

# Anglesey Mining plc

Annual Report 2017

# Contents

<b>Strategic report</b>	
Chairman's statement	2
Operations	4
<b>Directors and governance</b>	
Directors' report	9
Directors' remuneration report	12
Corporate governance	17
Audit committee report	20
<b>Financial statements</b>	
Report of the auditor	21
Accounts	26
Notes to the accounts	32
<b>Notice of AGM</b>	47
Directors	50
Corporate information	Rear cover

## Glossary

AGM - the annual general meeting to be held on 1 September 2017.

GIAB - Grangesberg Iron AB, a privately owned Swedish company which has a 25 year mining permit covering iron deposits at Grangesberg in Sweden.

JORC - Australasian Joint Ore Reserves Committee - a set of minimum standards for public reporting and displaying information related to mineral properties.

IRR - internal rate of return

LIM - Labrador Iron Mines Holdings Limited and its group of companies.

mtpa - million tonnes per annum.

NPV - net present value

NSR - net smelter return

tonne - metric tonne of 2,204.6 pounds avoirdupois, used for measuring current mineral production and resources.

SEK - Swedish Krona.

tpd - tonnes per day



# Anglesey Mining plc

**A UK mining company  
listed on the London Stock Exchange**

**Projects:**

**100% of the Parys Mountain underground zinc–copper–lead–silver–gold deposit in North Wales, UK where an updated Scoping Study was completed in 2017. The results of this Study are positive and provide a clear route to develop the project through to production.**

**12% of Labrador Iron Mines Holdings Limited, which was restructured during the year, holds direct shipping iron ore deposits in Labrador and Quebec.**

**A 6% interest in, and management rights to, the Grangesberg Iron project in Sweden, together with a right of first refusal to increase its interest to 51%.**



### To Anglesey Shareholders

It is pleasing to report, after several years of depressed market conditions, that in several areas of significance to Anglesey Mining there are now real signs of resurgence. I believe we have passed the bottom of the mining cycle and there is a strong expectation of upward movement in metal prices, particularly for zinc and to some extent for copper, in the near future. This positive outlook is now being reflected in the capital markets where after several years of depressed market conditions there is renewed investor interest in the mining sector and the opportunity to raise new capital is being demonstrated.

### Parys Mountain - 2017 Scoping Study

Against this background of improving metal prices and increased investor interest it would seem opportune that we have recently undertaken a new Scoping Study on the Parys Mountain copper-lead-zinc project in North Wales which demonstrates a viable mine development and a healthy financial rate of return.

The Scoping Study was prepared by Micon International Limited (Micon) and Fairport Engineering Ltd (Fairport). The selected base case envisages a mining rate of 1,000 tonnes per day, to produce an average annual output of 14,000 tonnes of zinc concentrate at 57% Zn, 7,200 tonnes of lead concentrate at 52% Pb and 4,000 tonnes of copper concentrate at 25% Cu annually over an initial mine life of eight years.

The overall net smelter return (NSR) for the three concentrates, including the silver and gold precious metals contributions, is expected to total more than \$270 million at the forecast metal prices used for the base case calculations.

The base case yields a pre-tax net present value of \$33.2 million, or £26.6 million, at a conservative 10 per cent discount rate, using present day metal prices of \$1.25 per pound for zinc, \$1.00 per pound for lead, \$2.50/pound for copper, \$17.50 per ounce for silver and \$1,275 per ounce for gold and at an exchange rate of £1.00 = \$US1.25. With an estimated pre-production capital cost of \$53 million, or £42 million, this results in an indicated internal rate of return (IRR) of 28.3%.

Using longer term metal price projections of \$1.35 per pound for zinc and \$3.00 per pound for copper the NPV10 would be \$43.2 million, or £34.6 million. At an 8% discount rate, used to reflect the relatively low risks of the project given its advanced level of development and low political risk in the UK, the NPV8 would be enhanced to \$41 million, or £32.8 million, for the base case metal price scenario and to \$53 million, or £421.9 million for the higher longer-term metal prices, with an IRR of 33%.

Importantly, the study was based on only the 2.1 million tonnes of indicated resources reported by Micon in 2012. Micon had also reported a further 4.1 million tonnes of inferred resources which were not incorporated into the Scoping Study. It is expected that a high proportion of these inferred resources will be converted to indicated probable reserves once exploration drilling from underground takes place. These additional resources would be processed through the same concentrator plant and would significantly increase the projected life of the mine, to perhaps double the projected mine-life to 15 or 18 years, and enhance the NPV.

I have been involved with the Parys Mountain project for many years, and I am encouraged that many of the variables and moving parts, including metal prices, treatment charges and used plant availability, have now moved in our favour and present a real and realisable opportunity for the Parys Mountain project. There is of course still much to be do but we now have a clear path forward.

### Iron Ore

The price of iron ore doubled during calendar 2016, driven by increased Chinese demand, reaching a two-year high of US\$80 per tonne in December 2016 and moved even higher in early 2017, hitting a high of US\$97 per tonne in February 2017, its highest level since mid-2014, before retreating somewhat to approximately US\$70 per tonne in July 2017. Our investments in Grangesberg Iron and in Labrador Iron rely heavily for their future success on this commodity.

### Grangesberg Iron

Our operations at Grangesberg have been restricted during the past year while we continue to manage the project on behalf of both the company and Grangesberg's other shareholders. The economics of Grangesberg are more positive than many other iron ore projects but will still require both higher long-term iron ore prices as well as major levels of capital expenditure. The high-quality product from Grangesberg, together with the extensive existing infrastructure and the potential for sales within Sweden's domestic markets, will be key to making the project viable when iron prices do move. Together with the other shareholders and stakeholders in Grangesberg we will continue to investigate all options to develop a viable business plan for the project.

### Labrador Iron

During the year Labrador Iron Mines Holdings Limited ("LIM") completed a financial restructuring as part of which creditors were issued with shares in LIM and its subsidiary and as a result the group's holding in LIM was diluted from 15% to just under 12%. LIM is now debt free and continues to hold its iron ore assets in Labrador and Quebec. Nevertheless, it will require a significant and sustained increase in the price of iron ore for the Labrador operations to be restarted.

### Outlook

The outlook for Anglesey Mining is now brighter than at any time during the last few years. Metal prices particularly zinc, copper and lead, which form the basis of Parys Mountain revenue, seem set for their long-awaited upward movement.

Based on the positive results of the Scoping Study we now plan to engage in discussions with potential financiers or partners for the development of the Parys Mountain project. Recommendations have been made by Micon and Fairport regarding further work to optimise and enhance the project as the next step ahead of mine development. It is hoped that financing for this work can be arranged as speedily as possible and will be followed by subsequent financings to move towards mine construction.

We expect that sterling will continue to be traded at relatively low levels against the United States dollar for the foreseeable future whilst negotiations over the Brexit withdrawal and the ensuing uncertainty around the actual exit take effect. It may be that sterling will experience even further weakness in the longer term, which would benefit the Parys Mountain project. Apart from these matters we do not expect Brexit issues to unduly influence the group.

It is likely that China will continue to experience economic growth and will make ever increasing demands for commodities that could be produced from your Anglesey's projects. Normal industrial demand in the United States and Europe, as well as larger developing countries, will also play an important part of the commodity markets. China's continuing growth coupled with a reluctance by major miners to embark on large new projects, generally in geographically and politically difficult environments, should see continuing demand for metals resulting in a long term and sustainable uplift in metal prices.

The strength in the markets and return of investor interest has been reflected in the price of the Company's shares which has increased around fourfold from this time last year. This has been coupled with strong trading volumes and gave us the opportunity to raise funds on two occasions during the year.

I would like to thank all our shareholders, whether at a major investment level or at smaller levels, for their continuing support during the difficult recent years that we have been through.

We trust that your patience and support will soon be recognised and rewarded.

**John F. Kearney**

Chairman

28 July 2017

## Principal activities and business review

Anglesey Mining is engaged primarily in the business of exploring and evaluating its wholly owned Parys Mountain zinc, lead, copper project in North Wales. Although site activities there have been limited during the year to care and maintenance, a scoping and economic study bringing earlier reports up to date has been prepared during the year.

Under various agreements the group participates in the management of the Grangesberg iron ore property in Sweden in which it has a 6% holding and a right of first refusal to acquire a further 51% ownership interest. The group also has a 12% holding (2016 - 15%) in the Labrador iron project in eastern Canada, currently in care and maintenance.

The aim of the group is to create value in the Parys Mountain property, including by co-operative arrangements where appropriate, and to actively engage in other mineral ventures using the group's own resources together with such external investment and finance as may be available where appropriate

## Parys Mountain

The Parys Mountain property hosts a significant polymetallic zinc, copper, lead, silver and gold deposit. The site has a head frame, a 300m deep production shaft and planning permission for operations. The group has freehold ownership of the minerals and surface land. Infrastructure is good, political risk is low and the project enjoys the support of local people and government.

An independent JORC resource estimate completed in 2012 by Micon International Limited reported a resource of 2.1 million tonnes at 6.9% combined base metals in the indicated category and 4.1 million tonnes at 5.0% combined base metals in the inferred category with substantial exploration potential.

Physical operations at Parys Mountain were again kept at a low level during the past year, with only essential maintenance work carried out, while the main focus of activity was undertaking a new scoping study.

## Scoping Study 2017

The Scoping Study was prepared by Micon International Limited (Micon) and Fairport Engineering Ltd (Fairport) and was completed in July 2017.

## Development Plan

The original feasibility studies conducted on the Parys Mountain project in the 1990s envisaged production at a rate of 1,000 tpd being mined at depth through the 300-metre-deep Morris Shaft. During the period 2006-2010 Anglesey Mining carried out a detailed drilling programme on the White Rock Zone which lies adjacent to the Morris Shaft and largely overlies the deeper Engine Zone deposits, but which extends to surface. As a result of this drilling the 2012 resource estimate carried out by Micon included both the White Rock Zone and the Engine Zone.

A new mining plan based on a surface decline to access the White Rock zone was prepared. The proposed decline would be developed by mining contractors and would be used as the initial means of access to the resource for development and mining. Mined ore would be trucked up the decline to the proposed surface processing plant. During the initial production phase from White Rock the decline would continue to be driven to reach the current bottom of the Morris Shaft and beyond. The shaft would then be dewatered and deepened by approximately 150 metres and would be recommissioned as a hoisting shaft for the remnant White Rock ore and for the deeper and more valuable Engine Zone ore.

## Production Alternatives

The initial work on the Scoping Study was designed on a throughput of 500 tonnes per day using conventional processing. As the first results became available it became apparent that a higher daily production throughput would be financially more attractive. Accordingly, assessment of increased throughput alternatives of 700 tpd and 1,000 tpd were added to the initial scope of the study.

In addition, the concept of adding a dense media separation plant ahead of the main concentrator was reviewed. Dense media separation (DMS) is a process to remove largely non-metal bearing material from the mine feed ahead of the concentrator. This results in a substantial reduction in the tonnage of ore to be treated by the concentrator. Obviously there are additional costs associated with building and operating a DMS plant, and there is some loss of metal associated with the DMS tailings, but overall inclusion of a DMS plant improves the financial performance.

Concurrent with evaluation of these processing options, mine planning at 700 tpd and 1,000 tpd was also studied. Mining would be carried out initially from the main decline using rubber-tired equipment including drill jumbos, load-haul-dump machines and trucks to remove development waste to surface and production ore to the processing plant. It was concluded that after an initial ramp-up period, the higher production level can be maintained. In due course, the lower level of the shaft will be accessed from the decline and deepened as originally planned. The existing hoist and headframe will be refurbished and used to bring ore to the surface for delivery to the adjacent processing plant.

The processing plant was initially designed in a modular form with a capacity of 500 tpd throughput expandable to 1,000 tpd to minimise up-front capital costs. The plant will consist of crushing and grinding followed by conventional three stage flotation to produce copper, zinc and lead concentrates to be shipped to smelters in Europe. The study showed that the best results can be obtained with higher throughputs. There is little additional capital cost required for the higher throughput and this increase is offset by lower operating costs and increased revenue.

Based on these outcomes it was concluded that the preferred development option for the Parys Mountain is a 1,000 tpd mine and plant with a DMS section and a mine life of approximately eight years.

### Mineral Resources and Exploration Potential

The 2017 Scoping Study utilises the Micon 2012 JORC Code compliant resource estimate of 2.1 million tonnes at 6.9% combined base metals in the indicated category. Micon had also reported a further 4.1 million tonnes at 5.0% combined base metals in the inferred category. These inferred mineral resources are not included in the current study but would significantly extend the projected operating life of the mine with a consequential increase in the resultant estimated valuation.

As reported in 2012, the resource estimate was made using a gross metal product value cut-off of \$80 per tonne. It is noted that the cash operating cost of the project, prior to royalties and taxes, is forecast at \$47 per tonne. This will enable some further review of the resource to be undertaken. A lower cut-off grade would increase the tonnes in the indicated category at the same time as reducing the grade. The larger tonnage would increase the mine life but would reduce the annual revenue due to the lower feed grade to the plant. An optimisation study will be required to determine the optimum cut-off grade that would provide the maximum increased return over that currently reported.

In addition to the indicated and inferred resources reported by Micon, the Parys Mountain area, over which the group holds the mineral rights, contains numerous indications of mineralisation across several kilometres many of which have been disclosed in earlier releases and reports. As most of these indications have been encountered in drilling at some depth, further exploration would be more effective from underground locations once mining operations commence. Should any of these exploration efforts prove successful an increased throughput and a further extended mine life would be the likely outcome.

### Capital and Operating Costs

The pre-production capital cost of the preferred option base case including mining, DMS, concentrator and infrastructure is estimated at \$53 million. The initial capital cost for mine development is estimated to be \$13 million, the concentrator \$29.5 million including \$3 million for the DMS plant and infrastructure \$10 million, for a total of \$53 million. Included within these figures is a \$4 million contingency provision.

The major component of capital costs is initially associated with the processing plant and surface infrastructure. Capital costs have been estimated based on quotes provided by equipment suppliers together with construction costs forecast by Fairport. Capital costs for the processing plant and infrastructure includes, when suitable, some used and reconditioned plant which has been identified as readily available. The remainder would be new equipment.

Despite the quite wide spread in throughputs studied it became apparent that the lower throughput options did not present significant savings in capital cost. This is largely due to minimum equipment sizes required for several units that could also accomplish the duty for the higher throughputs and with the fixed items of work required for buildings, construction and infrastructure that do not change materially across the throughput range. Mine development capital costs are based on all new equipment and on mine contractor development costs.

Operating costs have been developed by Micon and Fairport based on current knowledge and experience. Cash operating costs at the higher levels of production are forecast at around \$47 per tonne of ore treated. Whilst capital costs were fairly constant across the throughput spectrum, operating cash costs per tonne of ore mined and milled varied significantly with the higher throughputs benefitting from much lower costs. This led to the clear conclusion that the higher the throughput the better the financial result.

The following table shows the key financial outcomes derived for each of the alternatives.

	500tpd no DMS	700 tpd no DMS	700 tpd with DMS	1,000 tpd with DMS
Life of Mine (Years)	16	12	12	8
Initial Capital Cost \$m	48	50	52	53
Operating cash cost \$/t	63	55	53	47
NPV10 \$m *	9.0	21.6	19.3	33.2
IRR % *	13.8	20.3	18.8	28.3
Payback (Years) *	7	5	5	4

\* Pre-Tax Based on Cu \$2.50/lb, Zn \$1.25/lb, Pb \$1.00/lb, Ag \$17.50/oz, Au \$1,275/oz

### Selected Base Case Option - 1,000 tpd

The 1,000 tpd option is clearly the most favourable financial outcome. The additional capital cost required is only \$5 million higher than the lowest cost option and at these levels that is not considered critical. The inclusion of the DMS plant results in the rejection of approximately 37% of mined material ahead of the concentrator. Included within this is approximately 4.5% of the metal in feed that will be permanently lost to tailings. As a result of the application of the DMS the net concentrator feed to the floatation circuits will be approximately 700 tpd.

The NPV and IRR generated are significantly better at 1,000 tpd than the lower throughput options. Therefore the 1,000 tpd option has been chosen as the base case for further consideration. No detailed study was carried out on a 1,000 tpd throughput without the DMS. However, a short study indicated that it is likely that DMS will be far more favourable when the plant capacity is expanded to around 1,500 tpd which should occur when the inferred resources are upgraded to the indicated category. The incorporation of DMS is therefore considered advisable and prudent.



### Metal Production

Metallurgical performance and recovery is based on the large volume of information available from test work on Parys Mountain ores over the years. Total base metal recovery in the concentrator to each of the three copper, zinc and lead concentrates is forecast to be 89.8% and taking into account the DMS losses overall recovery will be approximately 85.7%. Significant amounts of silver and gold will report to each of the concentrates. Some free gold will be recovered by gravity methods ahead of the concentrates and will be sold as Welsh gold.

It is expected that each of the three base metal concentrates will be sold to smelters in Europe. Smelter payment terms and penalties have been based on treatment charges currently prevailing from these smelters. It is possible that better terms could be obtained from Chinese smelters from time to time but the cost of shipping to the Far East compared to the proximity of shipping to continental Europe is likely to make such options less viable.

On average 14,000 tonnes of zinc concentrate at 57% Zn, 7,200 tonnes of lead concentrate at 52% Pb and 4,000 tonnes of copper concentrate at 25% Cu, will be produced annually. These figures will vary somewhat during the life of the mine as mine feed varies depending upon the particular ore bodies being mined at any time. This will result in average annual metal production into concentrates of 17.6 million pounds of zinc, 8.3 million pounds of lead and 2.2 million pounds of copper.

Using estimated shipping costs, smelter terms and penalties, the overall NSR for the three concentrates, including the precious metals, is expected to total in excess of \$270 million at the metal prices used for the base case. This would represent a NSR of approximately 72% of the metal value in concentrates delivered to the smelters.

### Project Financial Results

The base case yields a pre-tax net present value of \$33.2 million, or £26.6 million, at a conservative 10 per cent discount rate, using present day metal prices of \$1.25 per pound for zinc, \$1.00 per pound for lead, \$2.50/pound for copper, \$17.50 per ounce for silver and \$1,275 per ounce for gold and at an exchange rate of £1.00 = \$US1.25. With an estimated pre-production capital cost of \$53 million, or £42 million, this results in an indicated internal rate of return (IRR) of 28.3%.

Using longer term metal price projections of \$1.35 per pound for zinc and \$3.00 per pound for copper the NPV10 would be \$43.2 million, or £34.6 million. At an 8% discount rate, used to reflect the relatively low risks of the project given its advanced level of development and low political risk in the UK, the NPV8 would be enhanced to \$41 million, or £32.8 million, for the base case metal price scenario and to \$53 million, or £42 million for the higher longer-term metal prices, with an IRR of 33%.

The pre-tax net present values, at 10% and 8% discount rates, and internal rates of return, are illustrated in the table below, all at a sterling:US dollar exchange rate of £1.00 = \$US1.25.

Metal Prices					Pre-Tax Cash Flows			
Zinc US\$/lb	Lead US\$/lb	Copper US\$/lb	Silver US\$/oz	Gold US\$/oz	Undiscounted \$M	NPV 10% \$M	NPV 8% \$M	IRR %
1.25	1.00	2.50	17.50	1,275	91.2	33.2	41.0	28.3
1.35	1.00	3.00	17.50	1,275	110.8	43.2	52.4	33.1

Foreign Exchange assumed to be £1.00: \$1.25US

### Further work on Parys Mountain

Both Micon and Fairport have recommended that further work to optimise and enhance the project as the next step ahead of mine development, including more detailed mine and stope design, underground geotechnical studies, additional infill drilling in some locations, more detailed engineering studies, additional metallurgical test work including work to improve recovery of specific metals to their own concentrate, and review of tailings management and paste processes. Several opportunities for cost reduction or productivity improvement have been identified for further study. It is planned to carry out these and other activities as suitable funds are available. This will then lead to the generation of more detailed production and costing feasibility reviews to support project financing to move towards mine construction.

The directors are of the opinion that the Parys Mountain project is at an advanced stage and the existence of the current JORC resource estimate, the new scoping study and the original feasibility study, together with the valid planning permissions, represent a solid base from which to move the project towards production. There is in addition substantial exploration potential on the property.

### Grangesberg Iron AB

The Grangesberg iron ore mine is situated in the mineral-rich Bergslagen district of central Sweden about 200 kilometres north-west of Stockholm. Until its closure in 1989 due to prevailing market conditions, Grangesberg had mined in excess of 150 million tonnes of iron ore. GIAB is a private Swedish company founded in 2007 which in 2014 completed (with assistance from the group) a financial and capital restructuring of the mine. GIAB holds a 25 year exploitation permit covering the previously mined Grangesberg underground mining operations granted by the Swedish Mining Inspectorate in May 2013.

The group has a direct 6% interest in GIAB and, until June 2018, a right of first refusal over 51% of the enlarged share capital of GIAB. This right has been granted in exchange for the group continuing to co-manage GIAB on a cost recovery basis. The group also has shareholder and cooperation agreements such that it holds operatorship of GIAB subject to certain conditions and appoints two out of five directors to the board of GIAB.

In September 2014 an NI 43-101 Technical Report was prepared by Roscoe Postle Associates Inc (“RPA”) showing a compliant resource estimate for the Grangesberg Mine of 115.2 million tonnes at 40.2% Fe in the indicated category and 33.1 million tonnes at 45.2% Fe in the inferred category. RPA concluded that the Grangesberg iron ore deposit hosts a significant iron resource that has excellent potential for expansion at depth.

During the coming year, Grangesberg will continue to operate under the direction of the group. It is planned that subject to the availability of adequate funding, Grangesberg will advance a number of environmental studies and other activities as a pre-requisite to a definitive feasibility study.

### Labrador Iron

The group has an investment holding of 12% (2016 - 15%) in Labrador Iron Mines Holdings Limited which in the three years up to 2013 produced a total of 3.6 million dry metric tonnes of iron ore from its properties in Labrador, Canada. Since then mining operations have been suspended due to low iron ore prices. In December 2016 LIM completed a financial restructuring which resulted in the conversion of liabilities into equity of LIM and its subsidiaries. As a result, the group’s interest in LIM has been diluted from 15% to 12%.

LIM continues to own all of its direct shipping iron ore projects in the central part of the Labrador Trough region, one of the major iron ore producing regions in the world, containing extensive iron ore resources, and where LIM owns processing plants and equipment and rail infrastructure and facilities being held on care and maintenance.

### Other activities

The directors continue to seek out new properties suitable for development within a relatively short time frame and within the financing capability likely to be available to the group.

### Performance

The directors expect to be judged by results of project development and/or exploration and by their success in creating long term value for shareholders. The group holds shares in mineral companies and has interests in exploration and evaluation properties and, until economically recoverable reserves can be identified, there are no standardised performance indicators which can usefully be employed to gauge the performance of the group, other than the market price of the company’s shares.

The chief external factors affecting the ability of the group to move forward are primarily the demand for metals and minerals, levels of metal prices and exchange rates; these and other factors are dealt with in the risks and uncertainties section below.

### Financial results and position

The group has no revenues from the operation of its properties. The loss for the year ended 31 March 2017 after tax was £307,968 compared to a loss of £256,450 in the 2016 fiscal year. The administrative and other costs excluding investment income and finance charges were £141,022 compared to £112,279 in the previous year.

During the year there were no additions to fixed assets (2016 - nil) and £84,196 (2016 - £49,433) was capitalised in respect of the Parys Mountain property as mineral property exploration and evaluation, the increase being largely due to the expenses of the scoping study.

At 31 March 2017 the group held mineral property exploration and evaluation assets with a carrying value of £15.0 million. These carrying values may not reflect the realizable value of the properties if they were offered for sale at this time.

The group’s cash balance at 31 March 2017 was £392,293 (2016 - £11,504) the increase being due to two placings of new shares for cash during the year which raised £493,037 net of share issue costs. The foreign exchange gain of £178 (2016 - loss £2,039) shown in the income statement arises on cash balances held in Canadian dollars and Swedish Krona.

At 31 March 2017 the company had 177,608,051 (2016 - 160,608,051) ordinary shares in issue following the two share placings referred to above.

### Financial instruments

The group’s use of financial instruments is described in note 24.

### Employment, community, donations and environment

The group is an equal opportunity employer in all respects and aims for high standards from and for its employees. At 31 March 2017 the company had five male directors; there were no female directors or employees. It also aims to be a valued and responsible member of the communities which it operates in or affects.

The group holds planning permission for the development of the Parys Mountain property but further consents will be required to carry out proposed activities and these may be subject to various reclamation and operational conditions.

The group currently has no operations and consequently its effect on the environment is very slight, being limited to the operation of two small offices, where recycling and energy usage minimisation are taken seriously and encouraged. It is not practical or useful to quantify the effects of these measures. There are no social, community or human rights issues which require the provision of further information in this report.

### **Risks and uncertainties**

In conducting its business the group faces a number of risks and uncertainties some of which have been described above in regard to particular projects. 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, mineral reserves, mineral resources, results of exploration, 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 general economic conditions and conditions in the financial markets, changes in demand and prices for minerals that the group expects to produce, legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which the group operates, technological and operational difficulties encountered in connection with the group's activities, 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 group faces competition from other mining companies in connection with the acquisition and retention of properties, mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

#### **Development and liquidity risk**

On previous occasions and during the year the group has relied upon its largest shareholder, Juno Limited, for financial support and may be required to do so in the future to ensure the group will have adequate funds for its current activities. In the absence of support from Juno Limited the group would be dependent on the proceeds of share issues or other sources of funding. Developing the Parys project will be dependent on raising further funds from various sources.

#### **Exploration and development**

Exploration for minerals and development of mining operations involve risks, many of which are outside the group's control. The group currently operates in politically stable environments and hence is unlikely to be subject to expropriation of its properties but exploration by its nature is subject to uncertainties and unforeseen or unwanted results are always possible.

#### **Metal prices**

The prices of metals fluctuate widely and are affected by many factors outside the group'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 price fluctuations may be either exacerbated or mitigated by currency fluctuations which affect the amount which might be received by the group in sterling.

#### **Foreign exchange**

LIM is a Canadian company; Angmag AB and GIAB are Swedish companies. Accordingly the value of the group's holdings in these companies is affected by exchange rate risks. Operations at Parys Mountain are in the UK and exchange rate risks are minor. The majority of the cash balance at the year end was held in sterling - see notes 17 and 24.

#### **Permitting, environment and social**

The group holds planning permission for the development of the Parys Mountain property but further consents will be required to carry out proposed activities and these may be subject to various reclamation and operational conditions.

#### **Employees and personnel**

The group is dependent on the services of a small number of key executives specifically the chairman, chief executive and finance director. The loss of these persons or the group's inability to attract and retain additional highly skilled and experienced employees for any areas in which the group might engage may adversely affect its business or future operations.

This report was approved by the board of directors on 28 July 2017 and signed on its behalf by:

**Bill Hooley**

**Chief executive officer**

The directors are pleased to submit their report and the audited accounts for the year ended 31 March 2017.

The corporate governance statement which follows forms part of this report. The principal activities of the group and other information is set out in the strategic report section preceding this report. Certain matters relating to financial performance, risk exposure and management, and future developments which are required to be disclosed in the directors report have instead been included within the strategic report.

## Directors

The names of the directors are shown in the directors' remuneration report and biographical details are shown on the inside rear cover. All directors remain in office except Roger Turner who retired on 29 July 2016. The directors wish to place on record their appreciation for his services to the company over a period of ten years. It is the company's procedure to submit re-election resolutions for all directors at the annual general meeting. The company maintains a directors' and officers' liability policy on normal commercial terms which includes third party indemnity provisions. The powers of the directors are described in the Corporate Governance Report.

With regard to the appointment and replacement of directors, the company is governed by its Articles, the Corporate Governance Code, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. Under the Articles, any director appointed by the board during the year must retire at the AGM following his appointment. In addition, the Articles require that one-third of the remaining directors retire by rotation at each general meeting and seek re-appointment. However it is now the company's practice to submit re-election resolutions for all directors at each AGM.

### Directors' interests in material contracts

Juno Limited (Juno), which is registered in Bermuda, holds 32.6% of the company's ordinary share capital. The company has a controlling shareholder agreement and working capital agreement with Juno. Advances made under the working capital agreement are shown in note 19. Apart from these advances and interest charges there were no transactions between the group and Juno or its group during the year. An independent committee reviews and approves any transactions and potential transactions with Juno. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno.

Bill Hooley and Danesh Varma are directors of Grangesberg Iron AB and of the special purpose vehicle Eurmag AB. Danesh Varma has been associated with the Grangesberg project since 2007 when he became a director of Mikula Mining Limited, a company subsequently renamed Eurang Limited, previously involved in the Grangesberg project. He did not take part in the decision to enter into the Grangesberg project when this was approved by the board. The group has a liability to Eurmag AB a subsidiary of Eurang amounting to £297,570 at the year end (2016 - £245,461). See also note 25.

There are no other contracts of significance in which any director has or had during the year a material interest.

## Substantial shareholders

At 18 July 2017 the following shareholder had advised the company of an interest in the issued ordinary share capital: Juno Limited notified an interest in 57,924,248 shares representing 32.6% of the issued ordinary shares.

## Shares

### Allotment authorities and disapplication of pre-emption rights

The directors would usually wish to allot any new share capital on a pre-emptive basis, however in the light of the group's potential requirement to raise further funds for the acquisition of new mineral ventures, other activities and working capital, they believe that it is appropriate to have a larger amount available for issue at their discretion without pre-emption than is normal or recommended for larger listed companies. At this year's annual general meeting, the directors will seek a renewal and replacement of the company's existing share allotment authorities.

The authority sought in resolution 11 of the notice of the AGM is to enable the directors to allot new shares and grant rights to subscribe for, or convert other securities into shares, up to a nominal value of £590,000 (59,000,000 ordinary shares) which is approximately one third of the total issued ordinary share capital of the company as at 18 July 2017. The directors will consider issuing shares if they believe it would be appropriate to do so in respect of business opportunities that arise consistent with the company's strategic objectives. The directors have no present intention of exercising this general authority, other than in connection with the potential issue of shares pursuant to the company's employee share and incentive plans.

The purpose of resolution 12 is to authorise the directors to allot new shares pursuant to the general authority given by resolution 11 in connection with a pre-emptive offer or offers to holders of other equity securities if required by the rights of those securities or as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £440,000 (44,000,000 ordinary shares). This aggregate nominal amount represents approximately 25% of the issued ordinary share capital of the company at 18 July 2017. Whilst such authority is in excess of the 5% of existing issued ordinary share capital which is commonly accepted and recommended for larger listed companies, it will provide additional flexibility which the directors believe is in the best interests of the group in its present circumstances. The authority sought under resolution 12 will expire on 31 December 2018. The directors intend to seek renewal of this authority at future annual general meetings.

**Rights and obligations attaching to shares**

The rights and obligations attaching to the ordinary and deferred shares are set out in the Articles of Association. Details of the issued share capital are shown in note 21. Details of employee share schemes are set out in the Directors Remuneration Report and in note 22.

Each ordinary share carries the right to one vote at general meetings of the company. Holders of deferred shares, which are of negligible value, are not entitled to attend, speak or vote at any general meeting of the company, nor are they entitled to receive notice of general meetings.

Subject to the provisions of the Companies Act 2006, the rights attached to any class may be varied with the consent of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

There are no restrictions on the transfer of the company's shares.

**Voting rights**

Votes may be exercised at general meetings in relation to the business being transacted either in person, by proxy or, in relation to corporate members, by corporate representative. The Articles provide that forms of proxy shall be submitted not less than 48 hours (excluding any part of a day that is not a working day) before the time appointed for holding the meeting or adjourned meeting.

No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the capital of the company, either in person or by proxy, in respect of any share held by him unless all monies presently payable by him in respect of that share have been paid. Furthermore, no shareholder shall be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll if he has been served with a notice after failing to provide the company with information concerning interests in his shares required to be provided under the Companies Act 2006.

**Significant agreements and change of control**

There are no agreements between the company and its directors or employees that provide for compensation for loss of office or employment that may occur because of a takeover bid. The company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions.

**Dividend**

The group has no revenues and the directors are unable to recommend a dividend (2016 - nil).

**Going concern**

The directors have considered the business activities of the group 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 Financial Reporting Council's documents 'Going concern and liquidity risk: Guidance for directors of UK companies 2009' and '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 group for the foreseeable future, being a period of at least twelve months from the date of approval of the accounts. Whilst the group has such working capital, the long term operations of the group are dependent on its ability to raise adequate financing. The group relies on equity financing and support from its shareholders to fund its working capital requirements. The group will need to generate additional financial resources in the future in order to meet its planned business objectives and continue as a going concern. Additional financing will be required to continue the development of the group's properties and in the longer term to put the Parys Mountain Mine into production.

The directors recognise that the long term continuing operations of the group are dependent upon its ability to raise adequate financing and that this represents an uncertainty which may cast doubt about the group's ability to continue as a going concern. The directors have a reasonable expectation that the required financing will be raised and are actively pursuing various financing options with certain shareholders and financial institutions regarding proposals for financing. The directors have reasonable expectations that these financing discussions will be successful and therefore the financial statements have been prepared on the going concern basis.

**Greenhouse Gas emissions**

The group does not itself undertake any activities or processes which lead to the production of greenhouse gases. The extent to which its administrative and management functions result in greenhouse gas emissions is slight and the directors do not believe that any useful purpose would be served by attempting to quantify the amounts of these emissions.

**Report on payments to governments**

The group is required to disclose payments made to governments in countries where exploration or extraction activities are undertaken and hereby reports that any such payments made in the year were below the minimum disclosable level.

**Post balance sheet events**

There are no post balance sheet events to report.

**Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements. The directors are required to prepare the financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and have also elected to prepare financial statements for the company in accordance with IFRS. Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with IFRS, the Companies Act 2006 and, in relation to the group financial statements, Article 4 of the IAS Regulation.

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 group and parent company financial statements and of their profit and loss for that period.

In preparing the 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 that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors confirm that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company and group's performance, business model and strategy.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the parent company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations the, the directors are also responsible for preparing a Strategic Report, Directors' Report, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the group website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed on the inside rear cover, confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the Strategic and Directors' Reports include a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

**Auditor**

Each of the directors in office at the date of approval of the annual report confirms that so far as they are aware there is no relevant audit information of which the company's auditor is unaware and that each director has taken all of the steps which they ought to have taken as a director in order to make themselves aware of that information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Mazars LLP as auditor and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

This report was approved by the board of directors on 28 July 2017 and signed on its behalf by:

**Danesh Varma**

**Company Secretary**

The Directors' Remuneration Report has been prepared in accordance with schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013.

The remuneration committee comprised Howard Miller (chairman) and Roger Turner until 29 July 2016 at which point he retired and was replaced by David Lean. No remuneration consultants have been engaged.

### **Statement by the chair of the Remuneration Committee**

During the year the difficulties referred to in previous reports of the committee continued. All directors' salaries and fees were waived from 1 July 2014 at a time when funding such cash expenses was very difficult. These waivers have continued through the financial year and in recognition of the efforts being made by directors, grants of options under the share option scheme were recommended and made in September 2016 as some compensation for the continuing waiver of remuneration. The options granted are detailed later in this report. The committee recognises that under the Code, share option grants should not be made to non-executive directors, however these were exceptional circumstances which required special measures.

Fortunately loyalty to the company has been strong and we have been able to go forward with unchanged policies on remuneration which are set out below. The committee continues to believe that the existing policies and structure are suitable for the year ahead. Following the raising of funds by way of a cash placing of new shares at the end of March 2017, the waiver of salaries and fees is now under review and we will be discussing the position with regard to these waivers with a view to a compromise between payments in cash and compensation by other methods, including the grant of further options over the company's shares.

Howard Miller

Remuneration committee chair

28 July 2017

### **Directors' remuneration policy**

The board's aim, implemented by the remuneration committee, with regard to executive and non-executive directors' remuneration, is to provide a package which will attract, retain and motivate directors of the calibre required and be consistent with the group's ability to pay. It is the group's policy to keep contract durations, notice periods and termination payments to a minimum. In practice, for executive directors, this results in rolling 12 month contracts.

A bonus for attainment of key corporate targets forms part of overall executive director remuneration as does the grant of share options.

At present there are no pension contributions of any type. There have been no new appointments during the year and the committee has not recommended any changes to existing remuneration packages.

### **Share schemes**

The company has one active share scheme: the 2014 Unapproved Share Option Scheme. The 2004 Unapproved Share Option Scheme has options outstanding but is now closed. All directors and employees are eligible to receive options. In determining the amount of options to be granted to each individual, the directors take into account the need for and value of the services provided, the amount of time spent on the business of the group and any other remuneration receivable from the group. All share options are subject to a performance criterion, namely that the company's share price performance over the period from grant to exercise must exceed that of the companies in the top quartile of the FTSE 100 index. This index was selected as being an easily available benchmark of general corporate performance.

### **Annual report on remuneration**

#### **Terms and conditions of service**

John Kearney, the chairman, does not receive fees; he is remunerated by the grant of options over the company's shares.

Bill Hooley has written terms of employment with rolling notice periods of 12 months and no other entitlement to termination or bonus payments.

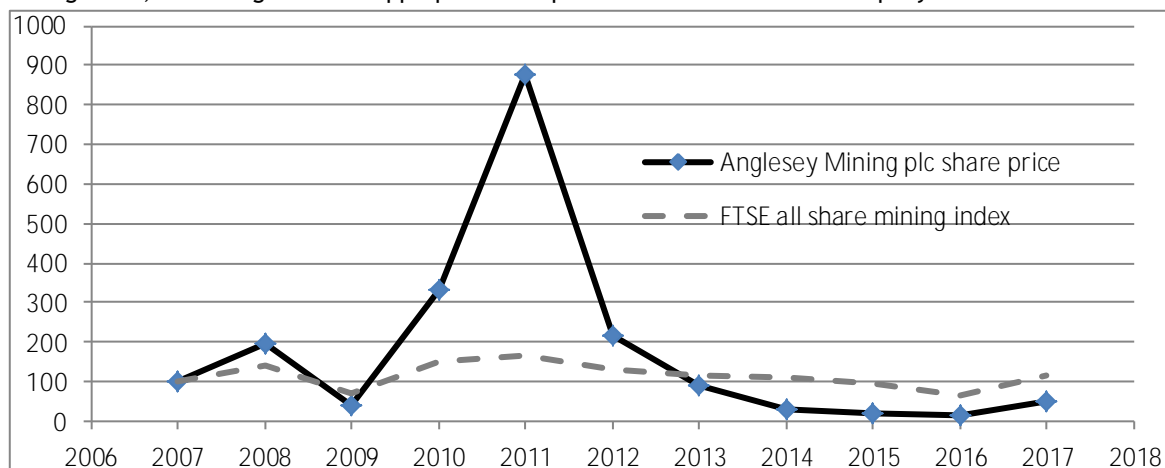
Each of the non-executive directors has a written contract for services, terminable at one month's notice.

It is group policy that the period of notice for executive directors will not exceed 12 months and that the employment contracts of the executive directors are terminable at 364 days' notice by either party. The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the company, nor for liquidated damages. All non-executive directors have letters of appointment with the company for an initial period of three years from their date of appointment, subject to reappointment at the AGM and thereafter can be terminated with one month's notice.

Other than these, there are no arrangements in force whereby the group is under an obligation to pay fees, salaries, bonuses, pensions or any remuneration to any director. In addition there are no agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the share scheme may result in options granted to employees under such schemes vesting on a takeover.

**Total shareholder return graph**

This graph shows the total shareholder return over a ten year period for the company in relation to the FTSE All Share Mining index, this being the most appropriate comparative available for the company:



**Single figure of total remuneration - audited**

Name	2017			2016		
	Salary and fees £	Pension £	Total £	Salary and fees £	Pension £	Total £
<b>Executive</b>						
John Kearney	-	-	-	-	-	-
Bill Hooley	-	-	-	-	-	-
Danesh Varma	-	-	-	-	-	-
<b>Non-executive</b>						
Howard Miller	-	-	-	-	-	-
David Lean	-	-	-	-	-	-
Roger Turner	-	-	-	-	-	-
<b>Totals</b>	-	-	-	-	-	-

Since July 2014 the directors have waived their entitlement to remuneration from the company. There are no components of remuneration other than those shown which are required to be disclosed. Share options were granted to certain directors during the year and are shown in the table on the next page. They are not shown above as they did not vest during the year.

**CEO remuneration table - audited**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
CEO total remuneration in £	-	-	15,000	60,000	60,000	33,297	20,000	20,000	102,000	107,000
Bonus payout against maximum	0%	0%	0%	0%	0%	0%	0%	0%	50%	0%

There were no other forms of remuneration required to be included in this table. See note re remuneration waiver above.



**Percentage change in remuneration of director undertaking the role of CEO - audited**

This table shows the percentage change in remuneration of the director undertaking the role of chief executive and the company's employees as a whole between 2016 and 2017:

	CEO	Employees
Salaries and fees	0%	0%
Benefits	0%	0%
Bonus	0%	0%
<b>Total remuneration</b>	<b>0%</b>	<b>0%</b>

**Directors' share options - audited**

Details of each share option held over ordinary shares in the company (all of them beneficial) by all those who were directors during the year are set out below. All options are over ordinary shares of 1 pence each and are subject to the operation of a performance condition.

Name	Options at 1 April 2016	Granted in year	Exercised in year	Lapsed in year	Options at 31 March 2017	Exercise price	Date from which exercisable	Expiry date
John Kearney	-	500,000	-	-	500,000	2.000p	30 Sep 17	30 Sep 21
Bill Hooley	1,500,000	-	-	-	1,500,000	21.900p	26 Nov 07	26 Nov 17
Bill Hooley	-	1,000,000	-	-	1,000,000	2.000p	30 Sep 17	30 Sep 21
David Lean	400,000	-	-	-	400,000	21.900p	26 Nov 07	26 Nov 17
David Lean	-	500,000	-	-	500,000	2.000p	30 Sep 17	30 Sep 21
Howard Miller	400,000	-	-	-	400,000	21.900p	26 Nov 07	26 Nov 17
Howard Miller	200,000	-	-	-	200,000	5.000p	27 Mar 10	27 Mar 19
Howard Miller	-	500,000	-	-	500,000	2.000p	30 Sep 17	30 Sep 21
Roger Turner	400,000	-	-	-	400,000	21.900p	26 Nov 07	26 Nov 17
Danesh Varma	500,000	-	-	-	500,000	21.900p	26 Nov 07	26 Nov 17
Danesh Varma	200,000	-	-	-	200,000	5.000p	27 Mar 10	27 Mar 19
Danesh Varma	-	1,000,000	-	-	1,000,000	2.000p	30 Sep 17	30 Sep 21
	<b>3,600,000</b>	<b>3,500,000</b>	<b>-</b>	<b>-</b>	<b>7,100,000</b>			

Roger Turner retired as a director on 29 July 2016.

The market price of the ordinary shares at 31 March 2017 was 4.5 pence, the high for the year to 31 March 2017 was 6.13 pence and the low for the year was 1.13 pence. The mid-market price at 18 July 2017 was 4.9 pence.

**Other components of remuneration - audited**

There were no taxable benefits, incentive plans, bonuses, share scheme interests, payments to past directors, payments for loss of office or other remuneration or payments which are required to be disclosed made during the year.

**Directors' share and share option holdings summarised – audited**

Director	18 July 2017		31 March 2017		31 March 2016			
	Number of options	Number of ordinary shares	Number of options	Number of ordinary shares	Total	Number of options	Number of ordinary shares	Total
John Kearney	500,000	-	500,000	-	500,000	-	-	-
Bill Hooley	2,500,000	200,000	2,500,000	200,000	2,700,000	1,500,000	200,000	2,700,000
Danesh Varma	1,700,000	-	1,700,000	-	1,700,000	700,000	-	900,000
David Lean	900,000	-	900,000	-	900,000	400,000	-	450,000
Howard Miller	1,100,000	-	1,100,000	-	1,100,000	600,000	-	600,000
Roger Turner	-	-	400,000	-	400,000	400,000	-	500,000
	<b>6,700,000</b>	<b>200,000</b>	<b>7,100,000</b>	<b>200,000</b>	<b>7,300,000</b>	<b>3,600,000</b>	<b>200,000</b>	<b>5,150,000</b>

All of these interests are beneficial.

Roger Turner retired on 29 July 2016 - the holding shown above is the amount at that date.

**Relative importance of spend on pay**

The total pay for the year ended 31 March 2017 was £13,995 and for the year ended 31 March 2016 it was £10,195. The change between the years is an increase of 37%. There are no dividends or distributions with which to compare this reduction and no relevant performance related pay to consider.

**Statement of voting at general meeting**

The voting in respect of the approval of the directors' remuneration report at the annual general meeting held on 28 September 2016 was as follows: for the resolution 99.9%, against the resolution 0.1% and withheld votes 0.0%.

**Future remuneration policy**

The rates of remuneration and pay structures of the three executive directors to be considered in the future remuneration policy have not changed for several years (excepting the waivers which have been in place since June 2014). There is no current intention to change them and consequently the information which would normally constitute the future policy table has not been provided.

**Awards under previous remuneration policies**

Any awards or remuneration-related commitments made to directors under previous remuneration policies will continue to be honoured.

**Approach to recruitment remuneration**

In considering the remuneration levels for new directors, the remuneration committee takes into account the market rate for similar roles, as well as considering the emoluments offered to existing and previous directors.

No compensation is normally offered for the forfeit of remuneration from previous employment. However, under exceptional circumstances, a one-off award may be made to a newly appointed executive director. Any such award will be made on a like-for-like basis, with a fair-value no higher than that of the awards forfeited after taking into account any conditions that would apply.

Where a director is appointed as a result of internal promotion, any contractual commitments made prior to their promotion would be honoured, where appropriate. When recruiting a new non-executive director, the board would determine the appropriate fee level in line with the policy stated above.

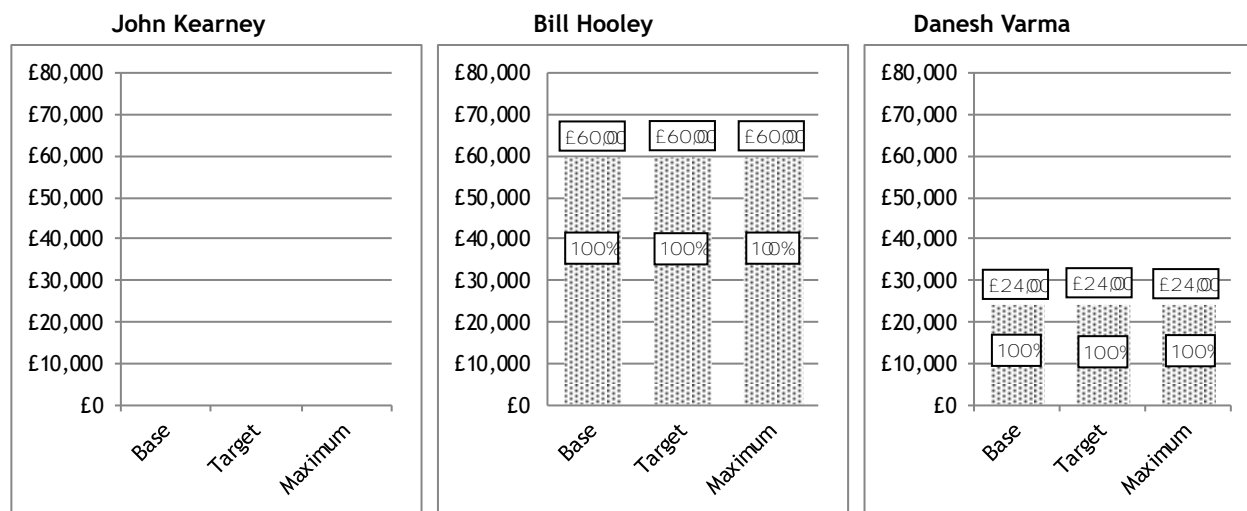
**Service contracts**

Executive directors currently have employment contracts which may be terminated by the employer or employee at twelve months' notice. No other payments are made for loss of office. Other than payment for this notice period, there are no payments for directors that are triggered by a change of control, nor are there any other remuneration-related contractual provisions such as side-letters.

Each director has a formal letter of appointment setting out their duties and responsibilities. These letters are available for inspection at the registered office.

**Remuneration scenario charts**

The following charts outline the minimum remuneration receivable by each executive director under the current policy, as well as potential remuneration for attaining target and maximum performance levels, excluding any gains made under the operation of the share option scheme:



In these charts the 'Base' represents the current annual salary and the value of any benefits received; the 'Target' and 'Maximum' columns also include any additional amounts which might be receivable in bonuses, which at present are not expected to arise.

During the year Bill Hooley waived remuneration of £60,000 and Danesh Varma waived remuneration of £24,000 however the charts above show the amount which would be due in accordance with the employment contracts in force and the group's policy.

**Policy on loss of office**

Generally any severance payments on termination are limited to established contractual arrangements only. Any payment in lieu of notice would be limited to salary and benefits, and subject to mitigation.

A director who leaves the group in good standing would generally be entitled to receive an appropriate proportion of any potential bonus and would retain any share options for up to one year following his departure, subject to the rules of the share option scheme.

In the event of a change of control, awards may vest, subject to pro-rating for the proportion of the vesting period elapsed and the extent to which performance conditions are determined to have been achieved. The remuneration committee will retain discretion to adjust awards, within any relevant plan rules to ensure fairness for participants and shareholders.

**Difference between director remuneration policy and that for other employees**

There are no senior executives at present who are not directors. Remuneration policy for other employees would be consistent with that for the executive directors. There were no employees to be consulted when directors' remuneration policies were established.

**Consideration of employment conditions**

When setting directors' remuneration, the remuneration and overall conditions for other employees would be taken into account.

**Consideration of shareholder views**

The remuneration committee would consult with major shareholders when considering any significant changes to remuneration policy and practices.

This report was approved by the board of directors on 28 July 2017 and signed on its behalf by:

**Danesh Varma**

**Company Secretary**

**Principles**

The board bases its policies and practices in relation to corporate governance on the 2014 Financial Reporting Council UK Corporate Governance Code (the “Code”). The group has also made use of the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Companies Alliance in 2013 which relates to the implementation of corporate governance for smaller quoted companies.

The board supports the highest standards in corporate governance and endeavours to implement the principles of the Code constructively and in a sensible and pragmatic fashion with the objective of enhancing and protecting shareholder value. This is always harder in a small group than in the larger organisations with which the Code is chiefly concerned. It is particularly problematic for a group such as Anglesey which is both small and engaged in mineral property exploration and evaluation rather than more routine trading operations.

**The Board**

The board is responsible for formulating, reviewing and approving the company's strategy, financial activities and operating performance. Day to day management is devolved to the executive directors who are charged with consulting the board on all significant financial and operational matters. In this way decisions can be made promptly, but also with consultation amongst the directors concerned where necessary and appropriate.

The board comprises three executive directors and two non-executive directors, a structure which the board considered to be appropriate. Roger Turner, non-executive, retired on 29 July 2016.

Bill Hooley is the chief executive and John Kearney, formerly chairman and chief executive, is the chairman, a role he has held since 1994. He divides his time between a number of mineral companies and other activities. The board values the participation of directors on the boards of other companies in the mineral industry as this provides exposure to developments and other opportunities which is useful to enhance the experience of the directors and advantageous to the group.

The board is satisfied that each of the non-executive directors commits sufficient time to the business of the group and contributes materially to the governance and operations of the group. All the current directors are willing to stand and all are recommended for re-election at the AGM. In line with the Code's best practice recommendation it is the company's procedure to submit re-election resolutions for all directors at each AGM.

The board considers that Howard Miller is the senior independent non-executive director and David Lean is an independent director. However Howard Miller and David Lean have now served for more than fifteen years as non-executive directors and under the Code directors with more than nine years of service are presumed to be at risk of being no longer independent. This potential for non-compliance with the Code is reported at the end of this section. Notwithstanding this, the board believes it has sufficient compliance with other aspects of the Code in relation to independent directors both of whom are subject to re-election every year.

The board meets when required, usually on at least four occasions each year, and all board members are supplied with relevant and timely information. The company's strategy is always determined by the whole board and the schedule of matters reserved to the board is therefore comprehensive. The board approves detailed budgets and activities and any material changes to budgets or planned activities are also approved by the whole board.

There is a procedure by which directors may, at the company's expense, take independent advice in the furtherance of their duties. They also have access to the advice and services of the company secretary who is charged with ensuring that board procedures are followed.

There are written terms of reference for the remuneration, audit and nomination committees, each of which deals with specific aspects of the group's affairs. The board receives periodic reports from all committees.

The matter of going concern is dealt with in the directors' report.

**Remuneration committee**

The remuneration committee comprised Howard Miller (chairman) and Roger Turner until 29 July 2016 at which point he retired and was replaced by David Lean. The committee is responsible for making recommendations to the board on the company's executive remuneration. It determines any contract terms, remuneration and other benefits, including share options, for each of the executive directors. The board itself determines the remuneration of the non-executive directors and directors may not vote in respect of their own remuneration. The report on directors' remuneration is set out in the previous section.

**Audit committee**

The report of the audit committee follows this corporate governance report.

**Nomination committee**

The nomination committee comprises John Kearney (chairman), David Lean and Howard Miller. It is the company's procedure to submit re-election resolutions for all directors at each AGM. The nomination committee makes recommendations to the board on the appointment of new executive and non-executive directors, including making recommendations as to the composition of the board and its committees and the balance between executive and non-executive directors. The committee supports cultural and gender diversity but there are no formal policies in effect regarding these issues, nor in respect of measurable objectives of performance.

The nomination committee meets as and when required. It has met once in the year and has not yet engaged external consultants to identify appropriate candidates. The board considers that two of the committee members are independent non-executive directors.

**Assessment of directors' performance**

The performance of the non-executive directors is assessed by the chairman and is discussed with the senior independent director. The performance of executive directors is discussed and assessed by the remuneration committee or the board as a whole. The directors may take outside advice in reviewing performance when they consider this necessary, which has not been the case to date.

**Internal control**

The board of directors is responsible for and annually reviews the group's systems of internal control, financial and otherwise. Such systems provide reasonable but not absolute assurance of the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The key feature of the group's financial control system is that board members directly monitor all payments and transactions as well as budgets and annual accounts. The board, advised by the audit committee, considers it inappropriate to establish an internal audit function at present because of the group's limited operations, however this decision is reviewed annually.

There are no significant issues disclosed in the report and financial statements for the year and up to the date of approval of the report and financial statements that have required the board to deal with any related material internal control issues. The directors confirm that the board has reviewed the effectiveness of the system of internal control as described during the period.

**Risks and uncertainties**

In reviewing the risks facing the group, the board considers it is sufficiently close to the group's operations and aware of its activities to be able to adequately monitor risk without the establishment of any formal process. The group may become subject to risks against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The board believes the significant risks facing the group are adequately disclosed in these financial statements and that there are no other risks of comparable magnitude which need to be disclosed.

**Communication with shareholders**

Extensive information about the group and its activities is given in this annual report and accounts and the interim report which are sent to shareholders. Further information is available on the company's website, [www.angleseymining.co.uk](http://www.angleseymining.co.uk), which is updated whenever announcements or press releases are made. Presentations on the group's activities are made at the AGM and at the annual Mines and Money Show and discussions are held with shareholders at or after each of these occasions.

The chairman and/or the chief executive meet with substantial shareholders at least once per year, more often when appropriate, and other directors join these and other meetings with shareholders, whose views are relayed to all the directors at board meetings.

Every effort is made to reply promptly and effectively to enquiries from shareholders on matters relating to their shareholdings and the business of the group.

**Directors' appointment and attendance at board and committee meetings**

During the year attendance at meetings was as follows:

Director	Date appointed	Board	Meetings		
			Audit	Remuneration	Nomination
Total number of meetings:		4	3	1	0
John Kearney	10 November 1994	4			
Bill Hooley	10 January 2006	4			
Danesh Varma	15 November 1994	4			
Howard Miller	20 September 2001	1	3	1	
David Lean	20 September 2001	2	3	1	
Roger Turner	10 January 2006				

Danesh Varma is the company secretary. He was appointed on 1 August 2013.

Roger Turner retired on 29 July 2016.

**Compliance with the Combined Code**

The directors believe that the group has complied with the requirements of the Code during the year with the following exceptions:

- A.3.1 - John Kearney was, on appointment, both chairman and chief executive of the company. He is currently executive chairman.
- B.1.1 - Non-executive directors hold options over shares; some of these were granted before the Code came into effect. Although it is not the aim of the board to grant further options to non-executive directors, grants of options under the share option scheme were recommended and made in September 2016 as some compensation for their continuing waiver of remuneration. The non-executive directors of the board have served for more than 9 years.
- B.6 - There has been no formal and rigorous annual evaluation of the performance of the board, its committees or the individual directors.
- D.1.2 - Executive directors' remuneration from other sources: John Kearney and Danesh Varma divide their time between a number of mineral companies and other activities; they are not currently receiving any remuneration from the group.

**Danesh Varma**

**Company Secretary**

28 July 2017

The audit committee comprises Howard Miller and David Lean. Both members of the committee have extensive mineral industry experience and the necessary recent and relevant experience required by the Code. The committee's terms of reference have been approved by the board and follow published guidelines. The audit committee's primary responsibilities are to establish and monitor the group's financial risk management systems with particular reference to internal control systems and to ensure that the group's financial statements and other financial communications are properly prepared.

#### **Financial statements and internal control**

The audit committee reviews the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgement and estimation. The committee ensures that the judgements made in applying accounting policies and key sources of estimation uncertainty are properly set out at the end of note 2 to the accounts and has nothing further to report in respect of them. The committee is responsible for monitoring the controls which are in force to ensure the information reported to the shareholders is accurate and complete. It also discusses and considers internal control and risk management issues and contributes to the board's review of the effectiveness of the group's internal control and risk management systems and to the disclosure and explanation of the risks faced by the group. These are set out in the strategic report.

The audit committee meets with the external auditors to review the planning of their audit and, before approving the financial statements, to discuss any issues which arise from the audit

The committee notes that the consolidation schedules have been prepared under the direction of the finance director and is satisfied that no further internal controls over this process are required.

#### **Internal and external audits**

The committee considers the need for an internal audit function, which it believes is not required at present due to the limited staff and operations of the group. The members of the committee have agreed to make themselves available should any member of staff wish to make representations to them about the conduct of the affairs of the group.

The committee advises the board on the appointment of external auditors and on their remuneration for both audit and non-audit work and discusses the nature, scope and effectiveness of the audit with the external auditor with whom it meets formally at least once a year. The committee also reviews the effectiveness of the external audit by enquiries and discussions with the group staff involved in the audit and with the finance director.

The audit committee also undertakes a formal assessment of the auditor's independence each year which includes: a review of any non-audit services provided to the group; discussion with the auditor of all relationships with the company and any other parties that could affect independence or the perception of independence; a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and obtaining written confirmation from the auditor that, in his professional judgement, he is independent. An analysis of the fee payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 4 to the financial statements.

Mazars were appointed as auditors in 2008 after a tendering process involving four firms. The committee considered and approved the provision of taxation services by Mazars during the year which were routine in nature.

**Howard Miller**

**Audit committee chair**

28 July 2017

## Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Anglesey Mining PLC for the year ended 31 March 2017, which comprise the Group Income Statement, the Consolidated Statement of Comprehensive income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

## Our assessment of the risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

The risk	Our response
<p><i>Going concern</i></p> <p>The financial statements are prepared on a going concern basis in accordance with IAS 1 'Presentation of Financial Statements'.</p> <p>During the year £493,037 net was raised through two placings of new ordinary shares. At the year end the group held cash and cash equivalents of £392,293 had net current assets of £301,339 and net assets of £12,260,888. Net cash used in operating activities in the year was £141,498.</p> <p>In note 2 the Directors describe: their assessment of going concern; that funding is sufficient to meet current liabilities as they fall due for the foreseeable future; that the group relies on equity finance and support from its shareholders to fund its working capital requirements; and that additional financing will be required to continue the development of the group's properties and in the longer term to put the Parys Mountain Mine into production.</p> <p>Whilst the directors' opinion is they have a reasonable expectation that required funding will be raised, in the event that sufficient funding to continue the group's developments and projects cannot be raised then there would be significant doubt about the group's ability to remain a going concern.</p>	<p>We evaluated the directors' assessment of the group's ability to continue as a going concern. In particular, we reviewed and challenged the cash flow forecasts including key assumptions to assess the risk of the group's inability to meet liabilities as they fall due. We have considered the group's reliance on ongoing support from its largest shareholder, Juno Limited, including their ability to provide adequate funds for the group's current and future activities and the availability of other sources of finance to the group to support the going concern assumption.</p> <p>In the absence of support from Juno Limited, the Directors consider that the going concern status of the group would be dependent on the raising of funds from share issues or from accessing alternative sources of funding. Whilst discussions with shareholders and financial institutions are ongoing the ability of the group to raise sufficient finance to complete development of its various projects is not certain. These conditions indicate the existence of an uncertainty which may cast doubt about the group and company's ability to ultimately continue as a going concern. However, as funding is sufficient to meet current liabilities for the foreseeable future we concur with the directors' assessment that the accounts should be prepared on the going concern basis.</p>



<p><i>Potential impairment of capitalised costs associated with the exploration and evaluation of the Parys Mountain mine site</i></p> <p>The group has held rights to explore and mine the site for a number of years but has not completed exploration and evaluation activities or feasibility assessments to an extent where the site has been confirmed as being commercially viable and mining activities commenced. There is a risk that accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate and that capitalised costs exceed the value in use. Any assessment of the value in use is highly judgemental and is based on the directors’ assessment of a number of factors, including: long term metal commodity prices; the estimated mineral deposits from independent experts’ studies; costs associated with mineral extraction and sale; discount rates; and exchange rate factors.</p>	<p>Our audit work included, but was not restricted to, a review of the directors’ assessment of the criteria for the capitalisation of exploration and evaluation expenditure and whether there are any indicators of impairment to capitalised costs. The directors concluded that there was an indicator of potential impairment. As a result, the directors’ carried out an impairment review based on value in use methodology to determine the recoverable amount of the Parys Mountain project. Their assessment based on the net present value of the future cash flows did not indicate that an impairment of the asset was required.</p> <p>Our work included an audit of the integrity of the discounted cash flow model used by the directors to make an assessment as to whether impairment had occurred, as well as using our professional scepticism to challenge and test the key assumptions including their sensitivity to the model. These key assumptions included the expected future revenue and costs associated with the extraction and sale of the mineral deposits, future metal prices, currency exchange rates, demand for the minerals and the discount rate utilised in the financial model. Our work did not indicate that impairment to exploration and evaluation assets was required.</p>
<p><i>Potential impairment of the investment in the subsidiary, Parys Mountain Mines Limited, in the parent company financial statements</i></p> <p>The cost of the investment in and loan due from the subsidiary, Parys Mountain Mines Limited, held in the balance sheet of the company, is supported by the future cash flows associated with the recovery of the exploration and evaluation assets following the development of the Parys Mountain site held by Parys Mountain Mines Limited. If there were impairment in the exploration and evaluation assets, this would have a direct impact on the carrying value of the investment in and loan due from the subsidiary, which may need to be written down in the company’s accounts.</p>	<p>In conjunction with our work associated with the potential impairment of the exploration and evaluation assets held within Parys Mountain Mine Limited, we considered directors’ assessment on whether there was an indication that the cost of the investment in and loan due from the subsidiary required writing down in the company. As there was no impairment of the asset held by Parys Mountain Mines Limited, we concur with management’s view that there is no indicator of impairment in the carrying value of the investment in and loan due from the company was not recoverable.</p>

The Audit Committee’s consideration of these risks is set out on page 20.

The audit procedures relating to the above mentioned matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks and we do not express an opinion on these individual risks.

### Going concern

Other than the matters highlighted above under the risk entitled 'Going concern' within our assessment of the risks of material misstatement, we have nothing further to add or draw attention to in relation to:

- the directors' confirmation on page 8 of the Annual Report, that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement on page 10 of the Annual Report about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation on pages 10 & 31 of the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

### Our assessment and application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on the financial statements and our audit. Materiality is used so we can plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. The level of materiality we set is based on our assessment of the magnitude of misstatements that individually or in aggregate, could reasonably be expected to have influence on the economic decisions the users of the financial statements may take based on the information included in the financial statements.

Based on our professional judgement the level of overall materiality we set for the financial statements is outlined below:

Overall Group materiality:	£368,000
Benchmark applied:	This has been calculated with reference to the group's net assets, of which it represents approximately 3%.
Basis for chosen benchmark:	Net assets represents shareholders' funds and we have determined it to be the principal benchmark within the financial statements relevant to shareholders, as the group has no revenues and is still exploring and evaluating mineral sites in which it retains an interest. 3% has been chosen to reflect the level of understanding of the stakeholders of the Group in relation to the inherent uncertainties around accounting estimates and judgements.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £11,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified during the course of assessing the overall presentation of the financial statements.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

There are 7 legal entities accounting for 100% of the group's operating loss, 100% of net assets and 100% of total assets, all of which were subject to full scope audits for the year ended 31 March 2017. The audit of all the entities within the group was undertaken by the group audit team.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information given in the Corporate Governance Statement about internal control and risk management systems in relation to financial reporting processes and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- the information given in the Corporate Governance Statement about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

**Matters on which we are required to report by exception****Companies Act 2006**

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

**ISAs (UK and Ireland)**

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

We have no exceptions to report arising from these responsibilities.

**Listing Rules**

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 10, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report having performed our review.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Robert Neate (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House, St. Katharine's Way, London, E1W 1DD

Date: 28 July 2017

## Group income statement

All attributable to equity holders of the company

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
<b>All operations are continuing</b>			
Revenue		-	-
Expenses		(141,022)	(112,279)
Equity-settled employee benefits	22	(9,479)	-
Investment income	6	146	335
Finance costs	7	(157,791)	(142,467)
Foreign exchange gain/(loss)		178	(2,039)
<b>Loss before tax</b>	4	<b>(307,968)</b>	<b>(256,450)</b>
Taxation	8	-	-
<b>Loss for the period</b>		<b>(307,968)</b>	<b>(256,450)</b>
<b>Loss per share</b>			
Basic - pence per share	9	(0.2)p	(0.2)p
Diluted - pence per share	9	(0.2)p	(0.2)p

## Group statement of comprehensive income

Loss for the period	(307,968)	(256,450)
<b>Other comprehensive income</b>		
<b>Items that may subsequently be reclassified to profit or loss:</b>		
Exchange difference on translation of foreign holding	(35,053)	(7,294)
<b>Total comprehensive loss for the period</b>	<b>(343,021)</b>	<b>(263,744)</b>

**Statement of financial position of the group**

	Notes	31 March 2017 £	31 March 2016 £
<b>Assets</b>			
<b>Non-current assets</b>			
Mineral property exploration and evaluation	10	15,010,822	14,926,626
Property, plant and equipment	11	204,687	204,687
Investments	14	86,660	86,660
Deposit	15	123,118	123,078
		<u>15,425,287</u>	<u>15,341,051</u>
<b>Current assets</b>			
Other receivables	16	23,603	32,759
Cash and cash equivalents	17	392,293	11,504
		<u>415,896</u>	<u>44,263</u>
<b>Total assets</b>		<b>15,841,183</b>	<b>15,385,314</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(114,557)	(136,259)
		<u>(114,557)</u>	<u>(136,259)</u>
<b>Net current assets/(liabilities)</b>		<b>301,339</b>	<b>(91,996)</b>
<b>Non-current liabilities</b>			
Loans	19	(3,415,738)	(3,097,662)
Long term provision	20	(50,000)	(50,000)
		<u>(3,465,738)</u>	<u>(3,147,662)</u>
<b>Total liabilities</b>		<b>(3,580,295)</b>	<b>(3,283,921)</b>
<b>Net assets</b>		<b>12,260,888</b>	<b>12,101,393</b>
<b>Equity</b>			
Share capital	21	7,286,914	7,116,914
Share premium		10,171,986	9,848,949
Currency translation reserve		(73,510)	(38,457)
Retained losses		(5,124,502)	(4,826,013)
<b>Total shareholders' equity</b>		<b>12,260,888</b>	<b>12,101,393</b>

The financial statements of Anglesey Mining plc were approved by the board of directors, authorised for issue on 28 July 2017 and signed on its behalf by:

John F. Kearney, Chairman

Danesh Varma, Finance Director

**Statement of financial position of the company**

	Notes	31 March 2017 £	31 March 2016 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	13	14,228,552	14,144,127
		<u>14,228,552</u>	<u>14,144,127</u>
<b>Current assets</b>			
Other receivables	16	12,759	15,433
Cash and cash equivalents	17	388,880	7,867
		<u>401,639</u>	<u>23,300</u>
<b>Total assets</b>		<b>14,630,191</b>	<b>14,167,427</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(107,571)	(117,435)
		<u>(107,571)</u>	<u>(117,435)</u>
<b>Net current assets/(liabilities)</b>		<b>294,068</b>	<b>(94,135)</b>
<b>Non-current liabilities</b>			
Loan	19	(3,118,168)	(2,852,201)
		<u>(3,118,168)</u>	<u>(2,852,201)</u>
<b>Total liabilities</b>		<b>(3,225,739)</b>	<b>(2,969,636)</b>
<b>Net assets</b>		<b>11,404,452</b>	<b>11,197,791</b>
<b>Equity</b>			
Share capital	21	7,286,914	7,116,914
Share premium		10,171,986	9,848,949
Retained losses		(6,054,448)	(5,768,072)
<b>Shareholders' equity</b>		<b>11,404,452</b>	<b>11,197,791</b>

The company reported a loss for the year ended 31 March 2017 of £295,855 (2016 - £242,692). The financial statements of Anglesey Mining plc registered number 1849957 were approved by the board of directors and authorised for issue on 28 July 2017 and signed on its behalf by:

John F. Kearney, Chairman

Danesh Varma, Finance Director

## Statements of changes in equity

All attributable to equity holders of the company.

Group	Share capital £	Share premium £	Currency translation reserve £	Retained losses £	Total £
Equity at 1 April 2015	7,116,914	9,848,949	(31,163)	(4,569,563)	12,365,137
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(256,450)	(256,450)
Exchange difference on translation of foreign holding	-	-	(7,294)	-	(7,294)
Total comprehensive loss for the year	-	-	(7,294)	(256,450)	(263,744)
Equity at 31 March 2016	7,116,914	9,848,949	(38,457)	(4,826,013)	12,101,393
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(307,968)	(307,968)
Exchange difference on translation of foreign holding	-	-	(35,053)	-	(35,053)
Total comprehensive loss for the year	-	-	(35,053)	(307,968)	(343,021)
Shares issued	170,000	365,200	-	-	535,200
Share issue expenses	-	(42,163)	-	-	(42,163)
Equity-settled employee benefits	-	-	-	9,479	9,479
Equity at 31 March 2017	7,286,914	10,171,986	(73,510)	(5,124,502)	12,260,888

Company	Share capital £	Share premium £	Retained losses £	Total £
Equity at 1 April 2015	7,116,914	9,848,949	(5,525,380)	11,440,483
Total comprehensive loss for the year:				
Loss for the year	-	-	(242,692)	(242,692)
Total comprehensive loss for the year	-	-	(242,692)	(242,692)
Equity at 31 March 2016	7,116,914	9,848,949	(5,768,072)	11,197,791
Total comprehensive loss for the year:				
Loss for the year	-	-	(295,855)	(295,855)
Total comprehensive loss for the year	-	-	(295,855)	(295,855)
Shares issued	170,000	365,200	-	535,200
Share issue expenses	-	(42,163)	-	(42,163)
Equity-settled employee benefits	-	-	9,479	9,479
Equity at 31 March 2017	7,286,914	10,171,986	(6,054,448)	11,404,452



**Statement of cash flows of the group**

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
<b>Operating activities</b>			
Loss for the period		(307,968)	(256,450)
<b>Adjustments for:</b>			
Investment income	6	(146)	(335)
Finance costs	7	157,791	142,467
Equity-settled employee benefits		9,479	-
Foreign exchange movement		(178)	2,039
		<u>(141,022)</u>	<u>(112,279)</u>
<b>Movements in working capital</b>			
Decrease/(increase) in receivables		9,156	(1,782)
(Decrease)/increase in payables		(9,632)	14,775
<b>Net cash used in operating activities</b>		<u>(141,498)</u>	<u>(99,286)</u>
<b>Investing activities</b>			
Investment income		106	63
Mineral property exploration and evaluation		(96,034)	(49,506)
<b>Net cash used in investing activities</b>		<u>(95,928)</u>	<u>(49,443)</u>
<b>Financing activities</b>			
Loans		125,000	65,399
Share issue proceeds net of expenses		493,037	-
<b>Net cash generated from financing activities</b>		<u>618,037</u>	<u>65,399</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>380,611</u>	<u>(83,330)</u>
Cash and cash equivalents at start of period		11,504	96,873
Foreign exchange movement		178	(2,039)
<b>Cash and cash equivalents at end of period</b>	17	<u>392,293</u>	<u>11,504</u>

**Statement of cash flows of the company**

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
<b>Operating activities</b>			
Loss for the period	23	(295,855)	(242,692)
<b>Adjustments for:</b>			
Equity-settled employee benefits		9,479	-
Finance costs		140,967	127,718
		<u>(145,409)</u>	<u>(114,974)</u>
<b>Movements in working capital</b>			
Decrease/(increase) in receivables		2,674	(1,488)
(Decrease)/increase in payables		(9,864)	14,775
<b>Net cash used in operating activities</b>		<u>(152,599)</u>	<u>(101,687)</u>
<b>Investing activities</b>			
Investments and long term loans		(84,425)	(27,101)
<b>Net cash used in investing activities</b>		<u>(84,425)</u>	<u>(27,101)</u>
<b>Financing activities</b>			
Loans		125,000	64,567
Share issues net of expenses		493,037	-
<b>Net cash generated from financing activities</b>		<u>618,037</u>	<u>64,567</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		381,013	(64,221)
Cash and cash equivalents at start of period		7,867	72,088
Cash and cash equivalents at end of period	17	<u>388,880</u>	<u>7,867</u>

## 1 General information

Anglesey Mining plc is domiciled and incorporated in England and Wales under the Companies Act. The nature of the group's operations and its principal activities are set out in note 3 and in the strategic report. The registered office address is as shown on the rear cover.

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

## 2 Significant accounting policies

### Basis of Accounting

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

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 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 group for the foreseeable future, being a period of at least twelve months from the date of approval of the accounts. Whilst the group has such working capital, the long term operations of the group are dependent on its ability to raise adequate financing. The group relies on equity financing and support from its shareholders to fund its working capital requirements. The group will need to generate additional financial resources in the future in order to meet its planned business objectives and continue as a going concern. Additional financing will be required to continue the development of the group's properties and in the longer term to put the Parys Mountain Mine into production.

The directors recognise that the long term continuing operations of the group are dependent upon its ability to raise adequate financing and that this represents an uncertainty which may cast doubt about the group's ability to continue as a going concern. The directors have a reasonable expectation that the required financing will be raised and are actively pursuing various financing options with certain shareholders and financial institutions regarding proposals for financing. The directors have reasonable expectations that these financing discussions will be successful and therefore the financial statements have been prepared on the going concern basis.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The results of subsidiaries acquired or disposed of during the year are included in the group income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### Revenue recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### 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 group'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 group'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.

### Segmental analysis

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision-maker.

### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. There are no defined benefit retirement schemes.

*Significant accounting policies - continued***Equity-settled employee benefits**

The group provides equity-settled benefits to certain employees. Equity-settled employee benefits are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured by use of a Black-Scholes model.

**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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of any deferred tax assets 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.

The charge for current tax is based on the results for the year as adjusted for items which are non-taxable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

**Property, plant and equipment**

The group'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.

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.

**Investments**

Investments in subsidiaries are shown at cost less provisions for impairment in value. Income from investments in subsidiaries together with any related withholding tax is recognised in the income statement in the period to which it relates.

Investments which are not subsidiaries are shown at cost unless there is a practical method of determining a reliable fair value, in which case that fair value is used.

**Impairment of investment**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For an equity instrument that does not have a quoted price in an active market, and that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

*Significant accounting policies - continued***Provisions**

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group 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**

Financial assets and liabilities are initially recognised and subsequently measured based on their classification as "loans and receivables", "available for sale financial assets" or "other financial liabilities".

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where they mature more than 12 months after the period end date: these are classified as non-current assets.

(a) *Trade and other receivables.* Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(b) *Cash and cash equivalents.* The group considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. The management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these financial instruments.

(c) *Available for sale financial assets.* Unlisted shares held by the group that are classified as being AFS are stated at cost on the basis that the shares are not quoted and a reliable fair value is not able to be estimated.

Dividends on AFS equity instruments are recognised in profit or loss when the group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

(d) *Trade and other payables.* Trade payables are not interest bearing and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

(e) *Deposits.* Deposits are recognised at fair value on initial recognition and are subsequently measured at amortised cost using the effective interest rate method.

(f) *Loans.* Loans are recognised at fair value on initial recognition and are subsequently measured at amortised cost using the effective interest rate method.

**Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Mining lease payments are recognised as an operating expense in the income statement on a straight line basis over the lease term unless they relate to mineral property exploration and evaluation in which case they are capitalised. There are no finance leases or other operating leases.

**New accounting standards**

The group and company have adopted the amendments to the following accounting standards interpretation:

Annual Improvements 2010 - 2012 cycle amendments to IFRS2, IFRS3, IFRS8, IFRS13, IAS 16 and IAS24.

Annual Improvements 2012 - 2014 cycle amendments to IFRS5, IFRS7, IAS19 and IAS34.

There has been no impact of adopting the amendments.

The group and the company have not applied the following IFRS, IAS and IFRICs that are applicable and have been issued but are not yet effective:

- Amendment to IAS 7 Statement of Cash Flows: Disclosure initiative. Effective 1 January 2017 and expected to be endorsed by the EU in Q2 2017. Early application is permitted.
- Amendment to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses. Effective 1 January 2017 and expected to be endorsed by the EU in Q2 2017.

**Early Annual Improvements to IFRSs (2014 - 2016).****Effective 1 January 2017 and expected to be endorsed by the EU in Q3 2017.**

- Amendment to IAS 40 Investment Property: Transfers of investment property. Effective 1 January 2018 and expected to be endorsed by the EU in Q3 2017. Early application is permitted.
- Amendment to IFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions. Effective 1 January 2018 and expected to be endorsed by the EU in Q3 2017. Early application is permitted.
- IFRS 9 Financial Instruments. Effective 1 January 2018. Early application is permitted.
- IFRS 15 Revenue from Contracts with Customers. Effective 1 January 2018. Early application is permitted
- Clarifications to IFRS 15 Revenue from Contracts with Customers. Effective 1 January 2018 and expected to be endorsed by the EU in Q2 2017. Early application is permitted.

*Significant accounting policies - continued***Annual Improvements to IFRSs (2014 - 2016).****Effective 1 January 2018 and expected to be endorsed by the EU in Q3 2017.**

- IFRIC 22 Foreign Currency Transactions and Advance Consideration. Effective 1 January 2018 and expected to be endorsed by the EU in Q3 2017. Early application is permitted.
- IFRS 16 Leases. Effective 1 January 2019 and expected to be endorsed by the EU in Q4 2017. Early application is permitted with application of IFRS 15 Revenue from Contracts with Customers.

The directors expect that the adoption of the above pronouncements (with the possible exceptions of IFRS9 and IFRS16) will have no material impact to the financial statements in the period of initial application other than disclosure. IFRS 9 is still ongoing and yet to be adopted by the EU. The group is not yet generating any revenue consequently the implementation of IFRS15 will have no impact at present. The directors have not yet assessed the full impact IFRS16 on these financial statements.

The directors do not consider the adoption of the amendments resulting from the Annual Improvements 2012 - 2014 cycle will result in a material impact on the financial information of the group and company. These amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34 are effective for accounting periods beginning on or after 1 January 2016.

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.

**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 group's 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. There are uncertainties inherent in making such assumptions, especially with regard to: ore resources and the life of a mine; recovery rates; production costs; commodity prices and exchange rates. Assumptions that are valid at the time of estimation may change significantly as new information becomes available and changes in these assumptions may alter the economic status of a mining unit and result in resources or reserves being restated. Operation of a mine and the receipt of cashflows from it are dependent on finance being available to fund the development of the property.

(b) In connection with possible impairment of 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. See note 10 for further detail.

**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. The currency translation reserve represents the variations on revaluation of overseas foreign subsidiaries and associates. The retained earnings reserve represents profits and losses retained in previous and the current period.

### 3 Segmental information

The group is engaged in the business of exploring and evaluating the wholly-owned Parys Mountain project in North Wales, managing its interest in the Grangesberg properties and has an investment in the Labrador iron project in eastern Canada. In the opinion of the directors, the group's activities comprise one class of business which is mine exploration, evaluation and development. The group reports geographical segments; these are the basis on which information is reported to the board. As yet there have been no site expenses incurred in respect of the group's interest in Grangesberg and management expenses are included in the UK total.

#### Income statement analysis

	2017				2016			
	UK £	Sweden £	Canada £	Total £	UK £	Sweden £	Canada £	Total £
Expenses	(141,022)	-	-	(141,022)	(112,279)	-	-	(112,279)
Equity-settled employee benefits	(9,479)	-	-	(9,479)	-	-	-	-
Investment income	146	-	-	146	335	-	-	335
Finance costs	(140,967)	(16,824)	-	(157,791)	(127,718)	(14,749)	-	(142,467)
Exchange rate loss	136	42	-	178	(1,976)	(63)	-	(2,039)
<b>Loss for the year</b>	<b>(291,186)</b>	<b>(16,782)</b>	<b>-</b>	<b>(307,968)</b>	<b>(241,638)</b>	<b>(14,812)</b>	<b>-</b>	<b>(256,450)</b>

#### Assets and liabilities

	31 March 2017				31 March 2016			
	UK £	Sweden £	Canada £	Total £	UK £	Sweden £	Canada £	Total £
Non-current assets	15,338,627	86,659	1	15,425,287	15,254,391	86,659	1	15,341,051
Current assets	414,655	1,241	-	415,896	43,069	1,194	-	44,263
Liabilities	(3,282,725)	(297,570)	-	(3,580,295)	(3,038,460)	(245,461)	-	(3,283,921)
<b>Net assets/liabilities</b>	<b>12,470,557</b>	<b>(209,670)</b>	<b>1</b>	<b>12,260,888</b>	<b>12,259,000</b>	<b>(157,608)</b>	<b>1</b>	<b>12,101,393</b>

### 4 Operating result

The loss before taxation for the year has been arrived at after charging/(crediting):

	2017 £	2016 £
Fees payable to the group's auditor:		
for the audit of the annual accounts	22,000	22,000
for the audit of subsidiaries' accounts	3,000	3,000
for other services - taxation compliance	2,000	2,000
for other services	800	800
Directors' remuneration	-	-
Foreign exchange (gain)/loss	(178)	2,039

**5 Staff costs**

The average monthly number of persons employed (including executive directors) was:

	2017	2016
Administrative	3	3
	3	3

Their aggregate remuneration was:

	£	£
Wages and salaries	12,630	9,205
Social security costs	1,325	990
Other pension costs	-	-
	13,955	10,195

Details of directors' remuneration and share options are given in the directors' remuneration report.

**6 Investment income**

	2017	2016
	£	£
Loans and receivables		
Interest on bank deposits	6	63
Interest on site re-instatement deposit	140	272
	146	335

**7 Finance costs**

	2017	2016
	£	£
Loans and payables		
Loan interest to Juno Limited	140,967	127,718
Loan interest to Eurmag AB	16,824	14,749
	157,791	142,467

For both loans the interest shown is accrued and not required to be paid in cash.



**8 Taxation**

Activity during the year has generated trading losses for taxation purposes which may be offset against investment income and other revenues. Accordingly no provision has been made for Corporation Tax. There is an unrecognised deferred tax asset at 31 March 2017 of £1.3 million (2016 - £1.2 million) which, in view of the group's trading results, is not considered by the directors to be recoverable in the short term. There are also capital allowances, including mineral extraction allowances, of £12.5 million unclaimed and available at 31 March 2017 (2016 - £12.5 million). No deferred tax asset is recognised in respect of these allowances.

	2017	2016
	£	£
Current tax	-	-
Deferred tax	-	-
<b>Total tax</b>	<b>-</b>	<b>-</b>

Domestic income tax is calculated at 20% of the estimated assessed profit for the year.

In 2016 the rate used was 20%.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

Loss for the year	(307,968)	(256,450)
Tax at the domestic income tax rate of 20% (2016 - 20%)	(61,594)	(51,290)
<b>Tax effect of:</b>		
Expenses that are not deductible in determining taxable result:	-	-
Equity-settled employee benefits	1,896	-
Unrecognised deferred tax on losses	59,698	51,290
<b>Total tax</b>	<b>-</b>	<b>-</b>

**9 Earnings per ordinary share**

	2017	2016
	£	£
<b>Earnings</b>		
Loss for the year	(307,968)	(256,450)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	164,276,544	160,608,051
Weighted average number of ordinary shares for the purposes of diluted earnings per share	164,276,544	160,608,051
<b>Basic earnings per share</b>	<b>(0.2)p</b>	<b>(0.2)p</b>
<b>Diluted earnings per share</b>	<b>(0.2)p</b>	<b>(0.2)p</b>

As the group has a loss for the year ended 31 March 2017 the effect of the outstanding share options is anti-dilutive and diluted earnings are reported to be the same as basic earnings.

**10 Mineral property exploration and evaluation costs - group**

	Parys Mountain
Cost	£
At 1 April 2015	14,877,193
Additions - site	27,045
Additions - rentals & charges	22,388
<hr/>	
At 31 March 2016	14,926,626
Additions - site	60,886
Additions - rentals & charges	23,310
<hr/>	
At 31 March 2017	15,010,822
<hr/>	
<b>Carrying amount</b>	
Net book value 2017	15,010,822
<hr/>	
<i>Net book value 2016</i>	<i>14,976,059</i>

Included in the additions are mining lease expenses of £16,366 (2016 - £16,200).

**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, the need for which is reviewed each year.

This year the directors carried out an impairment review with an effective date of 26 March 2017. The directors determined that value-in-use was the appropriate methodology for calculating the recoverable amount of the Parys project, as they consider the asset to be at the development stage from a project perspective, given the ongoing scoping study work, the existence of site infrastructure, the existing 300 metre shaft, 900 metres of horizontal underground development, completed metallurgical testing and current valid planning permission and as they are considering various options regarding developing the asset further which will lead to expected future cash inflows. In calculating the value in use, the directors have included the cash outflows that are expected to be incurred before the asset is ready for use. The calculation of the recoverable amount was based on the pre-tax discounted future cash flows from the development and operation of the project at a throughput of 500 tonnes per day over the initial projected mine life of 16 years during which time the indicated resources of 2.1 million tonnes would be mined. The financial model included an assumption of a two year delay before construction activities commence. There may be unexpected further delays due to adverse changes in future mineral prices or delays in respect of financing. The directors used past experience and an assessment of future conditions, together with external sources of information, to determine the assumptions which were adopted in the preparation of the financial model used to estimate the cashflows.

**Key assumptions**

- Mine plan with development and mining of the indicated resources of 2.1 million tonnes only without inclusion of any of the 4.1 million tonnes of inferred resources;
- Capital costs estimated at current costs when the expenditure is planned to be incurred. Revenues and operating costs do not take into account any inflation;
- Long-term estimates of metal prices were made by the directors and were as follows: zinc 1.25 US\$/lb; copper 2.50 US\$/lb; lead 1.00 US\$/lb; silver US\$17.50 per ounce and gold US\$1275 per ounce. Exchange rate US\$1.25/£1.00;
- A discount rate of 10% was considered by the directors to be appropriate and has been applied to the estimated future cashflows. The discount rate was selected by considering the estimated cost of capital and the time value of money, reviewing discount rates applied by other mining companies, and finally considering the risks associated with the project due to its location in the United Kingdom with excellent access to existing infrastructure and readiness for development, which were considered to be at the lower level, together with the directors' allowance for unforeseen risks.

**Sensitivities**

The sensitivity of the assumptions used in the cashflow model which would significantly affect the pre-tax discounted net present value of the projected Parys cashflows were tested. The sensitivities which follow are the variation expressed in percent of each specific assumption which would, on its own, reduce the calculated net present value to the carrying value of the intangible asset in the accounts: copper price -36%, zinc price -10%, lead price -24%, capital expenditure +15%, operating costs +18%, the discount rate +16% (that is a 16% increase in the discount rate applied, not an increase of 16 percentage points) and a reduction in tonnage mined of 23%. The effect of an increased delay before the commencement of project development would be to decrease the net present value by 9% for each year of delay. The directors consider the sensitivities resulting from the changes in assumptions stated above to be reasonably possible.

Other than the typical mining industry risk factors already taken into consideration in the mine plan underlying the net present value calculation the directors are not aware of any other risks which it would be reasonable to consider when reviewing these sensitivities.

*Mineral property exploration and evaluation costs - group - continued*

There are significant inferred resources available to the project, the value of which is not included in the cash flow model as the inferred resources were not incorporated in the underlying mine plan. It is expected that a high proportion of these inferred resources will be converted to indicated resources, or probable reserves, once exploration drilling from underground takes place. Development and mining of these additional resources would increase the projected life of the mine.

**Conclusion**

Based on the above parameters the directors concluded that no impairment provision is necessary or appropriate to the carrying value of the exploration and evaluation expenditure in respect of the Parys Mountain project. However estimates of the net present value of any project, and particularly one like Parys Mountain, are always subject to many factors and wide margins of error. The directors believe that the estimates and calculations supporting their conclusions have been carefully considered and represent a fair representation of value in use of the property.

**11 Property, plant and equipment**

Group	Freehold land and property	Plant & equipment	Office equipment	Total
<b>Cost</b>	£	£	£	£
At 31 March 2015, 2016 and 2017	204,687	17,434	5,487	227,608
<b>Depreciation</b>				
At 31 March 2015, 2016 and 2017	-	17,434	5,487	22,921
<b>Carrying amount</b>				
At 31 March 2015, 2016 and 2017	204,687	-	-	204,687

Company	Freehold land and property	Plant & equipment	Office equipment	Total
<b>Cost</b>	£	£	£	£
At 31 March 2015, 2016 and 2017	-	17,434	5,487	22,921
<b>Depreciation</b>				
At 31 March 2015, 2016 and 2017	-	17,434	5,487	22,921
<b>Carrying amount</b>				
At 31 March 2015, 2016 and 2017	-	-	-	-

**12 Subsidiaries - company**

The subsidiaries of the company at 31 March 2017 and 2016 were as follows:

Name of company	Country of incorporation	Percentage owned	Principal activity
Parys Mountain Mines Limited <sup>1</sup>	England & Wales	100%	Development of the Parys Mountain mining property
Parys Mountain Land Limited <sup>1</sup>	England & Wales	100%	Holder of part of the Parys Mountain property
Parys Mountain Heritage Limited <sup>1</sup>	England & Wales	100%	Holder of part of the Parys Mountain property
Labrador Iron plc <sup>2</sup>	Isle of Man	100%	Holder of the company's investment in Labrador Iron Mines Holdings Limited
Angmag AB <sup>3</sup>	Sweden	100%	Holder of the company's investment in GIAB
Anglo Canadian Exploration (Ace) Limited <sup>1</sup>	England & Wales	100%	Dormant

Registered office addresses:

1. - Parys Mountain, Amlwch, Anglesey, LL68 9RE
2. - Fort Anne, Douglas, Isle of Man, IM1 5PD
3. - Angmag AB, Box 1703, 111 87 Stockholm, Sweden

**13 Investments - company**

	Shares at cost	Capital contributions	Total
	£	£	£
At 1 April 2015	104,025	14,013,001	14,117,026
Advanced	-	27,101	27,101
At 31 March 2016	104,025	14,040,102	14,144,127
Advanced	-	84,425	84,425
At 31 March 2017	104,025	14,124,527	14,228,552

The realisation of investments is dependent on finance being available for development and on a number of other factors. Interest is not charged on capital contributions.

**14 Investments - group**

	Labrador	Grangesberg	Total
	£	£	£
At 1 April 2015	1	86,659	86,660
Addition during period	-	-	-
At 31 March 2016	1	86,659	86,660
Addition during period	-	-	-
At 31 March 2017	1	86,659	86,660

**LIM**

The group's investment in LIM is now classified as 'unquoted'. Based on the difficulty of determining a fair market value the directors decided in 2015 to write down the value of the LIM shares to a nominal value of £1 and to reclassify it as Level 3 rather than Level 1 under the IFRS fair value hierarchy. This treatment has been continued in 2016 and 2017.

**Grangesberg**

The group has, through its Swedish subsidiary Angmag AB, a 6% ownership interest in GIAB, a Swedish company which holds rights over the Grangesberg iron ore deposits. This investment has been initially recognised and subsequently measured at cost, on the basis that the shares are not quoted and a reliable fair value is not able to be estimated. The group has a right of first refusal (expiring on 30 June 2018) over a further 51% of the equity of GIAB together with management direction of the activities of GIAB, subject to certain restrictions. The group has significant influence over certain relevant activities of GIAB however equity accounting has not been applied in respect of this influence as the directors consider this would not have any material affect.

**15 Deposit**

	Group	
	2017	2016
	£	£
Site re-instatement deposit	123,118	123,078

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.

**16 Other receivables**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other	23,603	32,759	12,759	15,433

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

**17 Cash and cash equivalents**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Held in sterling	389,734	9,120	388,880	7,867
Held in Canadian dollars	1,318	1,190	-	-
Held in US dollars	467	408	-	-
Held in Swedish krona	774	786	-	-
	392,293	11,504	388,880	7,867

The carrying value of the cash approximates to its fair value.

**18 Trade and other payables**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade payables	(46,557)	(77,465)	(46,572)	(64,142)
Other accruals	(68,000)	(58,794)	(60,999)	(53,293)
	(114,557)	(136,259)	(107,571)	(117,435)

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

**19 Loans**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Loan from Juno Limited	(3,118,168)	(2,852,201)	(3,118,168)	(2,852,201)
Loan from Eurmag AB	(297,570)	(245,461)	-	-
	(3,415,738)	(3,097,662)	(3,118,168)	(2,852,201)

**Juno:** Apart from advances amounting to £125,000 there has been no change in the loan principal during the year. The loan is provided under a working capital agreement, denominated in sterling, unsecured and carries interest at 10% per annum on the principal only. It is repayable from any future financing undertaken by the company, or on demand following a notice period of 367 days. The terms of the facility were approved by an independent committee of the board. The carrying value of the loan approximates to its fair value.

**Eurmag:** The loan arose in connection with the acquisition of the investment in Grangesberg. It is the subject of a letter agreement, denominated in Swedish Krona, is unsecured and carries interest at 6.5% per annum on the principal only. It is repayable from any future financing undertaken by the company, or on demand following a notice period of 367 days. The terms of the facility were approved by an independent committee of the board. The carrying value of the loan approximates to its fair value.

**20 Long term provision**

	Group	
	2017 £	2016 £
Provision for site reinstatement	(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 by the group up to the date of the accounts. These costs would be payable on completion of mining activities (which is estimated to be more than 20 years' after mining commences) or on earlier abandonment of the site. The provision has not been discounted because the impact of doing so is not material to the financial statements. 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, extent and costs of required restoration and rehabilitation activity.

**21 Share capital**

Issued and fully paid	Ordinary shares of 1p		Deferred shares of 4p		Total
	Nominal value £	Number	Nominal value £	Number	Nominal value £
At 31 March 2015 and 2016	1,606,081	160,608,051	5,510,833	137,770,835	7,116,914
Shares issued for cash	170,000	17,000,000	-	-	170,000
At 31 March 2017	1,776,081	177,608,051	5,510,833	137,770,835	7,286,914

The deferred shares are non-voting, have no entitlement to dividends and have negligible rights to return of capital on a winding up.

On 14 December 2016 12,000,000 ordinary shares with an aggregate nominal value of £120,000 were issued for cash by way of a placing at 2.585 pence each and on 20 March 2017 5,000,000 ordinary shares with an aggregate nominal value of £50,000 were allotted for cash by way of a placing at 4.5 pence each.

**22 Equity-settled employee benefits**

The group has two share-based employee remuneration plans: the 2004 Unapproved share option plan which plan has now closed (and no options were granted or forfeited in the year) and the current 2014 Unapproved share option plan. The terms of these are very similar; each plan provides for a grant price equal to or above the average quoted market price of the ordinary shares for the three trading days prior to the date of grant. All options granted to date have carried a performance criterion, namely that the company's share price performance from the date of grant must exceed that of the companies in the top quartile of the FTSE 100 index. The vesting period for any options granted since 2004 has been one year. Options are forfeited if the employee leaves employment with the group before the options vest.

	2017			2016		
	Options	Weighted average exercise price in pence	Remaining contractual life in years	Options	Weighted average exercise price in pence	Remaining contractual life in years
Outstanding at beginning of period	4,500,000	19.27		6,050,000	17.06	
Granted during the period	3,500,000	2.00		-	-	
Forfeited during the period	-	-		-	-	
Exercised during the period	-	-		-	-	
Expired during the period	-	-		1,550,000	4.13	
Outstanding at the end of the period	8,000,000	11.72	2.5	4,500,000	19.27	1.9
Exercisable at the end of the period	4,500,000	19.27	0.9	4,500,000	19.27	1.9

*Note 22 - Equity-settled employee benefits - continued*

The group recognised expenses of £9,479 in respect of equity-settled employee remuneration in respect of the year ended 31 March 2017 (2016 - nil). The inputs to the Black-Scholes model used in the calculation of this amount were as follows:

	2017
Weighted average share price in pence	1.30
Weighted average exercise price in pence	2.00
Expected volatility	75%
Expected life	3
Risk free rate	5%
Expected dividends	-

Expected volatility was determined by calculating the historical volatility of the share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

A summary of options granted and outstanding, all of which are over ordinary shares of 1 pence, is as follows:

Scheme	Number	Nominal value £	Exercise price	Exercisable from	Exercisable until
2004 Unapproved	3,800,000	38,000	21.90p	26 November 2008	26 November 2017
2004 Unapproved	700,000	7,000	5.00p	27 March 2010	27 March 2019
2014 Unapproved	3,500,000	35,000	2.00p	30 September 2017	30 September 2021
Total	<u>8,000,000</u>	<u>80,000</u>			

**23 Results attributable to Anglesey Mining plc**

The loss after taxation in the parent company amounted to £295,855 (2016 loss £242,692). The directors have taken advantage of the exemptions available under section 408 of the Companies Act 2006 and not presented an income statement for the company alone.

**24 Financial instruments****Capital risk management**

There have been no changes during the year in the group's capital risk management policy.

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while optimising the debt and equity balance. The capital structure of the group consists of debt, which includes the borrowings disclosed in note 19, the cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

The group does not enter into derivative or hedging transactions and it is the group's policy that no trading in financial instruments be undertaken. The main risks arising from the group's financial instruments are currency risk and interest rate risk. The board reviews and agrees policies for managing each of these risks and these are summarised below.

**Interest rate risk**

The amounts advanced under the Juno loans are at a fixed rate of interest of 10% per annum and those from Eurmag are at a fixed rate of 6.5% per annum. As a result the group is not exposed to interest rate fluctuations. Interest received on cash balances is not material to the group's operations or results.

The company (Anglesey Mining plc) is exposed to minimal interest rate risks.

**Liquidity risk**

The group has ensured continuity of funding through a mixture of issues of shares and the working capital agreement with Juno Limited.

Trade creditors are payable on normal credit terms which are usually 30 days. The loans due to Juno and Angmag carry a notice period of 367 days. Juno, in keeping with its practice since drawdown commenced more than 10 years ago, has indicated that it has no current intention of demanding repayment. No such notice had been received by 18 July 2017 in respect of either of the loans and they are classified as having a maturity date between one and two years from the period end.

**Currency risk**

The presentational currency of the group and company is pounds sterling. The loan from Juno Limited is denominated in pounds sterling. As a result, the group has no currency exposure in respect of this loan. Currency risk in respect of the investment in LIM is no longer significant.

*Note 24 - Financial instruments - continued*

In respect of the investment in Grangesberg in Sweden if the rate of exchange between the Swedish Krona and sterling were to weaken against sterling by 10% there would be a loss to the group of £9,138 (2016 - £8,768) and if it were to move in favour of sterling by a similar amount there would be a gain of £11,168 (2016 - £10,716). Regarding liabilities denominated in Krona if the rate of exchange between the Swedish Krona and sterling were to weaken against sterling by 10% there would be a gain to the group of £27,052 (2016 - £22,315) and if it were to move in favour of sterling by a similar amount there would be a loss of £33,063 (2016 - £27,273). These gains or losses would be recorded in other comprehensive income.

Potential exchange variations in respect of other foreign currencies are not material.

**Credit risk**

The directors consider that the entity has limited exposure to credit risk as the entity has immaterial receivable balances at the year-end on which a third party may default on its contractual obligations. The carrying amount of the group's financial assets represents its maximum exposure to credit risk. Cash is deposited with BBB or better rated banks.

Group	Available for sale assets		Loans & receivables	
	31 March 2017 £	31 March 2016 £	31 March 2017 £	31 March 2016 £
<b>Financial assets</b>				
Investments	1	1	-	-
Deposit	-	-	123,118	123,078
Other receivables	-	-	23,603	32,759
Cash and cash equivalents	-	-	392,293	11,504
	<u>1</u>	<u>1</u>	<u>539,014</u>	<u>167,341</u>

**Company**

	Loans & receivables	
	31 March 2017 £	31 March 2016 £
<b>Financial assets</b>		
Other receivables	12,759	15,433
Cash and cash equivalents	388,880	7,867
<b>Financial liabilities</b>		
Trade & other payables	-	-
Loan	-	-
	<u>401,639</u>	<u>23,300</u>

**25 Related party transactions**

Transactions between Anglesey Mining plc and its subsidiaries are summarised in note 13.

**Juno Limited**

Juno Limited (Juno) which is registered in Bermuda holds 32.6% of the company's issued ordinary share capital. The group has the following agreements with Juno: (a) a controlling shareholder agreement dated September 1996 and (b) a consolidated working capital agreement of 12 June 2002. Interest payable to Juno is shown in note 7 and the balance due to Juno is shown in note 19. Except as set out in note 19, there were no transactions between the group and Juno or its group during the year. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno.

**Grangesberg**

Bill Hooley and Danesh Varma are directors of Grangesberg Iron AB and of the special purpose vehicle Eurmag AB; Danesh Varma has been associated with the Grangesberg project since 2007 when he became a director of Mikula Mining Limited, a company subsequently renamed Eurang Limited, previously involved in the Grangesberg project. He did not take part in the decision to enter into the Grangesberg project when this was approved by the board. The group has a liability to Eurmag AB a subsidiary of Eurang amounting to £297,570 at the year end (2016 - £245,461) - see note 19.

**Key management personnel**

All key management personnel are directors and appropriate disclosure with respect to them is made in the directors' remuneration report.

There are no other contracts of significance in which any director has or had during the year a material interest.



**26 Mineral holdings****Parys**

(a) Most of the mineral resources delineated to date are under the western portion of Parys Mountain, the freehold and minerals of which are owned by the group. 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 held in the Parys Mountain Mines Limited subsidiary.

(b) Under a lease from Lord Anglesey dated December 2006, the subsidiary Parys Mountain Land Limited holds the eastern part of Parys Mountain, formerly known as the Mona Mine. An annual certain rent of £10,866 is payable for the year beginning 23 March 2016; the base part of this rent increases to £20,000 when extraction of minerals at Parys Mountain commences; this rental is index-linked. A royalty of 1.8% of net smelter returns from mineral sales is also payable. The lease may be terminated at 12 months' notice and otherwise expires in 2070.

(c) Under a mining lease from the Crown dated December 1991 there is an annual lease payment of £5,000. A royalty of 4% of gross sales of gold and silver from the lease area is also payable. The lease may be terminated at 12 months' notice and otherwise expires in 2020.

**Lease payments**

All the group's leases may be terminated 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 2017 - £16,830 ; between 1 April 2017 and 31 March 2023 - £89,457 . 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.

**27 Material non cash transactions**

There were no material non-cash transactions in the year.

**28 Commitments**

Other than commitments under leases (note 26) there is no capital expenditure authorised or contracted which is not provided for in these accounts (2016 - nil).

**29 Contingent liabilities**

There are no contingent liabilities (2016 - nil).

**30 Events after the period end**

There are no events after the period end to report.

## Notice of AGM

Notice is given that the 2017 annual general meeting of Anglesey Mining plc will be held at the offices of the company's lawyers, DLA Piper UK LLP, 1 London Wall, London, EC2Y 5EZ on 1 September 2017 at 11.00 a.m. to consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 11 will be proposed as ordinary resolutions and resolution 12 will be proposed as a special resolution:

### **As ordinary business**

1. To receive the annual accounts and directors' and auditor's reports for the year ended 31 March 2017.
2. To approve the directors' remuneration policy report for the year ended 31 March 2017.
3. To approve the directors' remuneration report for the year ended 31 March 2017.
4. To reappoint John F. Kearney as a director.
5. To reappoint Bill Hooley as a director.
6. To reappoint David Lean as a director.
7. To reappoint Howard Miller as a director.
8. To reappoint Danesh Varma as a director.
9. To reappoint Mazars LLP as auditor.
10. To authorise the directors to determine the remuneration of the auditor.

### **As special business**

11. That, pursuant to section 551 of the Companies Act 2006 ("Act"), the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £590,000, provided that (unless previously revoked, varied or renewed) this authority shall expire on 31 December 2018, save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after this authority expires and the directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired.

This authority is in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

12. That pursuant to section 570 of the Act, the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted under section 551 of the Act pursuant to resolution 12 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise) (i) to holders of ordinary shares in the capital of the company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and (ii) to holders of other equity securities in the capital of the company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to paragraph 12(a) above, up to an aggregate nominal amount of £440,000 and (unless previously revoked, varied or renewed) this power shall expire on 31 December 2018, save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired. This power is in substitution for all existing powers under section 570 of the Act which, to the extent effective at the date of this resolution, are revoked with immediate effect.

By order of the board  
Danesh Varma  
Company secretary  
28 July 2017

## Notice of AGM

### Notes to the notice of AGM

#### Entitlement to attend and vote

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at the close of business on 29 August 2017 (or, if the meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the date and time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

#### Proxies

2. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a member of the Company. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid. A proxy may be appointed only in accordance with the procedures set out in note 3 and the notes to the proxy form. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.
3. A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar Capita Asset Services, Proxies, The Registry, 34 Beckenham Road, Kent BR3 4TU or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed. To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, Capita Asset Services, Proxies, The Registry, 34 Beckenham Road, Kent BR3 4TU, no later than 11.00 a.m. on 29 August 2017 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

#### Corporate representatives

4. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

#### Total voting rights

5. As at 18 July 2017 (being the last practicable date before the publication of this notice), the issued share capital consists of 177,608,051 ordinary shares of £0.01 each, carrying one vote each and 21,529,451 Deferred A Shares and 116,241,384 Deferred B Shares which do not carry any rights to vote. Therefore, the total voting rights as at 18 July 2017 are 177,608,051.

#### Nominated Persons

6. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the Companies Act 2006 ("Act") ("Nominated Person"):
  - (a) the Nominated Person may have a right under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed, or to have someone else appointed, as a proxy for the meeting; or
  - (b) if the Nominated Person has no such right or does not wish to exercise such right, he/she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in note 2 does not apply to a Nominated Person. The rights described in such notes can only be exercised by shareholders of the Company.

#### Shareholders' right to require circulation of resolutions to be proposed at the meeting

7. A shareholder or shareholders meeting the qualification criteria set out in note 10 below may require the Company to give shareholders notice of a resolution which may properly be proposed and is intended to be proposed at the meeting in accordance with section 338 of the Act. A resolution may properly be proposed unless (i) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (ii) it is defamatory of any person, or (iii) it is frivolous or vexatious. The business which may be dealt with at the meeting includes a resolution circulated pursuant to this right. Any such request must (i) identify the resolution of which notice is to be given, by either setting out the resolution in full or, if supporting a resolution requested by another shareholder, clearly identifying the resolution which is being supported (ii) comply with the requirements set out in note 11 below, and (iii) be received by the Company no later than six weeks before the meeting.

#### Shareholders' right to have a matter of business dealt with at the meeting

8. A shareholder or shareholders meeting the qualification criteria set out in note 10 below may require the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business in accordance with section 338A of the Act. A matter may properly be included unless (i) it is defamatory of any person, or (ii) it is frivolous or vexatious. Any such request must (i) identify the matter to be included in the business, by either setting out the matter in full or, if supporting a matter requested by another shareholder, clearly identifying the matter which is being supported (ii) set out the grounds for the request (iii) comply with the requirements set out in note 11 below and (iv) be received by the Company no later than six weeks before the meeting.

## Notice of AGM

### Website publication of audit concerns

9. A shareholder or shareholders who meet the qualification criteria set out in note 10 below may require the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the meeting relating to either the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the last annual general meeting of the Company in accordance with section 527 of the Act. Any such request must (i) identify the statement to which it relates, by either setting out the statement in full or, if supporting a statement requested by another shareholder, clearly identify the statement which is being supported (ii) comply with the requirements set out in note 11 below and (iii) be received by the Company at least one week before the meeting. Where the Company is required to publish such a statement on its website (i) it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request (ii) it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website and (iii) the statement may be dealt with as part of the business of the meeting.

### Notes 7, 8 and 9 above: qualification criteria and methods of making requests

10. In order to require the Company (i) to circulate a resolution to be proposed at the meeting as set out in note 7, (ii) to include a matter in the business to be dealt with at the meeting as set out in note 8, or (iii) to publish audit concerns as set out in note 9, the relevant request must be made by (i) a shareholder or shareholders having a right to vote at the meeting and holding at least five per cent of the total voting rights of the Company or (ii) at least 100 shareholders having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital. For information on voting rights, including the total voting rights of the Company, see note 5 above and the website referred to in note 15 below.
11. Any request by a shareholder or shareholders to require the Company (i) to circulate a resolution to be proposed at the meeting as set out in note 7 (ii) to include a matter in the business to be dealt with at the meeting as set out in note 8 or (iii) to publish audit concerns as set out in note 9 may be made either (a) in hard copy, by sending it to Anglesey Mining plc, Tower Bridge, St Katharine's Way, London E1W 1DD (marked for the attention of the Company Secretary); or (b) in electronic form, by sending an email to [danesh@angleseymining.co.uk](mailto:danesh@angleseymining.co.uk); and must state the full name(s) and address(es) of the shareholder(s) and (where the request is made in hard copy form) must be signed by the shareholder(s).

### Questions at the meeting

12. Shareholders have the right to ask questions at the meeting relating to the business being dealt with at the meeting in accordance with section 319A of the Act. The Company must answer any such question unless: (a) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

### Documents available for inspection

13. The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends: (a) copies of the service contracts of the executive directors, (b) copies of the letters of appointment of the non-executive directors and (c) the Articles of Association of the Company.

### Biographical details of directors

14. Biographical details of all those directors who are offering themselves for reappointment at the meeting are set out in the annual report and accounts.

### Website providing information about the meeting

15. The information required by section 311A of the Act to be published in advance of the meeting, which includes the matters set out in this notice and information relating to the voting rights of shareholders, is available at [www.angleseymining.co.uk](http://www.angleseymining.co.uk).

## Directors

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- John F. Kearney** Irish, aged 66, chairman, is a mining executive with more than 40 years' experience in the mining industry and is chairman and CEO of Labrador Iron Mines Holdings Limited. He is also chairman of Canadian Zinc Corporation, Minco plc, Xtierra plc and Conquest Resources Limited. He is a director of Avnel Gold Mining Limited and the Mining Association of Canada and has degrees in law and economics from University College Dublin and an MBA from Trinity College Dublin. He is a member of the nomination committee and is resident in Canada.
- Bill Hooley** aged 70, chief executive, is a mining engineering graduate from the Royal School of Mines and has extensive experience in many countries including the UK and Australia. He is vice-chairman and a director of Labrador Iron Mines Holdings Limited and since May 2014 a director of Grangesberg Iron AB and Eurmag AB. He has been a director of a number of other companies involved in the minerals industry. He is a Fellow of the Australasian Institute of Mining and Metallurgy.
- Danesh Varma** Canadian, aged 67, finance director and company secretary is a chartered accountant and a member of the Chartered Institute of Taxation. He is a director of Labrador Iron Mines Holdings Limited and since May 2014 has been a director of Grangesberg Iron AB and Eurmag AB. He is also chief financial officer of Minco plc, Xtierra Inc. and Conquest Resources Limited.
- David Lean** Australian, aged 70, non-executive director, is a chartered accountant. He has over 30 years' experience in the commercial aspects of the mining industry most of which was with major base and precious metal mining houses. Currently he is involved in trading mineral products. He is a member of the audit and nomination committees and from 30 July 2016 the remuneration committee.
- Howard Miller** aged 73, non-executive director, a lawyer with over 40 years' experience in the legal and mining finance sector in Africa, Canada and the UK. He has extensive experience in the financing of resource companies. He is chairman of Avnel Gold Mining Limited. He is a member of the remuneration, audit and nomination committees and the senior independent director.

**Solicitors**  
DLA Piper UK LLP  
101 Barbirolli Square  
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**Auditor**  
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## Anglesey Mining plc

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London office	<p>Painters' Hall Chambers 8 Little Trinity Lane, London, EC4V 2AN Phone 020 7653 9881</p>
Registrars	<p>Capita Asset Services The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU Phone 0371 664 0445</p> <p>Calls are charged at the standard geographic rate and will vary by provider. From overseas +44 371 664 0445</p>
Registered office	<p>Tower Bridge House, St. Katharine's Way, London, E1W 1DD</p>
Web site	<p><a href="http://www.angleseymining.co.uk">www.angleseymining.co.uk</a></p>
Company registered number	<p>1849957</p>
Shares listed	<p>The London Stock Exchange - LSE:AYM</p>

[www.angleseymining.co.uk](http://www.angleseymining.co.uk)  
[www.labradorironmines.ca](http://www.labradorironmines.ca)