

Company registration number 11417276 (England and Wales)

METAL CAPITAL EXPLORATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

METAL CAPITAL EXPLORATION LIMITED

COMPANY INFORMATION

Directors	R W J Edwards	(Appointed 13 July 2022)
	M M Jansen	(Appointed 22 November 2023)
Secretary	LDC Nominee Secretary Limited	
Company number	11417276	
Registered office	Level 1 115 Park Street Mayfair London W1K 7AP	
Auditor	Alexander & Co LLP Centurion House 129 Deansgate Manchester M3 3WR	

METAL CAPITAL EXPLORATION LIMITED

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METAL CAPITAL EXPLORATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

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	(Resigned 30 September 2022)
M L Fitzgerald	(Resigned 30 September 2023)
R W J Edwards	(Appointed 13 July 2022)
M M Jansen	(Appointed 22 November 2023)

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 2023

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

R W J Edwards

Director

18 December 2023

METAL CAPITAL EXPLORATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF METAL CAPITAL EXPLORATION LIMITED

Opinion

We have audited the financial statements of Metal Capital Exploration Limited (the 'company') for the year ended 30 June 2023 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 Financial Reporting Standard 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 2023 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.

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.

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.

METAL CAPITAL EXPLORATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF METAL CAPITAL EXPLORATION LIMITED

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 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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.

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.

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).

METAL CAPITAL EXPLORATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF METAL CAPITAL EXPLORATION LIMITED

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 the member 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

18 December 2023

Chartered Accountants
Statutory Auditor

Centurion House
129 Deansgate
Manchester
M3 3WR

METAL CAPITAL EXPLORATION LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Revenue		-	-
Administrative expenses		(11,650)	(12,520)
Loss before taxation	2	(11,650)	(12,520)
Tax on loss	4	-	-
Loss and total comprehensive income for the financial year		<u>(11,650)</u>	<u>(12,520)</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 2023

	Notes	2023 £	£	2022 £	£
Non-current assets					
Investments	5		27,536,266		20,435,301
Current assets					
Trade and other receivables	7	1,038,907		1,002,857	
Current liabilities	8	(10,000)		(13,380)	
Net current assets			1,028,907		989,477
Net assets			28,565,173		21,424,778
Equity					
Called up share capital	10		28,627,500		21,475,455
Retained earnings			(62,327)		(50,677)
Total equity			28,565,173		21,424,778

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 18 December 2023 and are signed on its behalf by:

R W J Edwards
Director

Company registration number 11417276 (England and Wales)

METAL CAPITAL EXPLORATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 July 2021		10,000	(38,157)	(28,157)
Year ended 30 June 2022:				
Loss and total comprehensive income		-	(12,520)	(12,520)
Transactions with owners:				
Conversion of loan	10	21,465,455	-	21,465,455
Balance at 30 June 2022		21,475,455	(50,677)	21,424,778
Year ended 30 June 2023:				
Loss and total comprehensive income		-	(11,650)	(11,650)
Transactions with owners:				
Conversion of loan	10	7,152,000	-	7,152,000
Other movements		45	-	45
Balance at 30 June 2023		28,627,500	(62,327)	28,565,173

METAL CAPITAL EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 Level 1 115 Park Street, Mayfair, London, W1K 7AP. 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 13.

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.

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.

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.

METAL CAPITAL EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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'.

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.

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 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

	2023	2022
	£	£
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	9,190	8,860
	<u> </u>	<u> </u>

METAL CAPITAL EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

3 Employees

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

2023 Number	2022 Number
2	2

4 Taxation

2023 £	2022 £
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The charge for the year can be reconciled to the loss per the income statement as follows:

	2023 £	2022 £
Loss before taxation	(11,650)	(12,520)
Expected tax credit based on a corporation tax rate of 25.00% (2022: 19.00%)	(2,913)	(2,379)
Unutilised tax losses carried forward	2,913	2,379
Taxation charge for the year	-	-

5 Investments

	Current 2023 £	2022 £	Non-current 2023 £	2022 £
Investments in subsidiaries	-	-	27,536,266	20,435,301

METAL CAPITAL EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

5 Investments (Continued)

Movements in non-current investments

Shares in group undertakings

£

Cost or valuation

At 1 July 2022

20,435,301

Additions

7,100,965

At 30 June 2023

27,536,266

Carrying amount

At 30 June 2023

27,536,266

At 30 June 2022

20,435,301

6 Subsidiaries

Details of the company's subsidiaries at 30 June 2023 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

	2023 £	2022 £
Amounts owed by subsidiary undertakings	1,038,907	1,001,297
Prepayments and accrued income	-	1,560
	<u>1,038,907</u>	<u>1,002,857</u>

Amounts owed by subsidiary undertakings at 30 June 2023 of £1,038,907 will be received when the balance sheet of the subsidiary, Trans Kalahari Copper Namibia (Pty) Ltd, shows assets exceeding liabilities.

METAL CAPITAL EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

8 Liabilities

	Notes	2023 £	2022 £
Trade and other payables	9	10,000	13,380

9 Trade and other payables

	2023 £	2022 £
Amount owed to parent undertaking	-	3,120
Accruals and deferred income	10,000	10,260
	10,000	13,380

10 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £100 each	286,275	214,755	28,627,500	21,475,455

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.

During the year, the company converted the intercompany loan with the sole parent company of £7,152,000 to ordinary shares at the nominal value of £100 per share.

11 Financial commitments

In 2020, 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 £1,834,617.). The liability to pay deferred consideration is dependent upon mining output. At the balance sheet date, mining had not commenced and events were under the control of the directors and company therefore the consideration has not been recognised as a liability.

METAL CAPITAL EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

12 Related party transactions

Transactions with shareholders

Sandfire Resources Botswana Pty Limited provided finance for the company during previous years and the current year through loans converted to shares by share issue during each year. 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 £1,038,862 (2022 - £1,001,297).

13 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.