signed on its behalf by:

M L Fitzgerald  
**Director**

**Company Registration No. 11417276**

## METAL CAPITAL EXPLORATION LIMITED

### STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 30 JUNE 2021*

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2019	10,000	-	10,000
Period ended 30 June 2020:			
Loss and total comprehensive income for the period	-	(27,747)	(27,747)
Balance at 30 June 2020	10,000	(27,747)	(17,747)
Year ended 30 June 2021:			
Loss and total comprehensive income for the year	-	(10,410)	(10,410)
Balance at 30 June 2021	10,000	(38,157)	(28,157)

# METAL CAPITAL EXPLORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

#### Company information

Metal Capital Exploration Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, M3 5GS. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of Sandfire Resources Limited. The group accounts of Sandfire Resources Limited are available to the public and can be obtained as set out in note 14.

#### Group accounts

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Metal Capital Exploration Limited is a wholly owned subsidiary of Sandfire Resources Botswana Pty Limited and the results of Metal Capital Exploration Limited are included in the consolidated financial statements of Sandfire Resources Limited which are available from [Sandfire.com.au](http://Sandfire.com.au).

#### Comparative period

The current period covers the 12 month period ended 30 June 2021. The comparative period covered the 18 month period ended 30 June 2020. As a result, the comparative amounts presented in the financial statements including the related notes are not entirely comparable.

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is based on the assumption that the Company's parent undertaking will make adequate funds available to the company should they be required, in order for it to meet its liabilities as and when they fall due. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# METAL CAPITAL EXPLORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

(Continued)

#### 1.3 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### 1.4 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.5 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

##### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are measured at cost.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

# METAL CAPITAL EXPLORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies (Continued)

#### 1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.7 Taxation

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

#### 1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	7,700	22,800
	<u>7,700</u>	<u>22,800</u>

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2021 Number	2020 Number
2	3
<u>2</u>	<u>3</u>

# METAL CAPITAL EXPLORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 4 Taxation

	2021 £	2020 £
The charge for the year can be reconciled to the loss per the income statement as follows:		
	2021 £	2020 £
Loss before taxation	(10,410)	(27,747)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(1,978)	(5,272)
Effect of expenses not deductible in determining taxable profit	76	-
Unutilised tax losses carried forward	1,902	5,272
<b>Taxation charge for the year</b>	-	-

### 5 Investments

	Current 2021 £	2020 £	Non-current 2021 £	2020 £
Investments in subsidiaries	-	-	14,802,260	9,392,457

### Movements in non-current investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 July 2020	9,392,457
Additions	5,409,803
At 30 June 2021	14,802,260
<b>Carrying amount</b>	
At 30 June 2021	14,802,260
At 30 June 2020	9,392,457

# METAL CAPITAL EXPLORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 6 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Tshukudu Exploration (Pty) Limited	1	Ordinary	100.00
Trans Kalahari Copper Namibia (Pty) Limited	2	Ordinary	100.00

Registered office addresses:

- 1 64510 Fairground, Gaborone, Botswana
- 2 Unit 3, 2nd Floor, Ausspann Plaza, Dr Agostinho Neto Road, Ausspannplatz, Windhoek, Namibia

### 7 Trade and other receivables

	2021 £	2020 £
Amounts owed by subsidiary undertakings	492,848	15,210
Prepayments and accrued income	1,200	1,110
	<u>494,048</u>	<u>16,320</u>

### 8 Liabilities

		Current 2021 £	2020 £	Non-current 2021 £	2020 £
	Notes				
Borrowings	9	-	-	15,314,965	9,415,724
Trade and other payables	10	9,500	10,800	-	-
		<u>9,500</u>	<u>10,800</u>	<u>15,314,965</u>	<u>9,415,724</u>

### 9 Borrowings

	Non-current 2021 £	2020 £
<b>Borrowings held at amortised cost:</b>		
Loans from parent undertaking	15,314,965	9,415,724
	<u>15,314,965</u>	<u>9,415,724</u>

The loans payable are interest free and bear no fixed repayment date.



## METAL CAPITAL EXPLORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

#### 10 Trade and other payables

	2021 £	2020 £
Accruals and deferred income	9,500	10,800

#### 11 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £100 each	100	100	10,000	10,000

There is a single class of ordinary shares. The holders of ordinary shares are entitled to one vote per share held. Each share ranks equally for any dividend declared, and for any distribution made on a winding up.

#### 12 Financial commitments

In the prior period the company acquired a subsidiary, Trans Kalahari Copper Namibia (Pty) Ltd. The share purchase agreement provides for deferred consideration which becomes payable if a decision to mine is reached. The contingent consideration is dependent on the amount of copper found, with the maximum amount payable being A\$3,500,000. (Translated at the closing rate equivalent to £1,900,048.). No provision has been made for any additional consideration given the early stage of exploration.

#### 13 Related party transactions

##### *Transactions with shareholders*

Sandfire Resources Botswana Pty Limited provided finance for the company during the year through loans which are included in non-current and current liabilities. Sandfire Resources Botswana Pty Limited is interested in 100% of the shares of the company.

##### *Transactions with subsidiaries*

The company has provided finance to its subsidiary, Tshukudu Exploration Botswana (Proprietary) Limited, during the year. The debt provided was capitalised during the period and is reflected in additions to investments in subsidiary (note 5).

The company has provided finance to its subsidiary, Trans Kalahari Copper Namibia (Pty) Ltd, during the year. The debt provided is included in debtors at £492,848 (2020 - £15,210).

#### 14 Controlling party

The parent company of Metal Capital Exploration Limited is Sandfire Resources Botswana Pty Limited and its registered office is Level 2, 10 King Park Road, West Perth, WA 6005, Australia.

The ultimate controlling party of Metal Capital Exploration Limited is Sandfire Resources Limited, a company incorporated in Australia. Group financial statements are prepared by Sandfire Resources Limited and are publicly available on their website.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.