



Anglesey Mining plc

29th July 2021

LSE:AYM

Chief Executive Appointment Annual Report Publication and Operational Update

Anglesey Mining plc (“Anglesey”) is extremely pleased to announce the appointment of Jonathan (Jo) Battershill as the new Chief Executive of Anglesey and as a Director with effect from 1st August 2021.

Jo, who is 50, is a mining geology graduate from Camborne School of Mines and has extensive experience both in operations and in finance in Australia and in the UK. After a long period working in mining operations with Western Mining Corporation in Australia, he joined a broking house in Perth in Western Australia and for the last 13 years has worked for UBS and then for Canaccord, firstly in Sydney and for the last six years in London.

Most recently until the end of June, Joe was London based, Canaccord Head of Sales and Distribution of Australian equities into the EMEA region, with a focus on metals and mining, where he increased the distribution network across the region significantly through strong institutional relationships. He is well known in the mining finance industry and has extensive knowledge and connections, having been part of Canaccord’s globally top ranked mining ECM/Sales team that placed c.US\$3bn since January 2020. Early in his mining career he worked as an underground miner at the South Crofty Tin Mine (Cornwall, U.K.) while attending the School of Mines.

John Kearney, Chairman says *“I am very pleased to welcome Jo into Anglesey Mining and we are delighted that we have been able to attract someone with his strong operations background and financing experience. He has great enthusiasm and brings vigour and deep relevant technical and finance knowledge to the Company. Jo will initially be tasked with moving the Parys Mountain project towards production and with fund-raising to facilitate our plans for both Parys Mountain and Grangesberg. We look forward with confidence to the renewed future with Jo.”*

To facilitate a smooth transition Bill Hooley will relinquish his current position as Chief Executive and take on the role of Deputy Chairman also effective 1st August 2021. Bill served as CEO since 2006, and as well as being President of Labrador Iron Mines, directed the completion of various resource upgrades for Parys Mountain, the 2017 Scoping Study and the QME optimisation work, which led to the successful production of the 2021 PEA, and will continue to provide his advice and experience to Anglesey and will assist Jo as required.

New Director Nominations

We are currently discussing with two other senior minerals industry professionals regarding taking on the role of non-executive director. We would hope to finalise these discussions in the next few weeks and will make an announcement at the appropriate time.

Delay in Publication of Annual Report and Accounts

The 2021 Annual General Meeting of shareholders of Anglesey Mining plc is currently scheduled to be held on 30 September 2021.

In light of the considerable disruption caused by Covid-19, all audit firms resources have been exceptionally strained due to the backlog of work, staff absences etc and following guidance issued by the Financial Conduct Authority (“FCA”) and Financial Reporting Council (“FRC”), the publication of the company’s Annual Report and Accounts, for the year ended 31 March 2021, which usually would

be due to be announced by 30 July 2021, will be delayed by up to two months, subject to further guidance from the FCA or other regulatory authorities.

The delay is occasioned at the request of the group's auditors, Mazars LLP, to reflect the additional time needed to complete the audit, given the currently unprecedented challenges in completing an audit in the context of the coronavirus pandemic, and the associated travel restrictions and delays in fulfilling audit requests and processes working remotely.

Anglesey is not aware of any material issues with the accounts and understands that the group's auditors require some more time to conclude the audit process. Anglesey does not anticipate any significant issues to arise in completion of the audit and publication of the audited accounts in due course. Anglesey notes that its audited accounts for 2020 were announced on 25 September 2020.

Corporate Review and Update

We are pleased to provide the following review and update on the projects and prospects for the Group.

Review

Any review of the past year is dominated by the unprecedented global coronavirus pandemic, which disrupted all our lives, strained the healthcare systems and resulted in an economic downturn that impacted people across the world.

Nevertheless, notwithstanding the challenges associated with the COVID-19 pandemic, we are pleased to be able to report that Anglesey Mining accomplished a great deal and achieved several key operational milestones over the past year. Significant progress was made on our Parys Mountain project, in our iron ore projects in Sweden and Canada, and in raising new financing of over £1,000,000.

Metal prices recorded impressive gains over the past twelve months, and we are very confident that the outlook for most minerals, and particularly for the copper, zinc and lead minerals at Parys Mountain, and for iron ore where Anglesey holds significant investments, is very encouraging.

The highlight of the past year was, far and away, the completion in January 2021 of an independent Preliminary Economic Assessment (PEA) on Parys Mountain which demonstrates that a major copper-zinc-lead mine can be developed on the island of Anglesey in North Wales. This PEA demonstrates that the Parys Mountain property is much more substantial than previously considered; that it has a larger mineable resource base; can support a longer mine life and can generate significantly enhanced financial returns.

Parys Mountain PEA – Expanded Resource Estimate - Significant Copper Resource

The PEA, completed by Micon International Limited, included a new updated mineral resources estimate showing 5.2 million tonnes of Indicated Resources at a combined base metal grade of 4.3%, (or a copper equivalent grade of 2.4%), together with 11.7 million tonnes of Inferred Resources at a combined base metal grade of 2.8% (copper equivalent grade of 2.0%).

Importantly, the new Resource Estimate of 5.2 million tonnes in the Indicated category reflects a significant increase from the previous estimate of 2.8 million tonnes in the same Indicated category used in the earlier 2017 Scoping Study. There is a significant increase in the tonnage available for mining and processing beyond the 2.23 million tonnes in the 2017 study. This is as a result of using the new estimated cut-off cost and the inclusion of Inferred resources in the selection of mining blocks. Although this results in some reduction in overall grades, the PEA shows a very significant beneficial effect on the total project financial outcome.

The updated resource estimate in the PEA indicates that Parys Mountain, once reputedly the largest copper mine in the world in the 18th century, contains 160,000 tonnes of copper in situ, with a gross contained metal value in the ground of more than \$1.4 billion.

Three separate development cases or scenarios were evaluated as part of the PEA, utilising planned mine tonnages ranging from 5.5 million tonnes at 1,500 tpd in Case A, to 11.4 million tonnes at 3,000 tpd in Case C.

The PEA is based on the mining of 103,500 tonnes of copper over the project's 12-year mine life together with 213,800 tonnes of zinc, 113,300 tonnes of lead and including 2,830 kg of gold and 219,000kg of silver. Total payable metals in concentrates are projected at 71,776t copper, 141,581t zinc, 75,818t lead, 1578kg gold and 125,714kg silver.

Completion of the PEA was the culmination of almost three years of continuous optimisation work, carried out principally by Quarry and Mine Equipment Limited ("QME"), and following upon an earlier Scoping Study by Micon and Fairport Engineering Limited in 2017, and based on an earlier JORC resource estimate by Micon in 2012.

Parys Mountain PEA Projects Strong Financial Results

The most attractive development option, the expanded Case C, indicates a total cash operating surplus over a 12-year mine life of more than \$510 million (£408 million), which translates to a pre-tax Net Present Value discounted at 10% pa of over \$120 million (£96 million), with an IRR of 26%.

The base case economic model in the PEA utilized three-year trailing metal prices of \$2.81/lb copper, \$1.20/lb zinc, \$0.95/lb lead, \$16.67/oz silver, and \$1,459/oz gold, and an exchange rate of £1.00=\$1.25.

Anglesey believes that these metal prices used in the PEA are conservative. Using actual metal prices and the exchange rate at the time of publication of the PEA in January 2021 would increase the Case C pre-tax NPV10% from \$120 million to \$220 million.

Sensitivity to metal prices

Anglesey believes that the base case three-year trailing metal prices used in the PEA are conservative. Since last year metal prices have continued to move higher and copper reached a decade long high in May 2021 of over \$4.80/lb while zinc prices on the London Metals Exchange rose to a high of \$1.39/lb. At June 30 prices were \$1.34/lb zinc, \$4.26/lb copper, \$1.05/lb lead, \$26.06/oz silver and \$1771/oz gold, with the exchange rate at £1.00 = \$US1.38.

Using these June 2021 parameters, the pre- and post-tax NPV10 doubles from £96 to £193 million, an increase to \$267 million and \$213 million respectively, with pre- and post-tax IRRs showing as 38.2% and 3.3% respectively, which demonstrate the sensitivity and leverage of the Parys Mountain project to the higher June 2021 metal prices.

At these June 2021 metal prices copper production from a Parys Mountain mine would represent 50% of the net smelter revenue, under the expanded Case C, while zinc and lead would represent 28% and 12% respectively. The PEA indicates production of 103,500 tonnes of copper over the project's 12-year mine life, or an average production of 8,500 tonnes of copper per year.

The Way Forward - Future Steps

The PEA demonstrates that a major copper-zinc-lead mine can be developed at Parys Mountain. The results show that once in production Parys Mountain should be able to make very positive financial returns. Nevertheless, as always in the mining industry, there are a number of sequential steps that need to be taken to move any project from the PEA to a full committed decision to proceed to production and these steps do take some time to reach fruition.

The key to this development is now securing the necessary finance to continue to move the project towards production. The PEA indicated a pre-production capital expenditure of \$99 million. This together with all other pre-decision project costs as well as ongoing corporate costs needs to be financed. The traditional method utilised by the industry involved a mixture of equity and debt. Typically, a mix of 30% equity to 70% debt could have been arranged. In this instance that would require Anglesey to source in the region of \$70 million in debt and as much as \$30 million of equity.

The Directors have been examining various possible financing routes including the traditional debt: equity scenario, but also indirectly through joint venture and other arrangements. As part of this process, the detailed results from the PEA have been made available on a limited and confidential basis to a number of entities who have shown interest in Parys Mountain. These entities are well aware of the potential upside from the ongoing movement in commodity prices, and of the security offered by a project based in the United Kingdom with planning permissions in place.

Under the Development and Co-operation Agreement with QME, the Group has agreed to grant QME various rights and options relating to the future development of Parys Mountain. Anglesey has agreed to a grant to QME the right and option, upon completion of a Prefeasibility Study, to undertake at QME's cost and investment, the mine development component of the Parys Mountain project, including decline and related underground development and shaft development, with a scope to be agreed to the point of commencement of production, in consideration of which QME would earn a 30% undivided joint venture interest in the Parys Mountain project.

From the feedback received, it has become clear that financing opportunities would be enhanced with some additional work to further de-risk the project and it can be expected that a project financing route will require the delivery of a feasibility study. Micon made recommendations regarding further technical studies to better quantify some aspects of the mining and processing operations, and trade-off studies to determine the best overall mining schedules, metallurgical flowsheet and infrastructure design to further optimise the project, which should lead to improved economics to be included in a feasibility study and improve the overall financial capability of the project.

Following the Micon PEA recommendations, a step series of activities have been identified that will form the necessary preparatory work as a prelude to the commissioning of a feasibility report. These include a surface diamond drilling programme to increase the confidence in some parts of the White Rock zone ahead of first underground development in some of those areas of the resource that are currently classified as Inferred. Such increased data would be aimed at converting parts of the resource to the Indicated category and thereby increasing the confidence of those parts of the resources. Simultaneously drill core samples would be collected for metallurgical testing purposes and these samples would then be subject to process testing to improve the flow-sheet design that has currently been developed.

Whilst Anglesey holds the necessary planning permissions to build a mine at the site, these must be supported by the grant of various environmental operating licenses. This will require collection of further environmental base-line data and a programme of environmental base line data collection is planned, both for inclusion in a formal feasibility report and as a pre-requisite ahead of any formal decision to commence operations.

The Parys Mountain property has a high potential for the discovery of additional mineral resources. There are drill intercepts outside of the planned mining blocks indicating mineralisation may extend into other areas of sparse drilling immediately adjacent to the reported Mineral Resources. Micon included additional exploration costs of \$1.6 million for Cases A and B and \$7.5 million for Case C. However, much of this additional drilling recommended for Case C, to upgrade the category of the resource in the second half of the project mine life from Inferred to Indicated, should ideally be carried out from an underground drill drive from the area around the bottom of the shaft and would not necessarily be undertaken until some years into the project.

At the end of March 2021, the group had cash resources of £892,000. Following a careful review of the financial resources currently available and considering the normal on-going costs of corporate and site operations, it has been decided that these three activities will be commenced forthwith, and as additional funding become available this programme will be accelerated.

A unique and timely opportunity

Given the challenges associated with the global pandemic, we believe Anglesey accomplished a great deal over the past year with important milestone achievements at Parys Mountain, in our iron ore investments, and in financing the company. Our goal now is to move the Parys Mountain Mine closer

to production. We have outlined new initiatives at Parys Mountain that will be critical in moving all this project towards production and today we announce the appointment of a new CEO to lead these efforts.

Development of a new mine at Parys Mountain, producing copper, zinc and lead, and with gold and silver credits, can deliver economic growth in the UK, regional jobs for the community and business opportunities for local service providers. Hardly any of these critical and strategic metals, essential for reduction in our carbon footprint and transition to a green economy, are currently produced in the UK, leaving the country entirely dependent on imports. This creates a unique and timely opportunity, both for Anglesey Mining and for the UK, to develop a new, modern, mine at Parys Mountain in an environmentally sustainable manner.

Mineral resources are the lifeblood of our modern society and the key to a more sustainable future. Today, we are in the middle of disruptive innovation in emerging green energy, e-mobility and clean technology, triggered by pressing societal challenges. The growing need for carbon-neutral technology creates a strong demand for minerals, metals and advanced materials.

About Anglesey Mining plc

Anglesey Mining is listed on the London Stock Exchange and currently has 225,475,732 ordinary shares in issue.

Anglesey is developing its 100% owned Parys Mountain copper-zinc-lead deposit in North Wales, UK with a 2020 reported resource of 5.2 million tonnes at 4.3% combined base metals in the Indicated category and 11.7 million tonnes at 2.8% combined base metals in the Inferred category.

Anglesey holds an almost 20% interest, and management rights to the Grangesberg Iron project in Sweden, together with a right of first refusal to increase its interest by a further 50.1%. Anglesey also holds 12% of Labrador Iron Mines Holdings Limited which holds direct shipping iron ore deposits in Labrador and Quebec.

For further information, please contact:

Bill Hooley, Chief Executive +44 (0)7785 572517

John Kearney, Chairman + 1 416 362 6686

Jo Battershill, CEO Designate +44 (0)7540 366000

Danesh Varma, Finance Director +44 (0)7740 932766