# Anglesey Mining plc

## Annual Report 2021

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

**Projects:**

**100% ownership of the Parys Mountain underground zinc-copper-lead-silver-gold deposit in North Wales, UK where an independent Preliminary Economic Assessment announced in January 2021 showed -**

- **an estimate of 5.2 million tonnes of Indicated resources together with 11.7 million tonnes of Inferred resources**
- **a financial model for an expanded case at 3,000 tpd with a pre-tax NPV10% of $120 million, (£96 million), 26% IRR and 12-year mine life**

**A 12% shareholding in Labrador Iron Mines Holdings Limited which holds direct shipping iron ore deposits in Canada where a Preliminary Economic Assessment of its Houston project published in March 2021 showed –**

- **NPV8% CAD109 million at conservative base case iron ore price with a 39% IRR and a12 year mine life**

**A 19.9% interest in the Grangesberg Iron project in Sweden, together with management rights and a right of first refusal to increase the Group's interest to 70% where an independent study reported**

- **an estimate of 115 million tonnes of Indicated resources together with 33 million tonnes of Inferred resources**

## Contents



## Glossary

$ - United States dollar unless otherwise stated
CAD – Canadian dollar
AGM - the annual general meeting to be held on 30 September 2021
CFR - cost and freight, applied to iron ore prices, an Incoterm
DFS - Definitive Feasibility Study
DMS - dense media separation, a process for the elimination of low-density waste from crushed ore
dmt - dry metric tonne (used in iron ore measurement)
EIA - environmental impact assessment
GIAB - Grangesberg Iron AB, a privately owned Swedish company
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
OTC – The OTC Markets Group trading stocks in the US off the exchanges
PEA - Preliminary Economic Assessment
PFS - Preliminary Feasibility Study
tonne - metric tonne of 1,000 kilogrammes
SEK - Swedish Krona
t - metric tonne
tpd - tonnes per day

***To Anglesey Shareholders***

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 these challenges associated with the COVID-19 pandemic, I am pleased to be able to report that Anglesey Mining accomplished a great deal and achieved several key operational milestones over the past year, including reporting comprehensive income for the year of £3.7 million. 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 I am very confident that the outlook for most minerals, 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 Projects Strong Financial Results***

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%, (equivalent to 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.

The updated resource estimate in the PEA indicates that Parys Mountain, 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 most attractive option, the expanded Case C, indicates a total cash operating surplus of more than £408 million over a 12-year mine life, which translates to a pre-tax net present value discounted at 10% of over £96 million with an IRR of 26%.

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"), following upon an earlier Scoping Study by Micon and Fairport Engineering Limited in 2017 which was in turn based on a JORC resource estimate by Micon in 2012. Shareholders are encouraged to read the more detailed Strategic Report included later in this Annual Report.

***Metal Prices Surge***

The COVID pandemic brought great volatility to financial and commodity markets in 2020. The initial decline in metal prices and demand caused by the pandemic was short lived as many mines were closed or had their operations suspended, thus reducing supply, while the very rapid and sustained recovery in China, driven in large part by government stimulus measures, drove up metal prices higher in the second half of 2020 and continued through the first half of 2021.

Metal prices impact the level of investor interest in the mining industry. We continue to witness a growing strength in the financing markets for mineral projects and for mineral companies, which enabled Anglesey to raise over £1,000,000 in new financing from new investors, a notable headline achievement.

The principal reason for the improvement in metal prices, and the positive outlook, as discussed further below, is the growing recognition that metals and minerals are essential for addressing climate change and adapting to a green economy. Metals are essential for electrification: copper for power generation, transmission and energy storage; nickel and lead for energy storage; and zinc for extending the lifespan of products.

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, with an exchange rate of £1.00/$1.25. Anglesey believes that the base case three-year trailing metal prices used in the PEA are conservative. 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. End June 2021 prices were $4.26/lb copper, $1.34/lb zinc, $1.05/lb lead, $26.06/oz silver and $1771/oz gold, with the exchange rate at £1.00/$1.38. Using these June 2021 parameters, the Case C pre-tax NPV10 doubles from £96 to £193 million, with pre-tax IRR as 38.2%, which clearly demonstrate the sensitivity and leverage of a Parys Mountain mine to higher metal prices.

At 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, equivalent to an average production of 8,500 tonnes of copper per year.

***The need for metals and minerals - Minerals are essential for a green economy***

It is expected that post-pandemic global stimulus plans and the challenging targets of the Paris Agreement to achieve climate neutrality by 2050, will provide long term demand and support for critical and strategic minerals, and thus for metal prices, including in particular copper, and indeed lead and zinc.

Amid resurging demand and as the world recovers from the pandemic, trillions of dollars being invested to rebuild infrastructure as well as transitioning to a green economy, the outlook for copper is extremely bullish. Governments around the world are launching huge stimulus programmes focused on job creation and environmental stability, leading to the potential for a multi-decade commodity cycle ahead driven by decarbonisation of the global economy and a shift to cleaner energy.

The International Energy Agency (IEA), in its May 2021 report, *The Role of Critical Minerals in Clean Energy Transitions*, states that the rapid deployment of clean energy technologies as part of energy transitions implies a significant increase in demand for minerals. The IEA report suggests that an energy system powered by clean energy technologies differs profoundly from one fuelled by traditional hydrocarbon resources. It concludes that solar photovoltaic plants, wind farms, and battery-electric vehicles (BEVs) generally require more minerals to build than their fossil fuel-based counterparts. According to the IEA, a typical electric car requires six times the mineral inputs of a conventional car and an onshore wind plant requires nine times more mineral resources than a gas-fired plant.

Internal combustion engine vehicles (ICEVs) are the greatest contributors to carbon emissions in the UK. As recognized by the Committee on Climate Change, for transport to hit 'net zero', the internal combustion engine needs to be eliminated from cars.[1] To switch the UK's fleet of 31.5 million ICEVs to BEVs it would take an estimated 2,362,500 tonnes of copper, plus other critical minerals. In addition, the energy revolution towards renewables, that is, wind, solar, wave, tidal, hydro, geothermal and nuclear, together with the newly built infrastructure for delivery, are highly reliant on mineral-based technologies.

A letter authored by Natural History Museum Head of Earth Sciences, Prof. Richard Herrington, delivered to the Committee on Climate Change[1], explains that to meet UK electric car targets for 2050 the UK would require at least half of the world's copper production, as well as other minerals, and to replace all UK-based vehicles today with electric vehicles would take 2.36 million tonnes of copper, representing approximately half of the world's annual copper production.

***Strength in Iron Ore***

In 2020 the price of iron ore reached a nine-year high of US$170 per tonne (62% Fe Fines CFR China), driven largely by sustained demand in China and supply constraints in Brazil. In the first half of 2021, the price of iron ore climbed another 40%, to an all-time record US$235 per tonne in May, before retreating to US$215 per tonne by the end of June and below US$200 per tonne to the US$160 per tonne range in August. It was to be expected that the price would see some contraction. However iron ore demand in China has proven to be extremely strong, as infrastructure stimulus programs have been driving a robust economic recovery and continued strength in Chinese steel production.

During the year Anglesey increased its interest in the Grangesberg Iron project in Sweden and now holds a direct 19.9 % interest, together with management rights, and a right of first refusal to increase its interest to 70%. The former Grangesberg mine, located about 200 kilometres north-west of Stockholm, had produced more than 150 million tonnes of iron ore prior to its closure in 1989 due to then prevailing market conditions. The Grangesberg deposit hosts a significant iron ore deposit of over 150 million tonnes, in all categories, and has excellent potential for expansion at depth. The +67% Fe high-quality product expected to be produced from Grangesberg would command premium prices and makes Grangesberg more attractive than many other undeveloped iron ore projects in Europe. Anglesey in conjunction with its Swedish partners in Grangesberg is planning to commission a PEA on the development of the Grangesberg project based on updated forecasts for long term iron prices and on a modified development programme to take advantage of optimisations expected since previous studies.

Meanwhile, on the other side of the Atlantic, Labrador Iron Mines, in which Anglesey Mining holds a 12% interest, published an updated, independent, PEA on its Houston Project in February 2021 which supports LIM's plan to resume iron ore production and demonstrated an initial 12-year mine life with production of 2 million dmt of per year, for total production of 23.4 million dmt of product at 62.2% Fe over the life of the Houston mine.

The PEA estimates the Houston Project will generate an undiscounted net cash flow of CAD234 million and an after-tax net present value at an 8% discount rate of CAD109 million, and an after-tax internal rate of return of 39%, under the base case $90/dmt benchmark pricing model. The PEA notes that using a spot price of $160/dmt would increase the after-tax NPV8% to CAD459 million and the after-tax IRR to 209%.

LIM recorded an impairment reversal of CAD26 million to the carrying value of the Houston Project, which was the main contributor to LIM reporting consolidated net income of CAD25.7 million for the year ended 31 March 2021. Anglesey holds 19.29 million LIM shares which on 31 March 2021 were valued in total at $5.5 million, or approximately £4 million, on the OTC Market in the United States. The increase in the value of the Group's holding in LIM has been recorded as a gain of £4 million in the Group Income Statement through Other Comprehensive Income.

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[1] Clean technologies and infrastructure of a low carbon future carry intense mineral demands. Committee on Climate Change: https://www.theccc.org.uk/2019/05/02/phase-out-greenhouse-gas-emissions-by-2050-to-end-uk-contributionto-global-warming/

***Environmental and Social Focus***

The purpose and objective of Anglesey Mining is to develop, build and operate a producing mine at Parys Mountain, on the island of Anglesey in North Wales, to create value for shareholders in an environmentally, socially, and ethically responsible manner for the benefit of all stakeholders. There has been an increasing investor focus on environmental, social and governance (ESG) matters, and these are areas on which we have always placed high importance, particularly as having a social licence to operate, and operating in an environmentally responsible manner, are critical for the successful operation of any mining project. In Anglesey we place a high priority on sustainability and we are committed to being a responsible mining company, maintaining mutually beneficial long-term relationships with key stakeholders and the local community.

On the governance side, this year, we are reporting for the second time under the new UK Corporate Governance Code published by the Financial Reporting Council applicable to all companies with a Premium Listing on the London Stock Exchange. Although Anglesey is not included in the FTSE 350, and is considered a "smaller company", the Code applies to Anglesey because of its Premium Listing status on the LSE.

The Directors believe that throughout the year, Anglesey has in general complied with the spirit of the Principles of the Code, to the extent such Principles are applicable in Anglesey's particular circumstances. However, as a company with limited active operations and no full-time employees, some of the Principles and many of the Provisions are not relevant or applicable to our individual circumstances and we are not fully compliant with the Code, specifically with regard to the independence of the Board and the grant of share options to non-executive Directors. Nevertheless, we are committed to continuing to update policies and procedures to strive for best practices in governance affairs. Shareholders are encouraged to read the detailed Report on Corporate Governance included later in this Annual Report.

***A unique and timely opportunity***

Given the challenges associated with the global pandemic, I 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 and at the Grangesberg and Labrador iron ore projects that will each be critical in moving all these projects thorough to production. These are all exciting opportunities and need to be moved forward with the greatest speed possible within the constraints of the resources available.

Development of a new mine at Parys Mountain, producing copper, zinc and lead 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."* [2]

***New Chief Executive appointment***

I was 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 brings great enthusiasm, vigour, relative youth and deep relevant technical and finance knowledge to the Company. We were delighted to have been able to attract someone with his strong operations background and financing experience. 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.

To facilitate a smooth transition Bill Hooley has relinquished his position as Chief Executive and taken on the role of non-executive Deputy Chairman. 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 all of which led to the successful production of the 2021 PEA. He will continue to provide his advice and experience to Anglesey as Deputy Chairman.

I would like to thank our Directors for their enduring dedication and commitment, and our team of consultants and contractors for all their hard work that made fiscal 2021 successful. I welcome new shareholders who joined us during the past year and thank all Anglesey shareholders for their continued interest.

Although mineral exploration and development is always a high-risk speculative endeavour, I remain very positive and enthusiastic about the future outlook for Anglesey Mining plc.

**John F. Kearney**
Chairman of the Board
2 September 2021

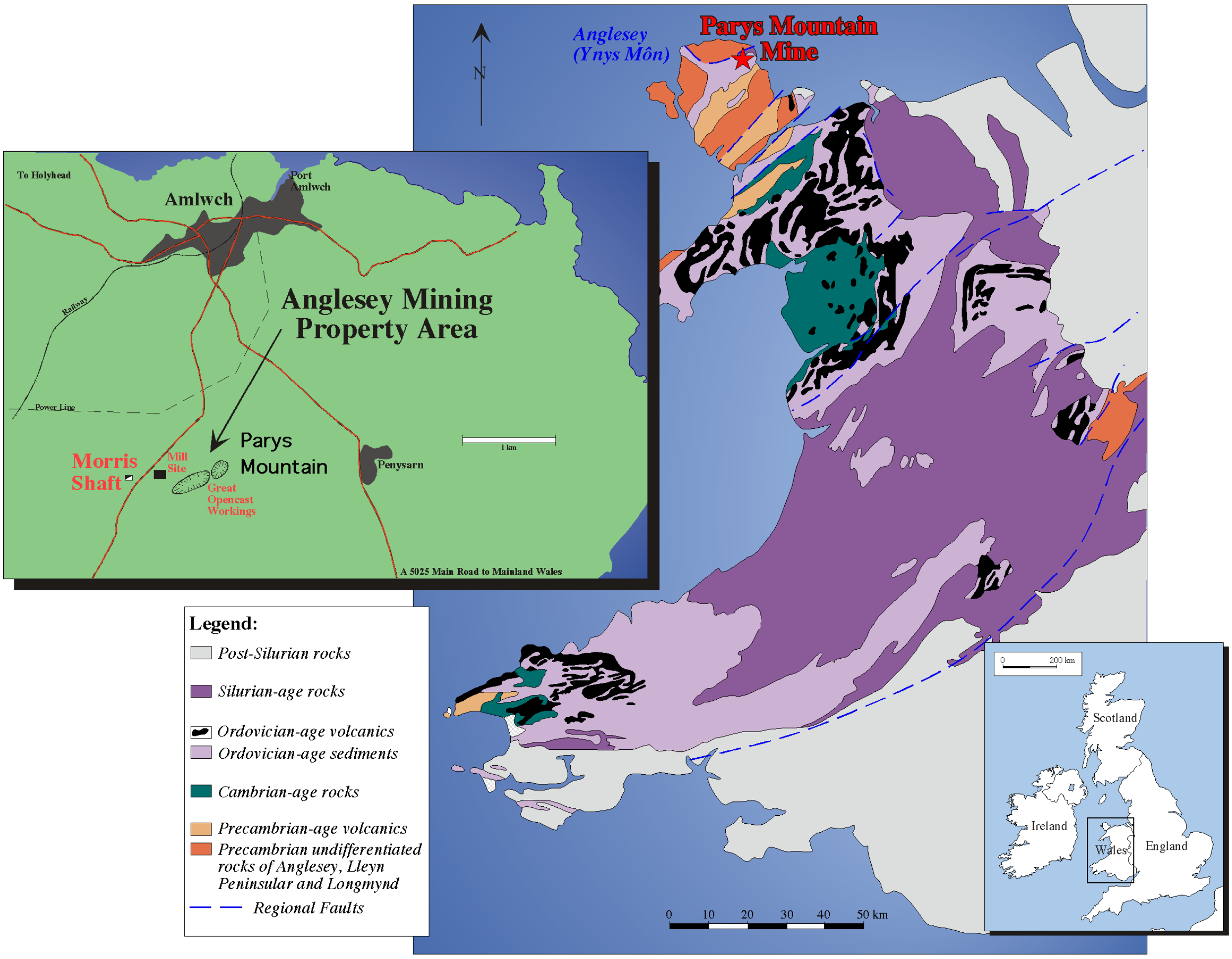
[2] The European Association of Mining Industries, Metal Ores & Industrial Minerals - the recognised representative of the European metals and minerals mining industry.

## Principal activities and business review

Anglesey Mining is engaged primarily in exploring and developing its wholly owned Parys Mountain zinc, lead, copper project in North Wales. Anglesey's purpose is the development of a producing mine at Parys Mountain to create value for shareholders in an environmentally, socially, and ethically responsible manner for the benefit of all stakeholders. The purpose and objectives of the Group are discussed in the Report on Corporate Governance included as part of this Annual Report.

The core strategic priority of the Group is to systematically and sequentially advance the development of a mine at Parys Mountain by completing exploration to outline mineral resources, completing technical and economic studies to assess financial viability, completing feasibility studies to demonstrate technical and financial viability and then using those studies to attract investment and raise the necessary capital to build and operate the mine.

In addition to Parys Mountain, Anglesey also holds important investments in iron ore. Under various agreements, the Group participates in the management of the Grangesberg iron ore property in Sweden in which it increased its holding during the year to 19.9% and holds a right of first refusal to acquire a further 50% ownership interest. The Group also has a 12% holding in the Labrador Iron Mines in eastern Canada and continues to look at other potential projects that may be beneficial or synergistic to the development of the Company.




**Location of Parys Mountain in North Wales**

## Parys Mountain copper zinc lead project - Micon Preliminary Economic Assessment

The highlight of the past year was the completion in January 2021 of an independent PEA on the Parys Mountain project by Micon International Limited ("Micon") which demonstrates that a major copper-zinc-lead mine can be developed at 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.

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 ("Fairport") in 2017, and based on previous work by Micon in 2006, and particularly a JORC resource estimate in 2012.

The PEA 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%). The updated resource estimate in the PEA indicates that Parys Mountain contains 160,000 tonnes of copper in situ.

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.

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 utilized three-year trailing metal prices as of September 2020 of $1.20/lb for zinc, $2.81/lb for copper, $0.95/lb for lead, $16.67/oz for silver and $1,459/oz for gold, and an exchange rate of £1.00=$1.25. Since last year metal prices have continued to move forward and applying end June 2021 prices and exchange rates would increase this NPV10 to $267 million. See discussion on the sensitivity of the project to higher metal prices below.

**Parys Mountain headframe and winder house**

**Background to PEA**

In July 2017 a Scoping Study was prepared by Micon and Fairport using a JORC resource estimate completed in 2012 by Micon which reported a resource of 2.1 million tonnes in the indicated category at 6.9% combined base metals. Anglesey concluded that utilising the Indicated Resources only did not properly reflect the potential of the property. In late 2018 Anglesey entered into an agreement with Quarry and Mine Equipment Limited ("QME") an Irish based contracting and consulting company which has been supplying complete solutions to the mining industry since 1985, to carry out an Optimisation Study to review expected mining capital and operating costs and potential mining tonnages and to include the additional Inferred Resources previously identified by Micon in 2012.

An important initial aspect of the QME work was an estimate of overall costs based on its own experience and its derived mining capital and operating costs from the ground up. Given QME's current hands-on operating experience, these cost estimates can be regarded as the best estimates currently available. QME then utilised the cost estimates for the non-mining, i.e., processing and infrastructure, aspects of the project from the 2017 study which had been largely produced by Fairport with additional input from Micon. QME estimated that at a 1,000tpd operating level, total operating costs would be approximately $48 per tonne of ore milled.

QME then carried out a detailed mine planning exercise utilising this $48 per tonne as a cut-off cost. They applied this to each of the mineralised zones as identified by Micon in 2012 including both Indicated as well as Inferred material to estimate tonnages into stoping blocks that would be available for mining. Some of these cases were based only on the White Rock and Engine Zones that lie adjacent to the existing infrastructure including the Morris Shaft, whilst one particular case looked at the greater tonnages available in the more distant Lower Engine, Garth Daniel and Northern Copper zones.

Having identified these stoping blocks, QME produced detailed mining schedules for a number of cases. These schedules include all the necessary access and production development required, as well as production by tonnage and grade for the relevant timing periods. As a result, a number of differing production rates were selected based on the overall tonnages to ensure the optimum overall mine life for each case. QME then applied its expected development and production cost estimates to each work unit to generate overall time and cost forecasts by period for each of the cases developed.

Following completion of the QME Optimisation Study in 2020, Anglesey appointed Micon to conduct a PEA utilising the results of the QME Optimisation Study as it felt appropriate. This PEA builds on Micon's previous work, including its 2012 resource estimate, the 2017 Scoping Study, including Fairport's processing and infrastructure capital and operating costs, and QME's 2020 Optimisation Study on current mining capital and operating costs and mineable tonnages.

**New Expanded Resource Estimate**

As part of the development of the PEA, Micon reviewed the work carried out by QME including the mine planning and the capital and operating cost estimates. In general, Micon concurred with the QME work but did make some amendments when necessary. Having accepted the $48 per tonne cut-off level, Micon produced a revised resource estimate at this value. This estimate used the same parameters including metal prices utilised in its 2012 estimate. While there has been some movement in the prices in the intervening period Micon concluded that using current prices would not significantly amend this estimate:

**Parys Mountain Mineral Resource Estimate**

| Zone | Category | Tonnes | Cu (%) | Pb (%) | Zn (%) | Ag (g/t) | Au (g/t) | AV (US$/t) | Cu (t) | Pb (t) | Zn (t) | Ag (oz) | Au (oz) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Engine | Indicated | 496,000 | 1.36 | 2.59 | 4.94 | 91.8 | 0.5 | 246 | 6,760 | 12,840 | 24,520 | 1,465,000 | 8,320 |
| | Inferred | 121,000 | 1.73 | 3.42 | 6.73 | 69.9 | 0.5 | 300 | 2,100 | 4,130 | 8,130 | 272,000 | 2,000 |
| Deep Engine | Inferred | 620,000 | 1.95 | 1.90 | 4.21 | 22.6 | 0.2 | 206 | 12,070 | 11,760 | 26,110 | 450,000 | 3,850 |
| White Rock | Indicated | 4,712,000 | 0.25 | 1.23 | 2.30 | 23.1 | 0.3 | 93 | 11,930 | 57,870 | 108,360 | 3,504,000 | 43,950 |
| | Inferred | 1,258,000 | 0.28 | 1.26 | 2.56 | 27.5 | 0.3 | 101 | 3,560 | 15,900 | 32,250 | 1,110,000 | 10,460 |
| Garth Daniel | Inferred | 340,000 | 1.89 | 2.76 | 5.78 | 66.3 | 0.1 | 265 | 6,450 | 9,390 | 19,680 | 725,000 | 1,540 |
| Northern Copper | Inferred | 9,375,000 | 1.27 | 0.24 | 0.38 | 5.0 | 0.1 | 68 | 118,970 | 22,470 | 35,590 | 1,504,000 | 38,780 |
| **Total** | **Indicated** | **5,208,000** | **0.36** | **1.36** | **2.55** | **29.7** | **0.3** | **108** | **18,690** | **70,700** | **132,880** | **4,969,000** | **52,270** |
| | **Inferred** | **11,714,000** | **1.22** | **0.54** | **1.04** | **10.8** | **0.2** | **87** | **143,150** | **63,650** | **121,760** | **4,060,000** | **56,640** |

1. Dr Robin Bernau, employee of Micon International Co Ltd, is a competent person for the Mineral Resource Estimate. The effective date of the estimate is 15.12.2020.
2. There are reasonable prospects for eventual economic extraction under assumptions of a gold price $1,275/oz, a silver price of $17.50/oz, a zinc price of $1.25/lb, a copper price of $2.50/lb and a lead price of $1.00/lb employing underground mining techniques.
3. All in mining, processing, re-handling and general and administration costs were estimated at $39.06/t mill feed. A payability factor of 72% has been applied.
4. An operating cut-off of $48/t has been applied and no allowance has been made for dilution or loss.
5. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

The 2020 PEA increased the resource estimate to 5.2 million tonnes at 4.3% combined metals in the indicated category together with 11.7 million tonnes at 2.8% combined metals in the inferred category. This estimate utilised the same geological interpretation and model as the 2012 and 2017 studies but used a modified cut-off cost of $48 per tonne based on the QME work and extended the resource to include other zones that were not previously considered.

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 Indicated category used in the 2017 Scoping Study. This is as a result of using the new estimated cut-off cost. Although this results in some reduction in overall grades this does have a very significant beneficial effect on the total project financial outcome as demonstrated in the PEA.

**Mine Development Cases**

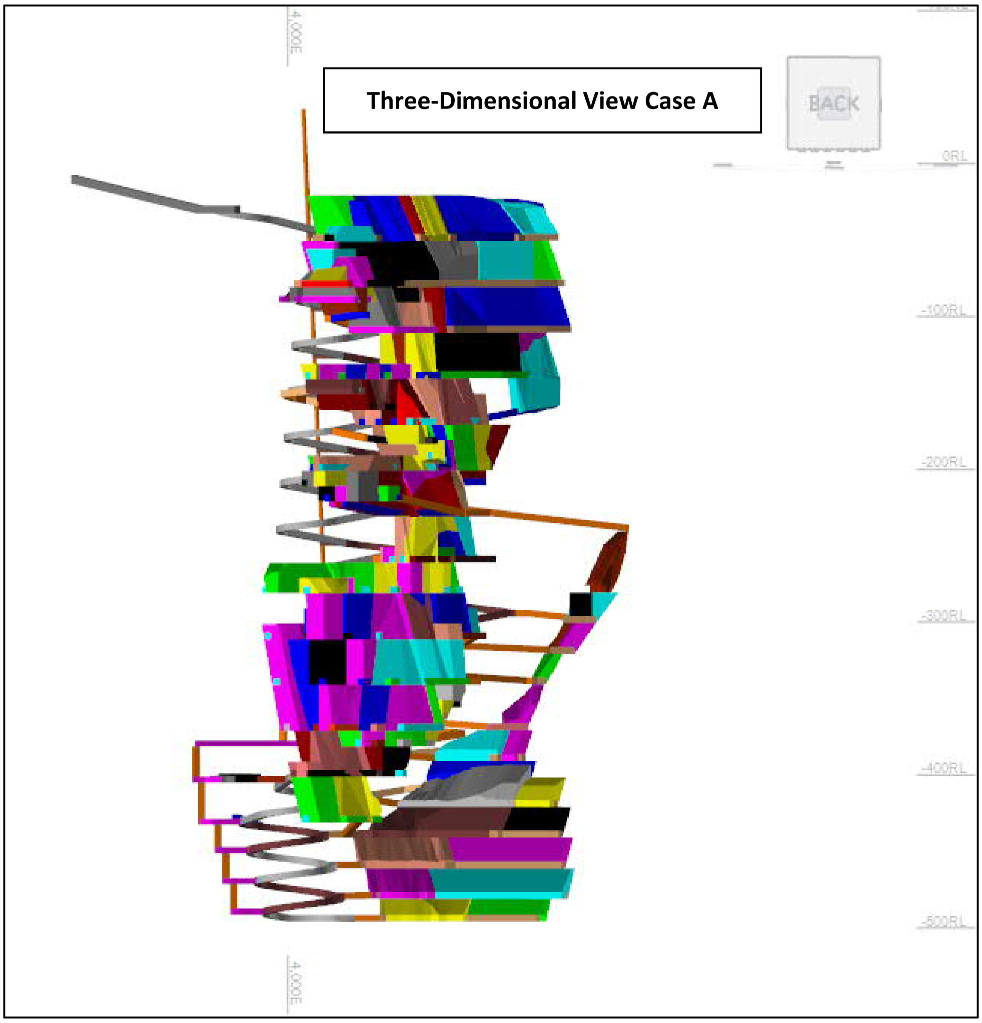
As part of the Optimisation Study, QME evaluated a number of differing development scenarios. On review of the QME Study, Micon selected three of these scenarios to best describe the potential for the deposits. Each case utilised both Indicated as well as Inferred resources and, on the basis of the increased tonnage available for mining, selected higher planned production rates than the 1,000tpd, used in the 2017 study.

These three cases selected by Micon are summarised as:

Case A – Utilising only the White Rock and Upper Engine zones (as in the 2017 study) with Inferred material included at a planned production rate of 1,500tpd.

Case B – As Case A but with some initial production coming from a proposed small open cut, again at a production rate of 1,500tpd.

Case C – Utilising all the reported resources in the White Rock and Upper Engine Zones but also including the inferred resources in the Lower Engine Zone, the Garth Daniel Zone and the Northern Copper Zone. In this Case C with the increased mineable tonnage, the planned production rate was increased to 3,000tpd.



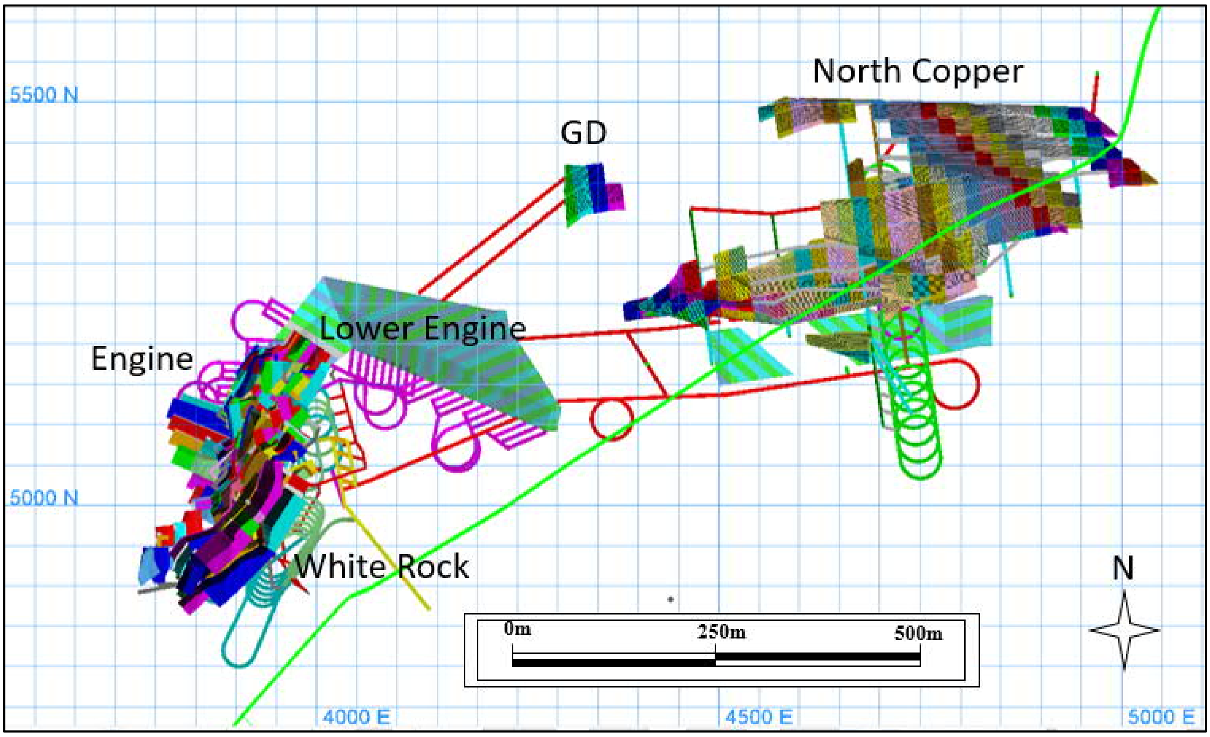

**Mine Planning**

Micon reviewed and agreed with the mine layout and the stope planning produced by QME. In Case B, Micon carried out its own design, planning and costing for the suggested small open pit and utilised these results rather than the estimates made by QME - given Micon's experience in open pits compared to the underground speciality of QME.

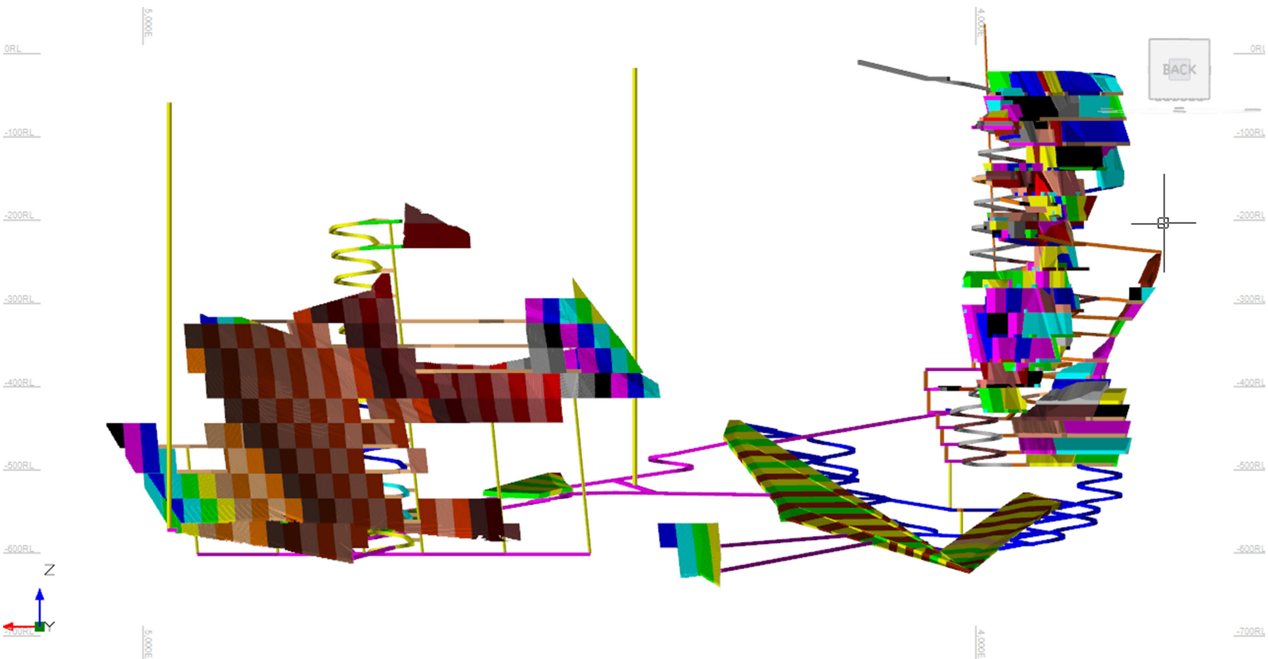
Micon agreed with QME's conclusions that the existing Morris Shaft would be used only for ventilation in Cases A and B but would be fully utilised as a hoisting shaft in Case C and agreed with the QME cost estimates to put the shaft back into service.

Micon therefore accepted most of the detailed production timing and cost estimates and timing produced by QME and adopted them into the financial review. These tonnages include material derived from both Indicated and Inferred resources as well as internal dilution at zero grade of material outside of these resources necessarily included within stoping blocks. They are shown in the table below:

| | Tonnage (Mt) | Copper (Cu%) | Zinc (Zn%) | Lead (Pb%) | Silver (g/t Ag) | Gold (g/t Au) | Copper Equivalent % |
|---|---|---|---|---|---|---|---|
| Case A | 5.87 | 0.34 | 2.42 | 1.27 | 27.27 | 0.28 | 2.25 |
| Case B | 5.45 | 0.36 | 2.49 | 1.30 | 28.40 | 0.29 | 2.33 |
| Case C | 11.42 | 0.84 | 1.82 | 0.97 | 18.63 | 0.24 | 2.29 |




**Plan View Case C showing extended resources**



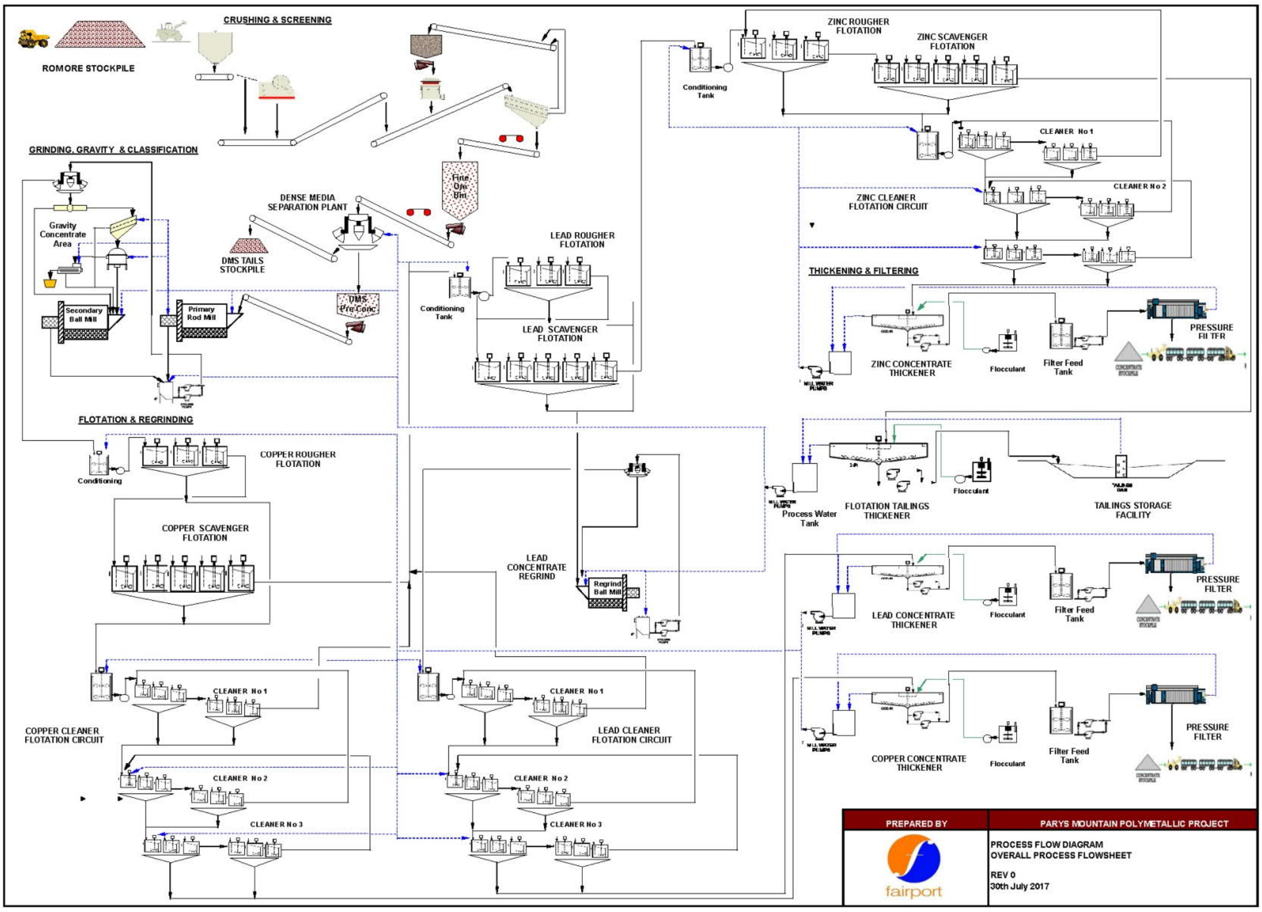
**Three-Dimensional View Case C showing extended resources**

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.

**Processing and Infrastructure**

The Micon 2017 Scoping Study included extensive work by Fairport Engineering regarding the process plant design, efficiencies and costs. This study recommended a Dense Media Separation ("DMS") facility ahead of the main processing plant and this continues to be utilised for all three of the current cases. Similarly, FEL reviewed and costed the site infrastructure requirements.

**Proposed Process Flowsheet**




Micon incorporated all of Fairport's recommendations from 2017 into the PEA but with some additions and modifications as now deemed appropriate.

**Project Costing and Financial Results**

Micon produced a detailed financial model incorporating its own inputs as well as those from QME and Fairport. The model was constructed on yearly periods using the QME mine production forecasts and the Fairport processing characteristics. The model assumed that the mine would produce three base metal concentrates namely copper, zinc and lead. In addition, some gold will be produced in concentrate from the free gold that has been identified in the mineral resource. Relevant concentrate transport and treatment and refining costs were applied individually to each concentrate.

Costs within the model were defined as mid-2020 costs to match the estimates produced by QME. Processing infrastructure costs produced by Fairport in 2017 were escalated to a mid-2020 equivalent. Mining costs for each case were determined directly by QME. Processing and Infrastructure capital and operating costs were based on the 2017 production rate of 1,000tpd and these were factored by Micon to reflect the higher 1,500tpd or 3,000tpd production rates as appropriate. In addition to the mining costs generated by QME, Micon included additional initial exploration costs of $1.6 million for Cases A and B and $7.5 million for Case C.

Within the financial model Micon incorporated all known and relevant project charges including licences, fees and royalties. All values were based on constant 2020 prices and no allowances were made for any escalation in either costs or commodity prices. No allowance was made for corporate costs or for any interest charges of any project financing. The financial results derived are therefore to be read at a project level basis. Micon calculated financial results on both a pre-tax and a post-tax basis after incorporating appropriate carry forward expenses and utilising current UK tax rates.

Micon considered it appropriate to utilise three-year trailing metal prices in the financial evaluation. These were determined to the end of September 2020 and amounted to $1.20 per pound for zinc, $2.81 per pound for copper, S0.95 per pound for lead, $16.67 per ounce for silver and $1,459 per ounce for gold. A fixed exchange rate of £1.00 = $1.25 was used.

Micon reviewed the appropriate discount rate to utilise and after considering the Weighted Average Cost of Capital and applying this through a Capital Asset Pricing Model elected to apply a discount a rate of 10% per annum for all cases.

It was apparent from the financial analysis that Case C was the most attractive option with a pre-tax NPV more than twice either of the other cases as demonstrated in the table below which compares Case C with Case A.

**Parys Mountain Cases A and C - Operating and Financial Summary**

| | | Case A | Case C |
|---|---|---|---|
| Life of mine | Years | 12 | 12 |
| Production | TPD | 1500 | 3,000 |
| Total tonnes produced | Mt | 5.9 | 11.4 |
| Net smelter returns | $m | 478 | 1,015 |
| Operating Costs | $m | 252 | 503 |
| EBITDA | $m | 226 | 512 |
| Pre-production capex | $m | 70 | 99 |
| Sustaining capes | $m | 34 | 76 |
| Net cash flow pre-tax | $m | 122 | 336 |
| Corporation tax | $m | 24 | 67 |
| Net cash-flow post tax | $m | 98 | 269 |
| **Pre-tax NPV10** | **$m** | **36** | **120** |
| Post tax NPV10 | $m | 26 | 92 |
| **Pre-tax IRR** | **%** | **20** | **26.0** |
| Post-tax IRR | % | 17 | 24 |

The PEA includes Inferred Resources and therefore the tonnages indicated as available for mining cannot be extrapolated to Reserve status, and consequently the financial results cannot be considered as reaching Feasibility Study basis.

**Sensitivity to metal prices**

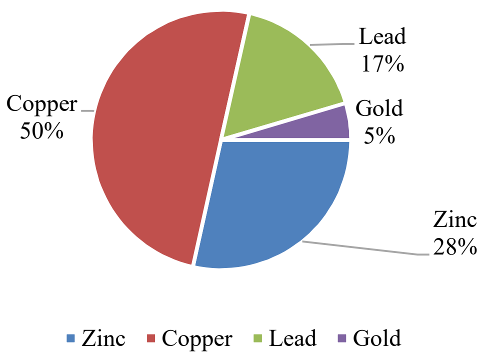
The financial evaluation in the PEA utilised average three-year trailing metal prices to the end of September 2020 of $1.20 lb zinc, $2.81 lb copper, S0.95 lb lead, $16.67 oz silver and $1,459 oz gold and a fixed exchange rate of £1.00 = $1.25.

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.

Since last year metal prices have continued to move higher and 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 increase to $267 million and $213 million respectively, with pre- and post-tax IRRs showing as 38.2% and 35.3% respectively., which demonstrate the sensitivity and leverage of the Parys Mountain project to the higher June 2021 metal prices.

**NSR Value by concentrate Type: Case C at June 2021 metal prices**

NB: Lead concentrate includes silver at 5%



**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 bankability 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.

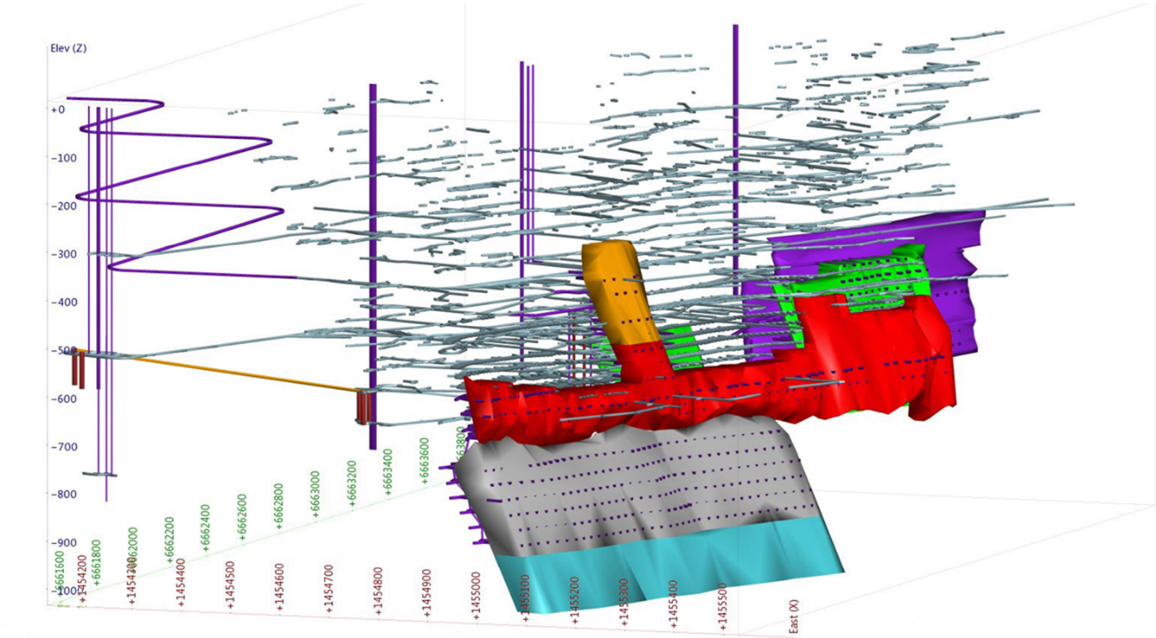
## Grangesberg Iron AB

The Grangesberg iron ore project 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, the Grangesberg mine had produced in excess of 150 million tonnes of iron ore.

At 31 March 2021 following investments during the financial year, the Group holds a direct 19.9% interest in Grangesberg Iron AB (GIAB) and a right of first refusal over 50% of the share capital of GIAB. This right has been granted in exchange for Anglesey continuing to co-manage GIAB on a cost recovery basis. Anglesey also has shareholder and cooperation agreements such that it holds operatorship of GIAB subject to certain conditions and appoints three out of five directors to the board of GIAB.

GIAB is a private Swedish company founded in 2007 which in 2014 completed (with assistance from the Group) a financial and capital restructuring. GIAB holds a 25-year exploitation permit covering the previously mined Grangesberg underground mining operations granted by the Swedish Mining Inspectorate in May 2013.

In September 2014, an NI 43-101 Technical Report was prepared by Roscoe Postle Associates Inc showing a 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.




**Three-Dimensional View of Grangesberg**
**Showing Resource blocks, existing shafts and planned new development**

In 2020 the price of iron ore surged to a nine-year high of US$170 per tonne (62% Fe Fines CFR China), driven largely by sustained demand in China and supply constraints in Brazil. In the first half of 2021, the price of iron ore climbed another 40%, to an all-time record US$235 per tonne in May, before retreating to US$215 per tonne by the end of June and below US$200 per tonne in August. The premium for 65% Fe has increased to almost $50 per tonne with 65% Fe price of $258 per tonne. It was to be expected that the price would see some contraction. However the stimulus programmes in both China and the USA as well as continuing production delays in Brazil are supporting the price. Iron ore demand in China has proven to be extremely strong, as infrastructure stimulus programs have been driving a robust economic recovery and continued strength in Chinese steel production It now looks unlikely that there will be a retreat to 2018 prices in the medium term and with the major economies beyond China and the USA expecting to recover from the Covid-19 situation in the near term, there is every expectation that a supportive floor price at a level that would make Grangesberg competitive will be maintained.

Grangesberg, when in production will produce a 67%+ product which should command the premiums noted. As such, Grangesberg situated in politically stable Sweden and relatively close to the major European markets with consequent lower shipping costs, continues to present an attractive proposition. Nevertheless, the high capital cost expected to develop Grangesberg will in itself present some challenges. We continue to look to some consolidation in the iron ore industry in Scandinavia and believe that as this evolves that Grangesberg as the largest non-producing iron ore asset in the region will be well placed to take advantage and be part of a greater financing package.

To take best advantage from these opportunities, in conjunction with our Swedish partners in Grangesberg we expect to commission a new PEA on the development of the project immediately. This PEA will consider modified development scenarios from those utilised by Grangesberg in its last major study that should result in better utilisation of underground and surface resources, will critically review capital expenditure requirements hopefully resulting in some efficiencies from previous studies, and will importantly consider the enhanced future price expectations for both the base iron ore price and for the higher-grade premium. The deliverables from the PEA will be used both as a financing tool and in discussions with future partners.

## Labrador Iron Mines

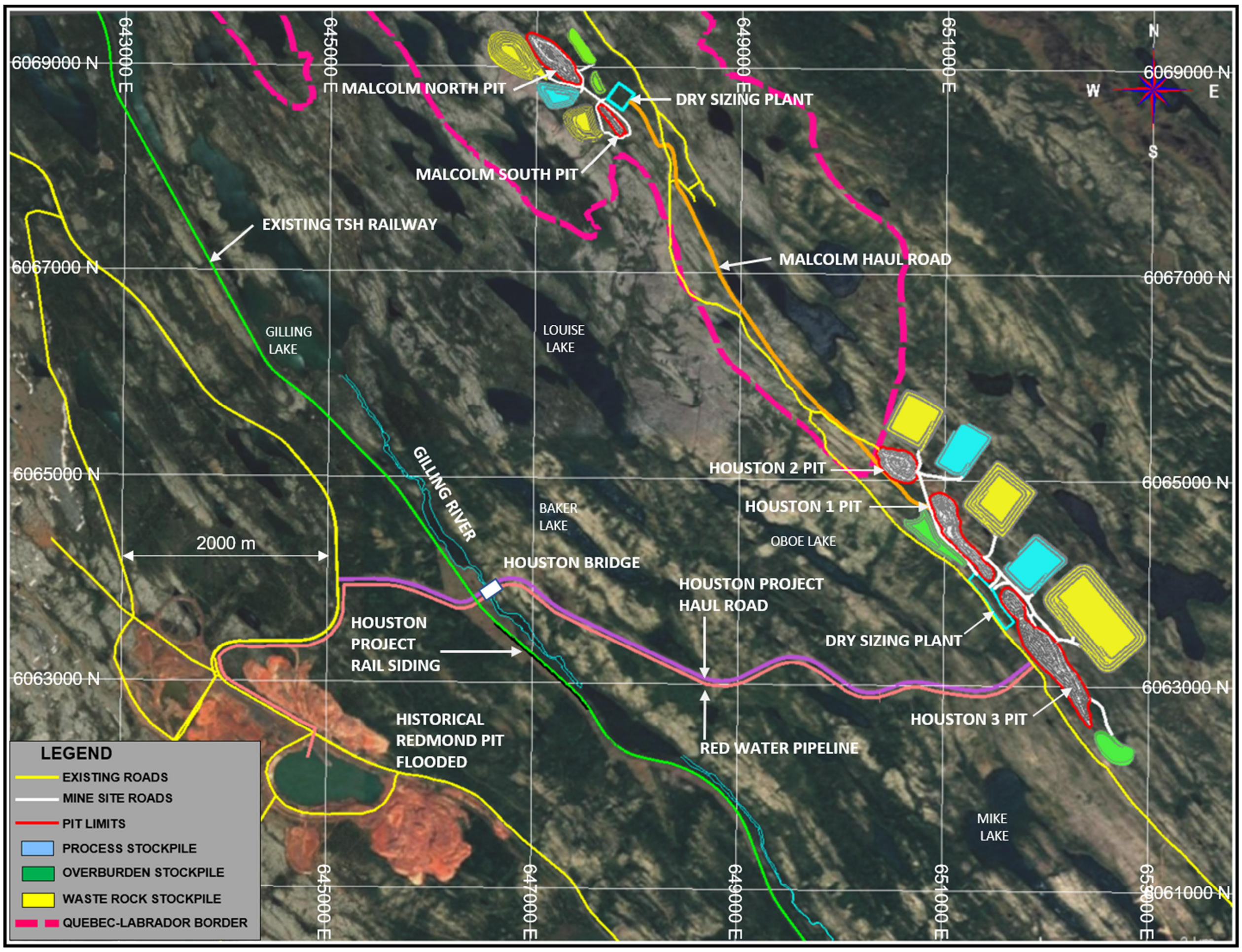
The Group has an investment holding of 12% (2020 -12%) in Labrador Iron Mines Holdings Limited. LIM owns extensive iron ore resources in its exploration properties in Labrador and in Quebec, Canada, one of the major iron ore producing regions in the world.

LIM holds measured and indicated DSO mineral resources of approximately 21 million tonnes at an average grade of 62.7% Fe and inferred resources of 14 million tonnes at an average grade of 59.4% Fe on its Schefferville projects. In addition, LIM holds the Elizabeth Taconite project, which has an inferred mineral resource estimate (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe.

In the three-year period of 2011 to 2013 LIM produced a total of 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 cape-size shipments into the China spot market. LIM has not undertaken mining operations since 2013, primarily due to the low iron ore price environment, but maintains its properties on a stand-by care and maintenance basis and, subject to securing financing, is positioned to resume mining operations as soon as economic conditions warrant.

In March 2021 LIM announced the results of a new updated independent PEA regarding LIM's direct shipping Houston project located approximately 20 kilometres south of its previously mined James deposit. The projected financial results from the PEA were very encouraging with an after-tax NPV8 of CAD109 million at the relatively low iron ore price for 62% Fe of $90 per tonne. At an iron price of $160 per tonne i.e. that set at the end of March, this NPV8 would increase to CAD459 million.

The Houston PEA assessed a production rate of 2 million tonnes of 62.2% Fe per annum, with an overall mine life of 12 years. Production would be expected to be 30% lump ore and 70% sinter fines.




**Houston project showing mine location and access corridors**

Following the issuance of the independent PEA, and having regard to the strong price of iron ore, LIM recorded an impairment reversal of almost CAD26 million at March 31, 2021, as a restatement of the previous carrying value of the Houston Project, which was the main contributor to LIM reporting consolidated net income ofCAD25.7 million for the year ended 31 March 2021. LIM's shares are traded on the OTC Markets in the United States and at 31 March 2021 were quoted at $0.29 per share. Anglesey holds 19.29 million LIM shares which at that end of the year price were valued in total at $5.5 million, or approximately £4 million. Last year the shares were carried in Anglesey's accounts at a nominal value of £1. The increase in this value of the Group's holding in LIM since last year has been recorded in the Statement of Financial Position as a gain of £4,053,506 through Other Comprehensive Income.

## Other activities

The Directors continue to seek out new properties suitable for advanced exploration or development that would be complementary to or provide synergies with the Company's existing projects and within the financing capability likely to be available. The Directors have identified a number of zinc and copper projects, as the most potentially attractive and continue to evaluate a number of early-stage opportunities.

## Financial results and position

There are no revenues from the operation of the properties. As described in the Labrador Iron Mines section above, the Company recorded a gain of £4,053,506 in the value of the group’s holding in LIM and this has been reported in other comprehensive income, resulting in total comprehensive profit for the year of £3,714,921, compared to a comprehensive loss for the prior year of £327,860.

The loss before other comprehensive income for the year ended 31 March 2021 after tax was £328,518 compared to a loss of £304,510 in the 2020 fiscal year. The administrative and other costs excluding investment income and finance charges were £162,824 compared to £134,796 in the previous year.

During the year there were no additions to fixed assets (2020 - nil) and £101,570 (2020 - £49,835) was capitalised in respect of the Parys Mountain property as mineral property exploration and evaluation.

At 31 March 2021 the Group held mineral property exploration and evaluation assets with a carrying value of £15.3 million. These carrying values are supported by the results of the 2021 Preliminary Economic Assessment of the Parys Mountain project which estimated a pre-tax net present value, discounted at 10%, of £96 million under Case C, but may not reflect the realizable value of the properties if they were offered for sale at this time.

The directors considered that the effect of Covid-19, if any, was likely to be minimal and short-term relative to the life of the project.

At the reporting date, and as detailed in Note 10 the Directors considered the carrying value of the Parys Mountain exploration and evaluation assets to determine whether specific facts and circumstances suggest there is any indication of impairment. They carefully considered the positive results of the recent independent PEA and the plans for moving the project forward. Consequently, the Directors concluded that there were no facts and circumstances which materially changed during the year which might trigger an impairment review and that there are no indicators of impairment.

The successful placement of shares during the year resulted in a cash inflow of £1,068,200, after fees and expenses. The cash balance at 31 March 2021 was £891,767, compared to £95,311 at 31 March 2020, the increase being due to (i) placements for cash of new shares between August 2020 and January 2021, (ii) the subsequent exercise of all the warrants granted at the same time as the first of those share issues and (iii) the exercise by directors and a former director of all outstanding options granted under the Group’s share option scheme, which options were set to expire in September.

These funds will be used for ongoing work on the Parys Mountain project, as well as for general corporate purposes.

At 31 March 2021 there were 225,475,732 ordinary shares in issue (2020 – 186,975,732), the increase being due to the financing events referred to above. At 2 September 2021 there were 225,475,732 ordinary shares in issue.

The use of financial instruments is described in note 23.

#### Performance

The Group holds interests in exploration and evaluation properties and, until a mine is placed into production, there are no standardised performance indicators which can usefully be employed to gauge performance., The publication of the independent PEA on the Parys Mountain project in January 2021, which built upon the optimisation studies successfully completed over the previous two years, and included a new expanded mineral resource estimate, with a financial model for an expanded case at 3,000 tpd which indicated a pre-tax NPV10% of £96 million and a 26% IRR, demonstrated a significant improvement on previous studies and steady progress.

The chief external factors affecting the ability of the Company to move its projects forward are primarily the demand for metals and minerals, levels of metal prices and the market sentiment for investment in mining and mineral exploration companies. These and other factors are dealt with in the risks and uncertainties section below.

## Section 172 Statement

The Directors, both individually and collectively, believe, in good faith, that throughout the year and at every meeting of the Board and management when making every key decision, they have acted to promote the success of the Group for the benefit of its members as a whole, as required by Section 172 of the Companies Act 2006, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006. The Directors Section 172 Statement follows.

Section 172 of the Companies Act is contained in the part of the Act which defines the duties of a director and concerns the “duty to promote the success of the Company”.

Section 172 adopts an ‘enlightened shareholder value’ approach to the statutory duties of a company director, so that a director, in fulfilling his duty to promote the success of the company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to other specified factors insofar as they promote the Company’s interests.

The Board of Anglesey Mining recognises its legal duty to act in good faith and to promote the success of the Company for the benefit of its shareholders and with regard to the interests of stakeholders as a whole and having regard to other matters set out in Section 172. These include the likely consequences in the long term of any decisions made; the interest of any employees; the need to foster relationships with all stakeholders; the impact future operations may have on the environment and local communities; the desire to maintain a reputation for high standards of business conduct and the need to act fairly between members of the Company.

The Board recognises the importance of open and transparent communication with shareholders and with all stakeholders, including landowners, communities, and regional and national authorities. We seek to maximise the industry's benefits to local communities, while minimising negative impacts to effectively manage issues of concern to society.

Shareholders have the opportunity to discuss issues and provide feedback at any time.

The application of the Section 172 requirements can be demonstrated in relation to the Group's operations and activities during the past year as follows.

**Having regard to the likely consequences of any decision in the long term**

The Company's purpose and vision are set out in the Chairman's Letter and in this Strategic Report. The Board oversees the Company's strategy and is committed to the long-term goal of the development of the Parys Mountain Project. The activities towards that goal are described and discussed in the Strategic Report. The Board remains mindful that its strategic decisions have long-term implications for the Parys Mountain project, and these implications are carefully assessed. For example, in working with Micon International on the preparation of the PEA, various scenarios were valuated, including three separate development cases or scenarios, utilising planned mine tonnages, ranging from 5.5 million tonnes at 1,500 tpd in Case A, to a larger operation of 11.4 million tonnes at 3,000 tpd in Case C, over a 12-year mine life. In evaluating alternatives or opportunities the Directors always consider the likely consequences of any decision in the long-term that may affect the Group, and the potential impact on long-term shareholder value, including key competitive trends, supply and demand of metals, potential impact on the environment and climate change considerations, all of which were considered in the preparation of the PEA.

**Having regard to the need to foster the Company's business relationships with others**

The Company operates as a mineral exploration and development business, without any regular income and is entirely dependent upon new investment from the financial markets for its continued operation. The Board values the benefits of maintaining strong relationships with key partners, contractors and consultants. This is discussed in more detail elsewhere in this Strategic Report. As a mine development company, the Board understands that a range of third parties- regulators, contractors, suppliers, and potential customers for the concentrates that would be produced from a mine at Parys Mountain, are relevant to the sustainability of the Company business.

**Having regard to the interests of the Company's employees**

The Group currently has no full-time employees and is managed by its directors and a small number of associates and sub-contract staff. The Board takes steps to ensure that the suggestions, views and interests of the Company's personnel are considered in decision-making.

**Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct**

The Board is committed to high standards of corporate governance, integrity, and social responsibility and to managing the Company in an honest and ethical manner, as further discussed in the Corporate Governance Report. The Directors strive to apply ethical business practices and conduct themselves in a responsible and transparent manner with the goal of ensuring that Anglesey Mining plc maintains a reputation for high standards of business conduct and good governance.

**Having regard to the impact of the Company's operations on the community and the environment**

The Board takes a broad range of stakeholder considerations into account when making decisions and gives careful consideration any potential impacts on the local community and the environment. The Board strives to maintain good relations with the local community, especially with local businesses in North Wales. For example, in reviewing various alternative options of the possible expansion of planned mining operations at Parys Mountain, as part of the QME optimisation studies and as further reviewed as part of the preparation of the PEA, the Board considered the impact of such possible expansion on the local footprint of the property, the potential environmental impact, the number of employees and the impact on local communities and businesses.

The Corporate Governance Report discusses how the Directors engage with and have had regard to the community in which the Group operates. Further discussion of these activities can be found in this Strategic Report. As a mine development company, the Board understands that recognising and having regard to the potential impact the Company's operations may have on the community and the environment is essential to underpinning the social licence necessary to operate. In making decisions about the development of a mine at Parys Mountain, the Board would seek to maximise the benefits to the local community, while minimising negative impacts, and to effectively manage issues of concern to society. By aligning future operations to environmental, social and governance performance the Company will seek to deliver on its purpose to create value through responsible and sustainable mining.

**Having regard to the need to act fairly as between members of the Company**

The Company has only one class of share in issue and all shareholders benefit from the same rights, as set out in the Articles of Association and as required by the Companies Act 2006. Since 1996 a Controlling Shareholder Agreement has been in place with Juno Limited, the largest shareholder, which provides that Anglesey will maintain an independent board and any transactions between Juno and Anglesey will be at an arm's length basis.

The Board recognises its legal and regulatory duties and does not take any decisions or actions, such as selectively disclosing confidential or inside information, that would provide any shareholder with any unfair advantage or position compared to the shareholders as a whole.

## Risks and uncertainties

The Directors have carried out an assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. In conducting its business, the Group faces a number of risks and uncertainties, the more significant of which are described below. The board believes the principal risks are adequately disclosed in this annual report and that there are no other risks of comparable magnitude which need to be disclosed.

Mineral exploration and mine development is a high-risk speculative business and the ultimate success of Anglesey Mining will be dependent on the successful development of a mine at Parys Mountain, which is subject to numerous significant risks most of which are outside the control of the Board.

In reviewing the risks facing the Group, the Board considers it is sufficiently close to operations and aware of activities to be able to adequately monitor risk without the establishment of any formal process. There may be risks against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. 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, results of exploration, mineral reserves, mineral resources, 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 of properties, mineral claims, leases and other mineral interests, should it seek to pursue such opportunities, as well as for the recruitment and retention of qualified employees and other personnel and in attracting investment and or potential joint venture partners to its properties.

**Exploration and development**

Exploration for minerals and development of mining operations involve risks, many of which are outside the Group’s control. Exploration by its nature is subject to uncertainties and unforeseen or unwanted results are always possible. Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

Substantial expenditures are required to develop the mining and processing facilities and infrastructure at any mine site. No assurance can be given that a mineral deposit can be developed to justify commercial operations or that funds required for development can be obtained on a timely basis and at an acceptable cost. There can be no assurance that the Group’s current development programmes will result in profitable mining operations. Current operations are in politically stable environments and hence unlikely to be subject to expropriation but exploration by its nature is subject to uncertainties and unforeseen or unwanted results are always possible.

**Development and liquidity risk**

The going concern risk is discussed in detail in the Directors report. The Group has relied on equity financing to fund its working capital requirements and will need to generate additional financial resources to fund all future planned exploration programmes.

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.

There is no assurance that the Group will continue to obtain additional financial resources and/or achieve positive cash flows or profitability.

**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 are usually expressed and traded in US dollars and any fluctuations may be either exacerbated or mitigated by currency fluctuations which affect the revenue 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. Most of the cash balance at the year-end was held in sterling – see notes 18 and 24.

**Permitting, environment, climate change and social**

The Group holds planning permissions for the development of the Parys Mountain property, but further environmental studies and assessments and various approvals and consents will be required to carry out proposed activities and these may be subject to various operational conditions and reclamation requirements.

**Employee 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. A discussion on the composition and assessment of the Board of Directors is included in the Report on Corporate Governance.

**Brexit**

The Directors believe that the effect on the specific operations of the UK having left the European Union is unlikely in and of itself to be material and the resultant expected focus on domestic investment in the UK may be beneficial to the Parys Mountain Project.

**Covid-19**

The Directors have carefully considered the impact of the Covid-19 pandemic on the Parys Mountain property and have concluded that to date it has had no impact on the project and further it is unlikely to have, assuming that the pandemic does not escalate and passes over in the next two to three years. The project is not currently in production, so Covid-19 does not impact current operations.

In our Annual Report last year, we noted that we did not expect the Covid-19 pandemic to have any material effect on operations or to have any major long-term impact. In the year just completed that has proved to be largely correct as the Group suspended all field activities in compliance with Government guidelines to help limit the spread of the virus, and continued to operate in a socially responsible manner, ensuring the safety of all personnel and community. Nevertheless, although the pandemic has no direct impact on the Parys Mountain property and is not expected to affect its ongoing exploration and development, equity financing is relied upon to generate additional financial resources to fund working capital requirements and to fund the planned programmes and  travel restrictions did hamper the ability to meet with potential investors and conduct due diligence exercises and site visits and these impediments may continue for the immediate future.

The Group cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the duration of the pandemic, the ultimate severity of the disease, the duration of travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs. In addition, this widespread health crisis has adversely affected the economies and financial markets resulting in an economic and financial downturn that could r affect the Company's ability to finance its operations.

As noted last year one of the impacts of the Covid-19 pandemic has, paradoxically, been an improvement in the demand for commodities as governments around the world launch huge stimulus programmes focused on infrastructure and job creation leading to the potential significant increase in demand for metals.

## Group Prospects

The Parys Mountain mine is not yet in production and does not generate any revenue. We have no sales at present and the continuance of operations is entirely dependent upon our ability to raise adequate financing.

The progress from the QME optimisation study as reported last year through to the production of the Micon PEA earlier this year has been very positive. The results show that once in production Parys Mountain should be able to make very positive financial returns.  The key to this development is now securing the necessary finance to continue to move the project towards production.

The Company plans to phase the development of the Parys Mountain project by undertaking the various optimisation programmes and completing a prefeasibility or feasibility study to progress the Parys Mountain Mine towards production.

**Metal Price Outlook Positive**

The strength of base and precious metal prices to date in 2021 is very encouraging.  The two key metals for Parys Mountain are copper and zinc, although it should be noted that at mid- 2021 precious metal prices the value of gold and silver to be produced at Parys Mountain would represent about 10% of the total revenue stream.

Over the past year, base metal prices have posted strong gains, driven by resilience in the global economy, investment speculation, supply disruptions and inventory depletion. The Covid-19 pandemic led to a decrease in metal demand in China during the first quarter of 2020, but demand rebounded strongly in the second half of 2020 as incentive measures in the country kick-started industrial activity.

Copper moved significantly from around \$2.80/lb per pound last year to a high of \$4.85/lb in May 2021. The rally in copper prices in 2020 was due mainly to the recovery of Chinese copper demand which was underpinned by Chinese government stimulus. In 2021, continued fiscal and monetary policy support is providing additional momentum to prices against a backdrop of multi-year low exchange stocks. Notwithstanding a mid-summer slowdown, Chinese demand is expected to remain strong in 2021, due to the real estate sector and an increase in air conditioning, automotive, and consumer durable production.

The use of copper in electrification is expected to continue to create strong demand in the long term and looking at previous cycles the copper price recovery could still be in early stages. London Metals Exchange ("LME" 3 month prices hit 10-year highs of ~\$10,700/t (\$4.85/lb) in May, driven by expectations of a global economic recovery, the green energy story and multi-year low metal exchange inventories. CRU, the commodities research unit, has forecast its 2021 LME 3 Month copper price average at $8,835/t ($4.00/lb), an increase of 43% on the 2020 average.

The demand for zinc metal increased from the end of the first quarter of 2020 through the rest of the year and zinc prices improved throughout the second half of the year and through the first half of 2021. Zinc prices on the (LME) averaged US$1.03 per pound for 2020 but ended the year at US$1.24/lb and rose to a high of US$1.39/lb in May 2021 and traded between US$1.30 to $1.40/lb in June, July and August..

Zinc inventories on the LME followed a similar pattern falling from 250,000 tonnes in April 2020 to almost 50,000 tonnes in March of 2021 and then rising back to the 250,000 tonnes level. The increase in inventories came after China, through the National Food and Strategic Reserves Administration sold a total of 30,000 tonnes of zinc and 20,000 tonnes of copper from China's national strategic reserves in June and 50,000 tonnes of zinc and 30,000 tonnes of copper in July . to curb rising commodity prices. China's will sell 30,000 tonnes of copper and 50,000 tonnes of zinc in a third batch of sales via a public auction on September 1, The sales came as China sought to cool the surge in metal prices fuelled by a post-pandemic economic recovery, and speculative buying that has dented manufacturers' margins.

Lead prices on the LME averaged US$ 0.82/lb in 2020, compared to US$0.93/lb in 2019 and ended the year at US$0.80/lb. Since then, lead prices have risen to over the US$1.00/lb level. Lead inventories have remained flat through 2020 hovering around 60,000 tonnes but spiked to more than 140,000 tonnes in January 2021 before settling back to 100,000 tonnes.

Base metals are needed for electrification and adaptation to climate change, copper for power generation, transmission and energy storage; nickel and lead for energy storage, and zinc for extending the lifespan of products. It is expected that the post-pandemic global stimulus plans and the requirement for increased production to achieve climate neutrality by 2050 will provide long term support for metal prices, in particular for copper.

Wood Mackenzie, the commodities research firm, has suggested in its Energy Transition Outlook (ETO) that demand for primary copper is set to grow by an average of ~2% p.a. over the next 20 years, while its Accelerated Energy Transition (AET2) Scenario, which limits the average global temperature increase to 2 degrees from 1990 levels, suggests the potential to boost copper demand growth to 3.5% p.a. leading to a doubling of global primary demand by 2040. "The energy transition cannot happen without a sufficient, timely and ESG compliant copper supply in place" states Wood Mackenzie.

Because China accounts for more than half of global base metal demand and a significant share of global metal supply, economic developments in China will continue to be a major factor in metal markets and prices over the long term.

In 2020 the price of iron ore surged to a nine-year high of US$170 per tonne (62% Fe Fines CFR China), driven largely by sustained demand in China and supply constraints in Brazil. In the first half of 2021, the price of iron ore climbed another 40%, to an all-time record US$235 per tonne in May, before retreating to US$215 per tonne by the end of June and declining below US$200 to US$160 per tonne range in August. It was to be expected that the price would see some contraction. Nevertheless, iron ore demand in China has proven to be extremely strong, as infrastructure stimulus programmes have been driving a robust economic recovery and strong Chinese steel production.

There are pundits who are suggesting that the next metals super-cycle is in place and sustainable for many years to come. Nevertheless, there are also doomsayers, particularly amongst the analytical industry, who believe backwardation curves represent the future but who find it difficult to look at the realpolitik situation. Their negative views have prevailed over many years but have generally proved incorrect.

As we did in last year's report, we point out that mines have a limited life span, and the supply of metal will decline unless new mines are put into production. Investment in new mines will only take place if companies believe that future metal prices will make investment profitable. The Directors, who have long experience in the base metals markets through many price cycles, believe that continued strength in metal prices is very likely because the industry has not been investing in any significant levels of exploration in recent years while demand for metals continues to steadily grow.

In Anglesey, we believe that the correct approach is to factor in current and expected demand and to assume some but not all forecast new production. Higher prices will eventually be reflected in increased production, but the lead-time for such new production can be significant, and it is likely that the demand for metals will remain strong and the positive outlook for metal prices will continue for many years to come.

We have outlined new initiatives at the Parys Mountain base metal project and at the Grangesberg and Labrador iron ore projects. These initiatives will each be critical in moving all these projects thorough to production. These are all exciting opportunities and need to be moved forward with the greatest speed possible within the constraints of the financial resources available.

This report was approved by the board of Directors on 2 September 2021 and signed on its behalf by:

| | |
|---|---|
| Bill Hooley | Jo Battershill |
| Deputy Chairman | Chief Executive |

The Directors are pleased to submit their report and the audited accounts for the year ended 31 March 2021.

The Corporate Governance statement which follows forms part of this report. The principal activities of the Group and other information are set out in the Strategic Report section preceding this report. Certain matters relating to financial performance, risk exposure and management, and future developments have 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. The responsibilities of the Directors are discussed in the Corporate Governance Report.

With regard to the appointment and replacement of directors, the Company is governed by its Articles, 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 and therefore Jo Battershill who was appointed as a director on 1 August 2021 will offer himself for election at the AGM. 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 shares

| | 25 August 2021 | | 31 March 2021 | | | 31 March 2020 | | |
|---|---|---|---|---|---|---|---|---|
| **Director** | **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 | - | 500,000 |
| Bill Hooley | - | 200,000 | - | 1,200,000 | 1,200,000 | 1,000,000 | 200,000 | 1,200,000 |
| Jo Battershill | - | 22,971 | | | n/a | | | n/a |
| Danesh Varma | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | - | 1,000,000 |
| Howard Miller | - | - | - | 500,000 | 500,000 | 500,000 | - | 500,000 |
| | - | 222,971 | - | 3,200,000 | 3,200,000 | 3,000,000 | 200,000 | 3,200,000 |

(1) All of these interests are beneficial.

(2) The family interests of Danesh Varma have a significant shareholding of Juno Limited, a connected person, which has notified an interest in 57,924,248 ordinary shares.

### Directors' share options

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 were over ordinary shares of 1 pence each and were subject to a performance condition that the Company's share price performance over the period from grant to exercise must exceed that of the companies in the FTSE 100 index.

| Name | Options at 1 April 2020 | Granted in year | Exercised in year | Lapsed in year | Options at 31 March 2021 | Exercise price | Date from which exercisable | Expiry date |
|---|---|---|---|---|---|---|---|---|
| John Kearney | 500,000 | - | 500,000 | - | - | 2.000p | 30 Sep 17 | 30 Sep 21 |
| Bill Hooley | 1,000,000 | - | 1,000,000 | - | - | 2.000p | 30 Sep 17 | 30 Sep 21 |
| Howard Miller | 500,000 | - | 500,000 | - | - | 2.000p | 30 Sep 17 | 30 Sep 21 |
| Danesh Varma | 1,000,000 | - | 1,000,000 | - | - | 2.000p | 30 Sep 17 | 30 Sep 21 |
| | 3,000,000 | - | 3,000,000 | - | 0 | | | |

The market price of the ordinary shares at 31 March 2021 was 3.64 pence, the high for the year to 31 March 2021 was 8.9 pence and the low for the year was 1.0 pence. The mid-market price at 24 August 2021 was 3.8 pence.

On 16 March 2021, the Company announced the exercise of all 3,500,000 options by the directors and by David Lean, a past director, being all of the options outstanding. These options had been granted in 2016 under the Unapproved Share Option Scheme and had an expiry date of 30 September 2021. The Directors felt it would be appropriate to exercise the options prior to the end of the financial year on 31 March 2021. All of the shares resulting from the share option exercises were sold in May 2021. The gains made by each director at exercise are shown in the table below.

| Name | Gain on option exercise |
|---|---|
| | £ |
| John Kearney | 13,000 |
| Bill Hooley | 26,000 |
| Danesh Varma | 26,000 |
| Howard Miller | 13,000 |
| **Total** | 78,000 |

### Directors' interests in material contracts

Juno Limited (Juno), which is registered in Bermuda, holds 25.7% of the ordinary share capital. There is a controlling shareholder agreement and working capital agreement with Juno and note 18 sets out movements under this working capital agreement. Apart from 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. The family interests of Danesh Varma, a director of the Company, have a significant shareholding in Juno.

John Kearney, Bill Hooley and Danesh Varma, as nominees of the Company, are directors of Grangesberg Iron AB. Similarly, Bill Hooley and Danesh Varma are directors of Angmag AB as nominees of the Company. 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 in 2014. The Group has a liability to Eurmag AB, a subsidiary of Eurang, amounting to £332,272 at the year-end (2020 – £321,105). See also note 24.

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

The Company takes out a directors' and officers' liability insurance policy on normal commercial terms which includes third party indemnity provisions.

## Substantial shareholders

At 24 August 2021 Juno Limited had notified an interest in 57,924,248 shares representing 25.7% of the issued ordinary shares.

## Shares

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

The Directors would ideally 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 its ongoing exploration and development programs and working capital, or the acquisition of new mineral ventures or other activities, they believe that it is appropriate to have a larger amount available for issue at their discretion without pre-emption than is recommended for larger listed companies. At a general meeting to be held on 30 September 2021, the Directors will seek a renewal and replacement of the existing share allotment authorities.

The authority sought in resolution 10 of the meeting 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 £750,000 (75,000,000 ordinary shares) which is approximately one third of the total issued ordinary share capital at 24 August 2021. The Directors will consider issuing shares if they believe it would be appropriate to do so in respect of potential financings or business opportunities that may arise consistent with the Group's strategic objectives. The Directors have no immediate intention of exercising this general authority, other than in connection with the potential issue of shares for interim financings to fund working capital or pursuant to the employee share and incentive plans.

The purpose of resolution 11 is to authorise the Directors to allot new shares pursuant to the general authority given by resolution 10 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 £560,000 (56,000,000 ordinary shares). This aggregate nominal amount represents approximately 25% of the issued ordinary share capital at 24 August 2021. Whilst such authority is more than the 5% of existing issued ordinary share capital which is 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. This authority will expire on 31 December 2022. The Directors intend to seek renewal of this authority at future annual general meetings.

### Rights and obligations attached to shares

The rights and obligations attached to the ordinary and deferred shares are set out in the Articles of Association. The deferred shares are non-voting, have no entitlement to dividends and have negligible rights to return of capital on a winding up. Details of the issued share capital are shown in note 20. Details of employee share schemes are set out in the Directors' remuneration report and in note 21.

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 shares.

### Voting rights

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, nor are they entitled to receive notice of general meetings.

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 those 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 any meeting unless all monies, if any, presently payable in respect of their shares have been paid, but no such shares are in issue. Furthermore, no member shall be entitled to attend or vote at any meeting if he has been served with a notice after failing to provide the Company with information concerning interests in his shares.

**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 share plan contains 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.

## Employment, community and donations

The Group is an equal opportunity employer in all respects and aims for high standards from and for its employees. At 31 March 2021 there were four male directors and no female directors. The Group also had two part-time employees and two consultants. There were no full-time employees. The Group aims to be a valued and responsible member of the communities that it operates in or affects. The policies on these matters are further discussed in the Report on Corporate Governance. There are no social, community or human rights issues which require the provision of further information in this report.

## Environment and greenhouse gas emissions

The Company has established policies and procedures to ensure that is future operations will be conducted in compliance with all relevant laws and regulations and that will enable the Company to meet its high standards for corporate sustainability and environmental stewardship. Currently the Company's projects are not in operation and consequently any effect on the environment is very slight, being limited to the usage of two small offices, where recycling and energy usage minimisation are encouraged. No activities or processes which lead to the production of greenhouse gases are undertaken. The extent to which administrative and management functions result in greenhouse gas emissions is impracticable to estimate and, in any event, less than the amount reportable under the Energy and Carbon Regulations 2018.

## 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 no such payments made in the year.

## Dividend

The Group has no revenues and the Directors do not recommend a dividend (2020 – nil).

## Going concern and viability

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 '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. Based on the current cash reserves, the Group has sufficient finance available for the continuing working capital requirements of the Group on a status quo basis for at least twelve months from the date of the financial statements.

Looking to the period beyond the twelve months covered by current cash resources the Group will need to generate additional financial resources to progress the ongoing development of the Parys Mountain project and will require interim funding to finance the further studies, optimisation and feasibility programmes and, in the longer term, senior financing to fund the capital and development costs to put the Parys Mountain Mine into production. The Group has relied primarily on equity financings to fund its working capital requirements and will be required to do so in the future to ensure the Group will have adequate funds for its planned activities and to continue as a going concern. The Group has operated for more than 30 years, in what at times have been challenging economic and investment climates and has continued to attract the necessary investment to continue as a going concern.

We rely upon this long experience and particularly upon the potential of the mineral assets at Parys Mountain on which Anglesey was founded. These mineral resources are held largely as freehold and cannot be diminished by any act of nature. Given this permanency, both legally and geologically, the Directors believe that future funding will be found at least for the medium term of two years from the balance sheet date to support the ongoing maintenance and operation of the Parys Mountain property. In making this assessment the Directors have substantially relied on the key assumption that the underlying costs of maintenance and operation will not change, that there are no unrecognised liabilities that will become due and on their experience of being able to raise additional investment as and when required over the last 30 years. During the past year we successfully raised over £1,000,000 in new financings

The Directors are actively pursuing various options regarding proposals for financing and are in discussions with a range of investors. Whilst these discussions continue the Directors have reasonable expectations that these will be successful and therefore the financial statements have been prepared on the going concern basis. Nevertheless, there is a risk that adequate additional funding may not be available on a timely basis or on acceptable terms to move the Parys Mountain project through to its full potential and there is no guarantee that such funding will be available, or that the Group will be successful in raising the necessary investment to advance the development of the project and put a mine at the Parys Mountain property into production. Given the limited financial resources currently available, there is a risk that the Group will not have sufficient financial resources to fund all its planned program requirements, and therefore there exists a material uncertainty concerning the ability of the Group and the Company to continue as a going concern.

## 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 which have been prepared in accordance with applicable law and international accounting standards in conformity with the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and as regards the group financial statements, international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union..

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; 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, are fair, balanced and understandable and provide 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 Directors are also responsible for preparing a Strategic Report, Directors' Report, Section 172 Statement, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.  The Directors Section 172 Statement which describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172 is included in the Strategic Report elsewhere in this Annual Report.

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, 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. 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 auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This report was approved by the board of directors on 2 September 2021 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 comprises Howard Miller. No remuneration consultants have been engaged.

## Statement by the chair of the Remuneration Committee

The waiver of directors' salaries and fees from 1 July 2014 (during a period when funding such cash expenses was very difficult) continued through the year ended 31 March 2021. However, having regard to the improved financial position of the Group and the progress made during the last twelve months, the fees and salaries were restored effective from 1 April 2021 for the then Chief Executive and for the Finance Director at their prior levels. Additionally, as directors they will also be remunerated at the rate of £2,000 and £1,000 per month respectively.

The new Chief Executive, appointed effective 1 August 2021, will be remunerated at the rate of £10,000 per month, and he may also qualify for a bonus issue of shares based on achievement of various near term corporate activities. The Chief Executive will also qualify for additional bonus shares for achieving other long term targets.

The grant of share options forms part of overall executive director remuneration as does the potential of a discretionary incentive bonus for attainment of key corporate targets. Prior to the end of the year all the share options, which had been granted in 2016 and were scheduled to expire in September 2021, were exercised so currently there are no options outstanding. However, it is the Remuneration Committee's expectation that further share options will be issued in the current year at the board's discretion to the directors and to the new Chief Executive under the terms of his employment and subject to achieving defined goals.

At present there are no pension contributions of any type though this will be reviewed.

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.

Other than for the new Chief Executive, who was appointed on 1 August 2021, there have been no new appointments during the year.

The committee expects that the Group's existing compensation policies and structure will be revised and updated in the year ahead.

The use of traditional performance standards in other industries, such as profitability, is not considered to be appropriate in the evaluation of executive performance in a mineral exploration and development company with no sales or revenue on which to generate income. When approving executive compensation levels, the Committee and the Board consider the financial situation of the Group in a wider context regarding the outlook for the industry and the ongoing development of the Parys Mountain Project. It is expected that in future years that the use of equity grants, stock appreciation rights, and or the deferred equity schemes may also form part of the incentive portion of the remuneration of executive directors.

The Company does not currently have a formal incentive bonus plan in place. Any award of a bonus to executive directors is at the discretion of the Board based upon recommendation by the Remuneration Committee. In considering the payment of a bonus to any executive directors, the Committee would take into account the individual performance and efforts of the executive, the progress made by the Group in furthering its business plans and the overall financial position of the Company.

Howard Miller

Remuneration committee chair

2 September 2021

## Directors' remuneration policy

The policy, adopted 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 and with the experience required and be consistent with the Group's ability to pay.

In an ideal situation, the Group would wish to remunerate its directors on a basis consistent with remuneration paid to directors of comparable companies and, subject to the financial position, to pay annual director fees in cash. However, due to the financial position of the Group, directors' fees have been waived since 2014. In recognition of the efforts being made by directors, grants of options under the share option scheme were recommended and made in September 2016 (and were exercised during the year) as some compensation for the continuing non-payment of fees. The committee recognises that under the Code, share option grants should not be made to non-executive directors, however as a Group with limited active operations that does not generate any revenue or income, and no full-time employees, the use of equity incentives in the form of share option grants, is one of the few economical ways available to provide remuneration to the Directors and is aligned to the long-term interests of shareholders. These policies have been in effect throughout the year.

## Share schemes

There is one active share scheme: the 2014 Unapproved Share Option Scheme. All directors and employees are eligible to receive options. In determining the number 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 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 from the Company; he is employed and remunerated by Labrador Iron Mines and has been granted options over shares in the Company under the 2014 Unapproved Share Option Scheme.

Bill Hooley, the Chief Executive during the year and until 31 July 2021, and subsequently Deputy Chairman, has written terms of employment through 31 March 2022 with no other entitlement to termination or bonus payments.

Jo Battershill, who was appointed as Chief Executive and a director on 1st August 2021, has a written contract of employment which provides for a minimum notice period of six months and under which he will be eligible to be awarded options and performance shares upon the attainment of various defined targets.

Danesh Varma, the CFO has written terms of employment through 31 March 2022 at the rate of £24,000 per year, with no entitlement to termination or bonus payments.

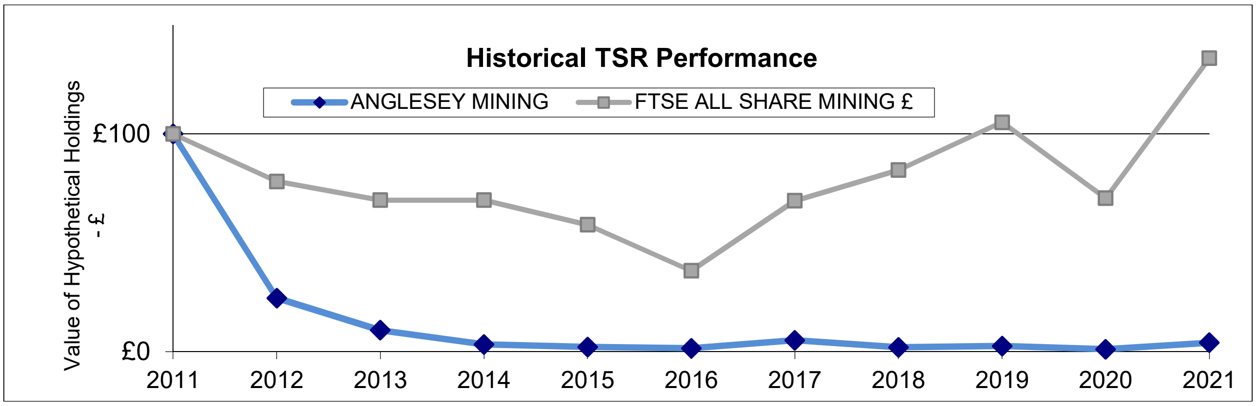
All non-executive directors have letters of appointment with a written contract for services, initially for a period of three years from their date of appointment, and thereafter subject to annual reappointment at the AGM, which may be terminated by the employer or employee with one month's notice. No other payments are made for loss of office.

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.

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 or that would be triggered by a change of control, nor are there any other remuneration-related contractual provisions such as side-letters, except that provisions of the share scheme may result in options granted under such schemes vesting on a takeover.

### Total shareholder return graph

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




### Single figure of total remuneration

| Name | 2021 Salary and fees | 2021 Share based payments | 2021 Total | 2020 Salary and fees | 2020 Share based payments | 2020 Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Executive** | | | | | | |
| John Kearney | - | - | - | - | - | - |
| Bill Hooley | - | - | - | - | - | - |
| Danesh Varma | - | - | - | - | - | - |
| **Non-executive** | - | - | | - | - | - |
| Howard Miller | - | - | - | - | - | - |
| **Totals** | - | - | - | - | - | - |

Between 1 July 2014 and 31 March 2021 all the directors waived their entitlement to remuneration.

On 16 March 2021, the Company announced the exercise of 3,500,000 options by the directors and a past director, being all of the options outstanding. These options had been granted in 2016 under the Unapproved Share Option Scheme and had an expiry date of 30 September 2021. Gains made on exercise of those options are shown in the table in the Directors' Report and are calculated as the difference between the exercise price of the option (which exceeded the market price on the date the option was granted) and the market price on the date the option was exercised.

There are no components of remuneration other than those shown which are required to be disclosed.

**CEO remuneration table for Bill Hooley**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| CEO total remuneration in £ | - | - | - | - | - | - | 15,000 | 60,000 | 60,000 | 33,297 |
| Bonus payout against maximum | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

The CEO benefited from a gain on the exercise of share options amounting to £26,000 (2020 – nil). There were no other forms of remuneration required to be included in this table. See note on remuneration waiver above.

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

This table shows the percentage change in remuneration (excluding option gains) of the director undertaking the role of Chief Executive and the employees as a whole between 2020 and 2021:

| | CEO | Employees |
|---|---|---|
| Salaries and fees | 0% | 0% |
| Benefits | 0% | 0% |
| Bonus | 0% | 0% |
| **Total remuneration** | 0% | 0% |

**Other components of remuneration**

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.

**Relative importance of spend on pay**

The total pay for the year ended 31 March 2021 was £23,660 (all in respect of part-time employees) and for the year ended 31 March 2020 it was £11,390. The change between the years of £12,270, which represents a nominal increase of 108% from a low base, was due to increased activity during the year. There are no dividends or distributions with which to compare this nominal increase 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 general meeting held on 30 October 2020 was as follows: for the resolution 98.6%, against the resolution 1.4% and withheld votes 0.1%.

**Future remuneration policy**

The committee expects that the Group's existing remuneration policies and structure will be revised and updated in the year ahead.

It is expected that in the future, the Company's objectives of executive director remuneration will be to provide total compensation packages to executive directors to ensure senior management is appropriately engaged and retained and to provide a level of base compensation that is competitive within the marketplace and that will attract and retain individuals with the experience and qualifications necessary for the management of the Company's business.

Historically, the compensation of executives had been comprised primarily of cash compensation and the allocation of incentive stock options. In establishing levels of remuneration and in granting stock options, an executive's responsibilities, level of experience, length of service and comparable levels of remuneration paid to similar executives of other companies of comparable size and development within the industry were taken into consideration.

In future years, having regard to the financial position of the Group, the Committee expects to provide total compensation packages to executive to ensure management is appropriately engaged and retained. It is expected that the general compensation philosophy for full-time executives, including for the Chief Executive Officer, will be to provide a level of base compensation that is competitive within the marketplace and that will attract and retain individuals with the experience and qualifications necessary for the management of the business , and to provide longer-term incentive compensation, through the grant of stock options, deferred equity schemes, or other stock appreciation rights, to executive directors whose actions have a direct and identifiable impact on the performance of the Group and who have material responsibility for long-range strategic development and implementation which aligns the interests of executive directors with the interests of shareholders.

**Awards under previous remuneration policies**

No awards or remuneration-related commitments have been made to directors under previous remuneration policies. The only awards received by directors relate to the grant of share options under the 2014 Unapproved Share Option Scheme described within this report.

**Payments to past directors**

No payments were made during the year to past directors. David Lean who had been a director until 5 September 2019 had outstanding options granted in 2016 under the 2014 Unapproved Share Option Scheme all of which he exercised in March 2021.

**Approach to recruitment remuneration**

In considering the remuneration levels for new executive directors, the remuneration committee expects to take into account the market rate for similar roles, as well as considering the remuneration payable to existing executive directors. When recruiting new non-executive directors, the board would determine the appropriate remuneration in line with the policy stated above.

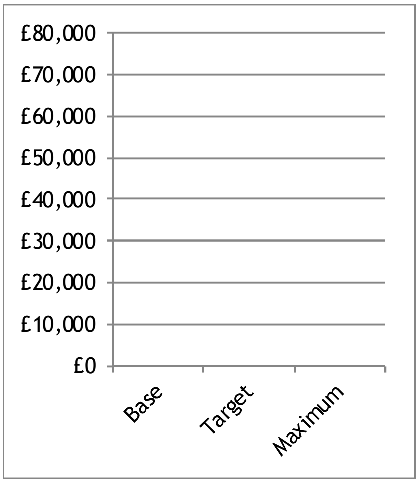
The committee does not expect that the Group would offer recruitment compensation for any forfeit of remuneration from previous employment. However, under exceptional circumstances, a one-off award may be made to a newly appointed executive director. Any such award will be made on a like-for-like basis, with a fair-value no higher than that of the compensation forfeited after taking into account any conditions that would apply.

Where an executive director is appointed as a result of internal promotion, if applicable, any existing contractual commitments made prior to their promotion would be honoured, where appropriate.

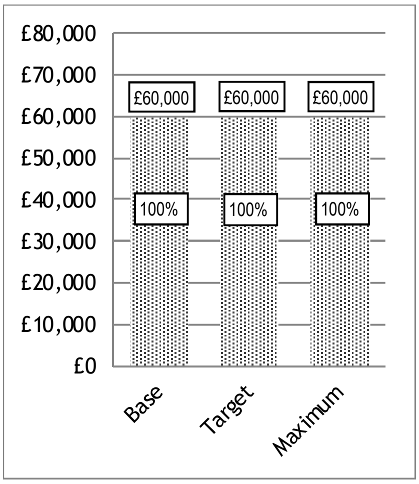
**Remuneration scenario charts**

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:

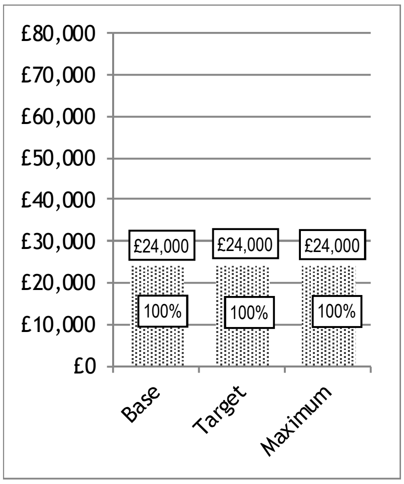
**John Kearney**




**Bill Hooley**




**Danesh Varma**




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.

John Kearney, the chairman, does not receive remuneration from the Company; he is employed and remunerated by Labrador Iron Mines and was granted options over shares in the Company under the 2014 Unapproved Share Option Scheme on which he made a gain of £13,000 upon exercise during the year.

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. Having regard to the improved financial position of the Group the fees and salaries were restored effective from 1 April 2021 for both the then Chief Executive and for the Finance Director at their prior levels.

**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. 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 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 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 retains 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 who are not directors. The company does not currently have any full-time employees. 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 is taken into account.

**Consideration of shareholder views**

The remuneration committee would take into account any views expressed by shareholders, if appropriate, when considering remuneration policy and practices. The voting in respect of the approval of the directors' remuneration report at the general meeting of shareholders held on 30 October 2020 was 98.6% for the resolution, 1.4% against the resolution and 0.1% withheld votes.

This report was approved by the board of directors on 2 September 2021 and signed on its behalf by:

Danesh Varma
Company Secretary

For the second time, the Directors report under the new UK Corporate Governance Code ("the Code") published by the Financial Reporting Council (FRC), having reported for the first time last year.

This Code applies to accounting periods beginning after January 2019 and is applicable to all companies with a Premium Listing on the London Stock Exchange. Although Anglesey Mining is not included in the FTSE 350, and is considered a “smaller company”, the Code applies to Anglesey Mining because of its Premium Listing status.

Anglesey has been listed on the London Stock Exchange for more than 32 years, since 1988, and throughout that time has been in compliance with all the listing rules and policies of the LSE. Under the Listing Rules all companies with a Premium Listing are required to state in the Annual Report on how they have applied the Code.

The new Code has been designed to set higher standards of corporate governance in the UK so as to promote transparency and integrity in business and, at the same time, attract investment in the UK in the long-term, benefitting the economy and wider society. However, nothing in the Code overrides or is intended as an interpretation of the legal statutory statement of directors’ duties in the Companies Act 2006.

The Code consists of an updated set of principles that emphasise the value of good corporate governance to long-term sustainable success. The Code puts increased emphasis on corporate culture and emphasises the importance of positive relationships between companies, shareholders and stakeholders, together with a clear purpose and strategy, a high-quality board composition and a focus on diversity. The Code stresses the importance of culture and dialogue with a wide range of stakeholders in promoting the success of companies in the long-term. It also promotes the importance of establishing a corporate culture that is aligned with the Company purpose, promotes integrity and values diversity, and the requirement for executive remuneration and workforce policies to be aligned with the Group’s strategy and values.

Although aspiring to be non-prescriptive, the Code contains 18 Principles and 41 Provisions. The Code focusses on the application of the Principles and reporting on outcomes achieved and the Listing Rules require companies to make a statement of how they have applied the Principles, in a manner that enables shareholders to evaluate how those Principles have been applied.

In considering corporate governance in the context of the Code, and in considering the application of the Principles and Provisions to Anglesey Mining, it is important to recognise the unique features and individual circumstances of the Group.

As a Group with limited active operations and no full-time employees during the accounting period, many of the Provisions of the Code are not currently relevant or directly applicable to Anglesey Mining. We do not generate any revenue or income, and this has been the position over the 32 years since the Company’s flotation.

Anglesey believes that throughout the year, it has generally complied with the spirit of the Principles, to the extent such Principles are applicable in Anglesey’s particular situation and having regard to the size and resources of the Group. However, some of the Principles and many of the Provisions are not applicable to the individual circumstance of Anglesey Mining plc. The Code recognises that an alternative to complying with a Provision may be justified in particular circumstances based on a range of factors, including the size, complexity, history and ownership structure of a company, and Anglesey Mining currently fits many of these factors.

Specifically, for example, the company is not in compliance with the Provisions of the Code that require “at least half” of the Board to be independent non-executive directors, as all directors in office during the year have served for more than nine years, and the Chairman has held that role for more than 20 years, which is not in compliance with the Code. In addition, the company has awarded share options to non-executive directors, which again is not in compliance with the Provisions of the Code, as one of the few economical ways available to the Company to provide some compensation to the Directors. Further, the company is not in compliance with the Provisions of the Code that require the board to establish an audit committee of independent non-executive directors, with a minimum membership of two in the case of a smaller company. The audit committee is comprised of only one member as the company currently has no independent non-executive directors, as defined by the Code. These issues are discussed and explained in detail below. Nevertheless, the Board is always open to opportunities to improve governance and risk management.

The following compliance statement explains how Anglesey seeks to apply the Principles of the Code under five sections, the actions we have taken and some resulting outcomes. It includes cross references to other relevant parts of this Annual Report where applicable.

## Corporate Governance Compliance Review

### Section 1 – Leadership and purpose

Section 1 of the Code comprises five Principles and eight Provisions and emphasises the need for Boards to determine and promote the culture of their company and to engage with shareholders and wider stakeholders and requires the Board to assess and monitor the Group’s culture.

Anglesey Mining is a mineral exploration and mine development company, engaged primarily in exploring and developing its wholly owned Parys Mountain project in North Wales. Anglesey’s purpose is the development of a modern mine at Parys Mountain, in an environmentally, socially, and ethically responsible manner, producing copper, zinc, lead, gold and silver to create value for shareholders and for the benefit of all stakeholders and, in so doing, to restore Parys Mountain to the greatness of what it was once was, the largest copper mine in the UK, and one of the largest copper mines in the world in the 18th century.

The Parys Mountain property has a long and glorious history, in fact over 200 years. Copper produced from the Parys Mountain mine helped to fuel the industrial revolution in Britain and its contribution to the development of the UK industrial base is noteworthy.

Throughout its history Anglesey Mining has established a culture aligned with its purpose and its strategy which reflects the Directors commitment to develop the Parys Mountain Project as a sustainable long-term mining operation and business.

Today, amidst the growing recognition that metals and minerals are essential for addressing climate change and adapting to a green economy, the Parys Mountain property hosts the largest known deposits of copper, zinc and lead in the UK. There are currently no base metal mines in the UK, most metals used in the UK are imported from other places, and there are very few UK properties that can be developed into operating mines. The Board believes that the Parys Mountain property provides an opportunity to develop a modern mine, producing the very minerals that are essential for electrification, energy storage and extending product lifespan, copper, lead and zinc.

In 2021 a new independent Preliminary Economic Assessment of the Parys Mountain project was prepared by Micon International Limited which demonstrates the potential for a viable mine development and a healthy financial rate of return.

Development of a new mine at Parys Mountain can deliver economic growth in the UK, regional jobs and business opportunities for local service providers. The spin-off effects of mine development would be significant. The minerals that would be mined at Parys Mountain are those that are necessary for the modern world, copper in electronics, zinc in construction and medicine, and even much maligned lead is required for large electric battery storage. None of these important and essential metals are currently produced in the UK, making the country entirely dependent on imports.

Further details on the progress in the development of the Parys Mountain Project during the year are provided in the Chairman's Statement and in the Strategic Report.

The Code recognises that a company does not exist in isolation, and this is particularly apt to the circumstances of Anglesey Mining which is largely a single asset company. Indeed, the Company would not exist without the Project. On the other hand, the Project can exist without the Company. So, in a very real sense, when considering corporate governance in Anglesey Mining, it is important to recognise that it is the Project which prevails and is paramount. The Company is simply the mechanism, or the vehicle or structure to deliver the Project. Similarly, when considering the stakeholders, it is in reality the stakeholders and potential stakeholders of the Project that are uppermost in the minds of the Directors.

It can be said that the culture of the Company is entrepreneurial, in the traditional spirit of great explorers with a pioneering vision. The Group's business is subject to numerous risks and uncertainties associated with all companies in the exploration and mining industry. Mineral exploration is a high-risk, speculative business and the realisation of objectives is dependent on the successful discovery and development of economic mineral deposits and is subject to many potential risks, the more significant of which are summarized in the Strategic Report. Management of these risks, which often involves professional judgement, is the responsibility of the Board of Directors. However, there is no assurance that the Company's mineral development activities will result in the development of a commercial mine at Parys Mountain.

The Company also has two other smaller investments, in Canada and in Sweden, both in iron ore, and interestingly both seeking to breathe renewed life into former world class projects. Iron ore produced from the Schefferville mines in Labrador fuelled the US steel industry for 30 years after World War 2 and Grangesberg was once the largest iron mine in Sweden. As discussed in the Strategic Report, notable progress was reported on these investments during the past year.

**Leadership**

The Board of Anglesey Mining is committed to high standards of corporate governance, integrity, and social responsibility and to managing the Company in an honest and ethical manner. The Directors endeavour to implement the Principles of the Code, where applicable, constructively and in a sensible and pragmatic fashion. The Board believes that corporate governance is more than just a set of guidelines. Rather it provides the culture whereby the Company's strategy is aligned to the interest of its shareholders and takes into account the interest of all stakeholders. The Board believes this is essential to earn and retain the Company' social licence to operate.

The Chairman, John Kearney, is responsible for the leadership of the Board and for ensuring that the Company has appropriate governance standards in place and that these requirements are communicated and applied. The Chairman's primary role is to create the cultural environment to enable each director and the Board as whole to perform effectively for the benefit of the Company, its shareholders and its wider stakeholders. John Kearney has held the position of Chairman since 1994, which is not in compliance with Provision 19 of the Code which states that in normal circumstances the chair should not remain in office for more than nine years. The Board has determined that by continuing as Chairman, John Kearney has provided clear and consistent leadership on critical strategic objectives and has provided consistent oversight and direction. Mr Kearney's track record over 40 years in the minerals industry in a variety of leadership positions, strongly support the Board's conclusion that the Company and its shareholders are well served with him leading Anglesey Mining as its Chairman.

**Communication with shareholders and stakeholders**

The Board recognises the importance of open and transparent communication with the shareholders and with all the Company's stakeholders, including landowners, communities, and regional and national authorities. We seek to maximise the industry's benefits to host communities, while minimising negative impacts and effectively manage issues of concern to society.

Shareholders have access to current information on the Company and its activities primarily though the Annual and Half Year Reports which are sent to shareholders. Further information is available on the Company's website, (www.angleseymining.co.uk) which is updated whenever announcements or press releases are made.

In addition, all shareholders are encouraged to attend the Annual General Meeting where this is permitted. Presentations on the Group's activities are made at the AGM and at various industry and investor events and discussions are held with shareholders at or after each of these occasions.

The Chairman, Chief Executive and Finance Director make themselves available to substantial shareholders regularly to understand their views on important topics. Shareholders have the opportunity to discuss issues and provide feedback at any time through direct contact with the Directors by telephone or email. Every effort is made to reply promptly and effectively to appropriate questions and concerns from shareholders on matters relating to the business of the Group or their shareholdings. All significant concerns and complaints regarding business performance or governance matters are evaluated and reported to the Board of Directors, as appropriate. The Board has determined that communications considered to be advertisements or sales material, or other types of 'junk' messages, unrelated to the responsibilities of the Board, should be discarded without further action. It is the policy of the Group that the Directors do not participate in internet or on-line chat rooms.

In considering strategy and in making decisions, the Board takes into account its wider stakeholder and social responsibilities and the implications for the long term and seeks to proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Further details of the actions of the Directors to promote the success of the Group are included in the Directors Section 172 Statement which is included as part of the Strategic Report.

### Section 2 – Division of responsibilities

Section 2 of the Code comprises four Principles and eight Provisions. It considers the separation of duties within the board and the role of the non-executive directors and provides guidance on determining the independence of directors. Provision 11 requires "at least half" (excluding the chair), of the board to be independent non-executive directors.

The Board of Anglesey Mining is very small, only four members during the year and subsequently increased to five with the appointment of the new CEO to the Board, and is in a period of transition. We are seeking at least one and preferably two new directors and the Nominating Committee is currently in discussion with two senior minerals industry professionals regarding taking on the role. Because of its small size, separation of powers and segregation of duties are not practically possible. The advantage of its small size is that the Board is directly involved in all decisions and an extensive committee or reporting structure is not particularly useful. Nevertheless, a system of checks and balances is in place and all material decisions must be approved by the Board. The definition of 'materiality' is low, almost all decisions are material and require the approval of the Board.

The Company did not have any full-time employees during the year. In effect the Company is directly managed and operated by is Directors. Therefore, the Directors could all be considered executive directors. On the other hand, in so far as the Directors have not received any compensation, they could all also be considered "independent", although not in the sense contemplated by the Code.

The Board has overall responsibility for all aspects of the business and affairs of the Company and has an active engaged role in all decision making. The Board approves the Group's strategy and expenditure plans and regularly reviews operational and financial performance, risk management, and health, safety, environmental and community matters. The Board is assisted by an Audit Committee and has also established Remuneration and Nomination committees.

John Kearney is the chairman, a role he has held since 1994. He was formerly also Chief Executive, a role he relinquished in 2001. He is not a full-time executive of Anglesey Mining and does not receive any compensation from the Company. He is employed and remunerated by Labrador Iron Mines and divides his time between a number of mineral companies and other activities. The Chairman's primary functions include providing leadership and direction to the Board and ensuring its effectiveness. The Chairman has overall responsibility for corporate governance matters.

The Board has appointed Howard Miller as the lead independent non-executive director to assist the Chairman and perform such other duties and responsibilities as the Board may determine from time to time. However, Howard Miller has served for more than sixteen years as a non-executive director and, under the Code, directors with more than nine years of service are not considered independent.

Bill Hooley was the Chief Executive during the year and until 31 July 2021 was responsible for operations. He was subsequently appointed as Deputy Chairman. Jonathan (Jo) Battershill was appointed as the new Chief Executive, and as a Director, with effect from 1st August 2021 and will initially be tasked with moving the Parys Mountain project towards production. Danesh Varma is Finance Director.

The Board has Audit, Nomination and Remuneration committees. Each committee has formal written terms of reference. All committees have an independent non-executive director within their composition. As well as chairing Board meetings, John Kearney chairs the Nomination committee. Howard Miller is the lead independent director and chairs the Audit and Remuneration Committees. The number of meetings of the Board and of each committee held over the past year is at the end of this report.

There are written terms of reference for the Audit, Remuneration and Nomination committees, each of which deals with specific aspects of the Group's affairs. These are made available to shareholders at each general meeting of the Company and are available on the Company's website. The Board receives periodic reports from all committees where appropriate.

The Board believes that there are appropriate divisions of responsibilities within the Board and its committees and between the Board and the executive directors and that the Directors extensive experience outweighs their long service and other issues.

### Section 3 – Composition, succession and evaluation

Section 3 of the Code comprises three Principles and seven Provisions, with new emphasis on diversity, levels of ethnicity and on different aspects of diversity in the workforce, other than gender.

The current members of the Board come from a variety of professional backgrounds, and collectively have a wide range of managerial, technical, financial, and legal skills, based on both qualifications and experience, including mining engineering, accounting, legal, financial and of capital markets. Collectively they possess significant relevant management skills, as well as long experience of having served as directors of numerous other public companies, in several international jurisdictions.

As well as requiring Boards and their committees to have a combination of skills, experience and knowledge, Principle K now requires consideration of the length of service of the Board as a whole, so as to link with the requirement in Principle L to consider each director’s contribution as part of the Board evaluation. Provision 19 is a new Provision concerning the chair’s tenure. It states that in normal circumstances the chair should not remain in office for more than nine years from their first appointment to the Board.

The Board is not in compliance with the Provisions of the Code that require “at least half” of the Board to be independent non-executive directors as all directors who served during the year have done so for more than nine years, and the Chairman has held that role for more than 20 years.  The Company does not have a mandatory retirement age for directors. Nevertheless, the Board believes it complies with the spirit of independence of a board, in that directors are free of full-time employment and dependent affiliation and do not have a material relationship with Anglesey that would interfere with the directors’ exercise of independent judgement, and that the Directors’ extensive experience outweighs their long service and other issues.

The Board supports a corporate culture focused on inclusion and gender diversity, and this is an important consideration is recruitment of new directors, but there are no formal policies in effect regarding these provisions. The Board has a wide ethnic diversity, with directors whose nationalities are British, Irish, South African, Indian, and Canadian. It also has diversity in religion, including Catholic, Jewish, Hindu, and Protestant. The Board believes that having directors with diverse backgrounds and experiences enable the Board to consider issues from different perspectives and enhances effective strategic planning and decision making. The Board recognises that it currently has no diversity in gender and little diversity in age, reflecting the challenges in attracting younger generations to what is, incorrectly, perceived as a sunset industry, and particularly the challenges in attracting women to what is correctly perceived as the high-risk nature of the mineral exploration and mining business.

The Board has not adopted a specific target for women on the Board as the Board does not believe that any director should be chosen largely or solely because of gender, rather it believed that the interests of shareholders are best served by ensuring that directors are identified from the widest possible group of potentially interested candidates. Although diversity, which includes diversity in gender, age, ethnicity and cultural background, is one of the factors to be considered in the selection process, other factors, including knowledge, experience, areas of expertise, and most importantly, willingness to serve Anglesey Mining as it currently exists, are the most relevant considerations.

The Board is satisfied that, although small, it has the appropriate balance of experience and qualifications to carry out its responsibilities effectively. Although the Board does not have a mixture of tenures, each director is subject to annual re-election at every AGM, in line with Provision 18 of the Code,

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 are useful to enhance the experience of the Directors and are potentially beneficial to the Group.

Certain of the Directors do serve as directors and/or officers of, or have significant shareholdings in, other companies involved in natural resource exploration and development and consequently there exists the possibility for such Directors to be in a position of conflict.  Directors are expected to adhere to all legal requirements in respect of any transaction or agreement in which they may have a material interest. Directors who have an interest in a transaction or agreement with the Company must promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting. Where appropriate, any Director having a conflict of interest will be expected to withdraw from the meeting and not participate in the meeting where such matter is being considered so that the remaining directors may properly exercise independent judgment.

#### The Chairman

John Kearney is the Chairman, a role he has held since 1994. This is not in compliance with the Code. He was formerly also Chief Executive, a role he relinquished in 2001. Provision 19 states that in normal circumstances the chair should not remain in office for more than nine years from their first appointment to the Board. The Chairman has many years of experience as chairman or director of numerous public mining or exploration companies. He is not a full-time executive of Anglesey Mining and does not receive any compensation (other than share options) and, as such, could be considered “independent” from the Company, but not as defined by the Code. He divides his time between a number of mineral companies and other activities.

Howard Miller is the lead director and provides a sounding board to the Chairman.

**Nomination Committee**

The Nomination Committee comprises John Kearney as chairman, and Howard Miller. The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is responsible for identifying potential candidates to be appointed as directors or committee members.

The Board is in a period of transition and is currently seeking at least one, and preferable two, new independent directors and recognises the need to enhance its governance procedures to fully comply with all the Principles and Provisions of the Code. Recruitment of new directors has been hampered by the Covid pandemic.

The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee members and will make appropriate recommendations to the Board on such matters. Seeking new directors with the requisite skills and experience and more importantly with the professional interest, level of enthusiasm, vision and willingness to serve on the Board of Anglesey Mining, with limited compensation, is more like a vocation or a calling than an occupation.

The Board is responsible for establishing qualifications and skills necessary for an effective Board and various committees of the Board, including factors such as professional experience, areas of expertise, personal character, potential conflicts of interest, diversity and other commitments.

**Assessment of directors' performance**

Anglesey Mining has no formal policies in effect in respect of measurable objectives of performance and there has been no formal annual evaluation of the performance of the Board, its committees or the individual directors. The Board of Directors reviews on an ongoing informal basis the effectiveness and performance of the Board as a whole and the effectiveness and contribution of individual directors. Each year when providing notice of the Annual Meeting, the Board considers its appropriate size and composition to properly administer the affairs of the Company and to effectively carry out the duties of the Board. The Board recognises that it is a period of transition and is seeking to appoint at least one and preferably two new independent directors. The Directors have not to date taken outside advice in reviewing performance.

The Board is satisfied that each of the Directors commits sufficient time to the business of the Group and contributes materially to the governance and operations of the Group. The Board is satisfied that it is highly effective and is comprised of a small but strong team with a breadth of skills, experiences and perspectives. The Directors are satisfied that, subject to the recruitment of at least one and preferably two new independent directors, the Board has the appropriate balance of experience and qualifications to carry out its responsibilities effectively, given the Company's current status and stage of development.

## Section 4 – Audit, risk and internal control

This section of the Code comprises three Principles and eight Provisions and largely corresponds with requirements in the Listing Rules, the FRC Disclosure and Transparency Rules and the Companies Act 2006.

**Audit committee**

The Board has established an Audit Committee with formally delegated duties and responsibilities. The Audit Committee is comprised of Howard Miller, who is considered an independent non-executive director, but is not independent as defined by the Code. Further, the company is not in compliance with the Provisions of the Code that require the board to establish an audit committee of independent non-executive directors, with a minimum membership of two in the case of a smaller company. The audit committee is comprised of only one member as the company currently has no independent non-executive directors, as defined by the Code.

The Audit Committee assists the Board in meeting its responsibilities for internal control and external financial reporting. The audit committee meets at least twice a year and is responsible for ensuring that the financial information of the Group is properly reported on and monitored, including by conducting reviews of the annual and interim accounts, the internal control systems and procedures and accounting policies. More information on the work of the Audit Committee is provided in the Report of the Audit Committee below.

The important matter of going concern in the case of Anglesey Mining is continuously reviewed by the Audit Committee and is discussed in detail in the Notes to the financial statements and in the Directors Report.

**Risks and uncertainties**

Mineral exploration and mine development are a high-risk speculative business, and the ultimate success of Anglesey Mining will be dependent on the successful development of a mine at Parys Mountain, which is itself subject to numerous significant risks.

The significant risks facing the Company are summarised and discussed in the Strategic Report and the "Going-concern" risk is discussed in detail in the Directors Report. Management of those risks is the responsibility of the Board of Directors. The Board considers it is sufficiently close to the Group's operations and aware of all its activities to be able to adequately monitor risks within the Company's control without the establishment of any further formal processes.

The major risks are outside the control of the Board. They include risks of nature (the minerals, the orebody, the geological strata and operating conditions), risks of the market (world-wide demand and supply of metals) and risk of investor interest. It is the task of the Directors to attempt to manage these risks that are outside their control, and this requires judgement, which requires experience.

The success of the Group is largely dependent on the loyalty and performance of its directors. There is no assurance the Company can maintain the services of its directors or recruit other qualified personnel to serve as directors. The loss of the services of any of the current directors could have a material adverse effect on the Group and its prospects.

**Internal control**

The Board is responsible for the Group's systems of internal control, financial and otherwise. The key feature of the financial control system is that the Directors directly monitor all payments and transactions, as well as budgets and annual accounts. Such system provides reasonable but not absolute assurance of the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Board, advised by the audit committee, has not considered it appropriate to establish an internal audit function at present because of the Group's limited operations. The Board has reviewed the effectiveness of the system of internal control as described during the period.

The Strategic Report contains a detailed review of the current status of the Parys Mountain Project, and the outlook for the medium term. There are no significant issues disclosed in the Strategic Report and Financial Statements for the year to March 2021 and up to the date of approval of the Annual Report that have required the Board to deal with any related material internal control issues.

## Section 5 – Remuneration

This section of this Code comprises three Principles and 10 Provisions. This cover both the remit of the Remuneration Committee and the structure of remuneration schemes. Principle P now focuses on the need to link strategy, long-term sustainable success and executive remuneration.

Anglesey Mining does not generate any revenue or income and has not done so over 32 years. It is entirely dependent on equity investment from the market. With no sales, no revenue and no income the Company does not have any cash flow and therefore only very limited resources and few means to compensate its directors and any employees.

**Remuneration Committee**

The Remuneration Committee comprises Howard Miller (Chairman) and John Kearney. The committee is responsible for making recommendations to the Board on the Company's remuneration policy. It determines any contract terms, remuneration and other benefits, including share options, for each of the executive directors. The remuneration of non-executive directors is a matter for the Board. No director may be involved in any discussions as to their own remuneration.

The use of equity incentives aligned to the long-term interests of shareholders is one of the few ways available to the Company to compensate its directors and accordingly the Company has granted options under the Company's share option scheme to its directors. This is not in compliance with the Provisions of the Code.

Because of the current scale and scope of the Group's operations, with no full-time employees and the oversight by the Board of all significant activities, including risk management, the Remuneration Committee believes that the present compensation policies and practices for both directors and executive directors are linked to the long-term success of the Group and aligned to the long-term interests of shareholders.

The Directors' Report on Remuneration and the Report of the Remuneration Committee is set out in other parts of the Annual Report.

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

During the year all Board and committee meetings were held by telephone or video conference due to Covid restrictions and attendance at meetings was as follows:

| | | Meetings | | | |
|---|---|---|---|---|---|
| **Director** | **Date appointed** | **Board** | **Audit** | **Remuneration** | **Nomination** |
| Total number of meetings: | | 8 | 2 | 1 | 1 |
| John Kearney | 10 November 1994 | 8 | | 1 | 1 |
| Bill Hooley | 10 January 2006 | 8 | | | |
| Danesh Varma | 15 November 1994 | 8 | | | |
| Howard Miller | 20 September 2001 | 7 | 2 | 1 | 1 |

Danesh Varma is the company secretary.

All directors are invited to attend the meetings of the Audit Committee and meet with the Company's Auditors

This report was approved by the board of directors on 2 September 2021 and signed on its behalf by:

Danesh Varma

Company Secretary

Howard Miller is, at present, the only member of the audit committee. He has 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 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 disclosed and discussed at the end of note 2 to the Accounts and has nothing further to report in respect of them.

The Audit Committee is responsible for monitoring the controls which are in place to ensure the information reported to the shareholders, taken as a whole, is fair, balanced and understandable and provides the information necessary to give a true and fair view of the assets, liabilities and financial position of the Company.

The Audit Committee also considers internal control and risk management issues and contributes to the Board's review of the effectiveness of the Group's systems and procedures for financial reporting, internal control and risk management and to the disclosure and explanation of the risks faced by the Group. These are set out in the Strategic Report.

The Committee notes that the consolidation schedules have been prepared under the direction of the Finance Director and is satisfied that, given the stage of development of the business, and the involvement of the Board in all decisions, no further internal controls over this process are required.

## Internal and external audits

The Audit Committee considered the need for an internal audit function, which it believes is not required at present due to the limited operations of the Group. The Committee is available should any personnel wish to make representations to the committee about the conduct of the affairs of the Group.

The Audit Committee oversees the relationship with the external auditor and meets with the external auditors to review the planning and scope of the audit and identify key audit matters, and again before approving the financial statements, to review the nature, scope and effectiveness of the audit, and the results of the audit and discuss any issues which may arise from the audit.

The Committee monitors the performance of the external auditor and advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work. The Committee also reviews the effectiveness of the external auditor 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 confirmation from the audit partner that, in his/her professional judgement, he/she 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.

The current audit partner, Robert Neate, has already signed the audit report since 2016 that is for 5 years, which is the normal term. The Audit Committee asked that he remain as partner for this year on audit quality grounds conscious of the pressure audit firms are under reflecting the current audit challenges in respect of remote working and other Covid related issues and the guidance to companies issued by the FRC.

Mazars were originally appointed as auditors in 2008 after a tendering process involving four firms. In 2018 a further tendering process involved three firms including Mazars and, following an assessment, Mazars were reappointed.

Howard Miller

Audit committee chair
2 September 2021

# Independent auditor's report to the members of Anglesey Mining Plc

## Opinion

We have audited the financial statements of Anglesey Mining plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Group Income Statement, the Group 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 Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006 and, as regards the group financial statements, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union; and
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, as applied in accordance with the provisions of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty related to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to Note 2 of the financial statements, concerning the applicability of the going concern basis of preparation. As detailed in the financial statements and the Strategic Report, the group and the parent company are not generating revenue and are in the process of advancing the Parys Mountain mining project towards development. The business model requires generation of additional financial resources to progress the ongoing development of the Parys Mountain project.

At 31 March 2021 the group and parent company had net current assets of £797k and £824k respectively and cash and cash equivalents of £892k and £883k respectively. During the year, the parent company issued shares with net proceeds of £1,068,200. The directors' consider that these cash reserves are sufficient to support the group's and the parent company's on-going non-project related expenditure on a status quo basis for the next 12 months.

In Note 2, the directors explain that:

- to date, the group and parent company have relied primarily on equity financings and its largest shareholder Juno Limited to fund its working capital requirements and may be required to do so in the future to ensure the group will have adequate funds for its current activities and to continue as a going concern;
- the group will need to generate additional financial resources to meet its planned business objectives, progress the ongoing development of the Parys Mountain project and continue as a going concern. The plans to phase the development of the project by undertaking the various optimisation programmes and completing a prefeasibility or feasibility study to progress the Parys Mountain Mine towards production require interim funding to finance the further studies and optimisation programmes and, in the longer term, senior financing to fund the capital and development costs to put the Parys Mountain Mine into production.
- the directors are actively pursuing various financing options with certain shareholders and financial institutions regarding proposals for financing and are in discussions with a range of investors, including private equity funds. Whilst these discussions continue, 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. However, given the limited financial resources currently available, and that there is no guarantee that such funding will be available, there is a risk that the group will not have sufficient financial resources to fund its short-term project funding requirements, and therefore there exists a material uncertainty concerning the ability of the group and the parent company to continue as a going concern or that the group will be successful in raising the necessary investment to advance the development of the project and put a mine at the Parys Mountain property into production.

As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those assumptions when assessing the group's and the parent company's future financial performance;
- Evaluating the appropriateness of the directors' key assumptions in their cash flow forecasts;
- Assessing the likelihood of management's ability to raise additional finance by obtaining a letter of support from Juno Limited and by considering the funding raised historically;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Considering the results of our audit of the valuation of the intangible asset to determine whether limited headroom or impairment would have the potential to deter future investment; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements relating to going concern.

In relation to the group's and the parent company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors':

- statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- identification in the financial statements of any material uncertainties related to the group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and key observations arising from those procedures. The matters set out below are in addition to the "Material uncertainty related to going concern" above which, by its nature, is also a key audit matter.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

| **Key audit matter** | **Our response** |
|---|---|
| <u>*Carrying value of Parys Mountain exploration and evaluation asset (E&E) - (group)*</u><br>The group's accounting policy in respect of its exploration and evaluation asset is set out under "mineral property exploration and evaluation costs" and its accounting policy in respect of impairment is set out under "impairment of tangible and intangible assets" in Note 2 to the financial statements.<br>The Group holds rights to explore and mine the Parys Mountain site. At 31 March 2021 the balance sheet includes | Our audit procedures included, but were not limited to:<br>• Evaluating whether, under IFRS 6 *Exploration for and Evaluation of Mineral Assets*, the asset is appropriately determined as an E&E asset;<br>• Reviewing and challenging management's assessment with respect to indicators of impairment under IFRS 6;<br>• Reviewing the PEA report prepared by Micon International Limited to assess whether it supports management's assertions in their analysis; |

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an E&E asset of £15.3m. In January 2021, the group received a Preliminary Economic Assessment report (PEA) prepared by Micon International Limited that built on earlier scoping and optimisation studies. The Group has yet to move to the development stage of the Parys Mountain project and will need to raise funding to move towards production.
Management have assessed the E&E asset for impairment indicators under IFRS6 and concluded that no triggers existed at the year-end. Determining whether impairment indicators exist involves significant judgement by management, including considering specific impairment indicators prescribed in IFRS 6.
There is a risk that if unidentified impairment indicators exist, the carrying value of the E&E asset may not be fully recoverable.
</td>
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<ul>
<li>Assessing Micon International Limited’s independence, objectivity and competency to act as management’s expert; and</li>
<li>Evaluating whether the relevant disclosures in the financial statements are reasonable.</li>
</ul>
Our observations
Based on the work performed, nothing has come to our attention which suggests that there were unidentified indicators for impairment not considered by the management.
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<u>Valuation of investment in the subsidiary Parys Mountain Mines Limited (PMM) - (parent company only)</u>
The group’s accounting policies in respect of investments and impairment of investments are set out under “investments” and “impairment of investments” in Note 2 to the financial statements.
The primary asset within PMM is the E&E asset discussed above. There is a risk that if there are any unidentified impairment indicators that would impact the carrying value of the E&E asset these may also impact the carrying value in the parent company of its investment in PMM.
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Our audit procedures included, but were not limited to:
<ul>
<li>Considering the results of the assessment for impairment indicators on the E&E asset detailed above; and</li>
<li>Evaluating whether the relevant disclosures in the financial statements are reasonable.</li>
</ul>
Our observations
Based on the work performed, nothing has come to our attention which suggests that there were unidentified indicators for impairment not considered by the management
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<td>
<u>Valuation of investment in Labrador Iron Mines Holdings Limited (LIM) - (group)</u>
The group’s accounting policies in respect of investments and impairment of investments are set out under “investments” and “impairment of investments” in Note 2 to the financial statements.
Under the accounting policy, financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category.
The group has an investment in LIM, a Canadian company with shares traded on the OTC market in the United States, which holds the Labrador iron ore properties.
The group’s investment in LIM is carried FVOCI. In recent years, based on the director’s assessment, the investment in LIM has been carried at a value of £1, reflecting the directors’ view that the value of LIM was uncertain.
Commencing in mid-2020, improved iron ore prices and an optimistic PEA report have resulted in stronger market interest in LIM with a significant increase in its share price. In its own financial statements, LIM reversed impairments of c. $CAN25m. In light of this refreshed activity, the directors have assessed the fair value of LIM as being measured by the closing share price at 31 March 2021, resulting in a gain in value through other comprehensive income of £4m.
There is a risk that the fair value of investment in LIM is not stated in line with IFRS 9 requirements.
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Our audit procedures included, but were not limited to:
<ul>
<li>Reviewing and challenging management’s assessment of fair value, including:
<ul>
<li>Independent check of LIM’s share price at 31 March 2021;</li>
<li>Review of the latest financial statements of LIM; and</li>
<li>Check for any other internal or external indicators of impairment to the investment that contradicts the fair value at year-end.</li>
</ul>
</li>
<li>Evaluation of the trading of LIM’s shares on the OTC market to assess whether it constitutes an active market sufficient to determine fair value under IFRS 9.</li>
</ul>
Our observations
Based on the work performed, nothing has come to our attention that suggests fair value of LIM is not appropriately stated.
</td>
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## Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

**Group**

| | |
|---|---|
| Overall materiality | £492,000 |
| How we determined it | 3% of group's net assets |
| Rationale for benchmark applied | The group's net assets represent shareholders' funds and we have determined this measure to be the principal benchmark within the financial statements relevant to shareholders, as the group does not generate revenue and is in pre-production phase. |
| Performance materiality & specific materiality | Performance materiality is set as 75% of overall materiality, being £369,000.<br>Specific materiality of £131,000 is used for the audit of the Group Income Statement. |
| Reporting threshold | 3% of financial statement materiality, being £14,000. |

**Parent company**

| | |
|---|---|
| Overall materiality | £347,000 |
| How we determined it | 3% of the parent company's net assets |
| Rationale for benchmark applied | We considered net assets to be the most appropriate benchmark, as the parent company is non-trading and holds mainly subsidiary investments. |
| Performance materiality | Performance materiality is set at 75% of overall materiality, being £260,000. |
| Reporting threshold | 3% of financial statement materiality, being £10,000. |

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the group and the parent company, their environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and parent company financial statements of Anglesey Mining plc. Based on our risk assessment, all entities within the group were subject to full scope audit and was performed by the group audit team.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

## Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, 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 the 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 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 in the Disclosure Guidance 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
- information about the parent 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

In light of the knowledge and understanding of the group and the parent company and their 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; or
- a corporate governance statement has not been prepared by the parent company.

## Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Anglesey Mining plc's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 22 and 23;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate set out on pages 18 and 19;
- Directors' statement on fair, balanced and understandable set out on page 23;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 17 and 18;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 33 and 34; and
- The section describing the work of the audit committee set out on page 35.

## Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and the parent company and their industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law, general data protection regulation, health and safety regulation, local legislation in places of operations, extractive industries transparency initiative and anti-bribery, and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- At the planning stage of our audit, gaining an understanding of the legal and regulatory framework applicable to the group and parent company, the structure of the group, the industry in which they operate and considered the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations;
- Discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- During the audit, focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the parent company's and group's regulatory and legal correspondence and review of minutes of directors' meetings in the year. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2006 and FCA rules.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the identification of indicators of impairment to the exploration and evaluation asset, assessment of the fair value of investment in the subsidiary Parys Mountain Mines Limited and assessment of the fair value of investment in entities that are not subsidiaries; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, whether due to fraud or error, are discussed under "Key audit matters" within this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

## Other matters which we are required to address

Following the recommendation of the audit committee, we were reappointed by the Board of Directors on 21 February 2018 to audit the financial statements for the year ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement since reappointment is 4 years, covering the years ended 31 March 2018 to 31 March 2021.

The period of total uninterrupted engagement since our initial appointment is 14 years, covering the years ended 31 March 2008 to 31 March 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

## Use of the audit report

This report is made solely to the parent 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 parent 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 parent company and the parent 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

2 September 2021

## Group income statement

All attributable to equity holders of the company

| | Notes | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **All operations are continuing** | | **£** | **£** |
| Revenue | | - | - |
| Expenses | | (162,824) | (134,796) |
| Investment income | 6 | 39 | 287 |
| Finance costs | 7 | (165,702) | (170,029) |
| Foreign exchange movement | | (31) | 28 |
| **Loss before tax** | 4 | (328,518) | (304,510) |
| Taxation | 8 | - | - |
| **Loss for the period** | | (328,518) | (304,510) |
| **Loss per share** | | | |
| 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** | | (328,518) | (304,510) |
| **Other comprehensive income** | | | |
| **Items that may subsequently be reclassified to profit or loss:** | | | |
| Change in fair value of investment | 14 | 4,053,506 | - |
| Foreign currency translation reserve | | (10,067) | (23,350) |
| **Total comprehensive profit/(loss) for the period** | | 3,714,921 | (327,860) |

## Group statement of financial position

| | Notes | 31 March 2021 £ | 31 March 2020 £ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Mineral property exploration and evaluation | 10 | 15,317,293 | 15,215,723 |
| Property, plant and equipment | 11 | 204,687 | 204,687 |
| Investments | 14 | 4,163,664 | 100,099 |
| Deposit | 15 | 123,787 | 123,748 |
| | | 19,809,431 | 15,644,257 |
| **Current assets** | | | |
| Other receivables | | 31,381 | 16,505 |
| Cash and cash equivalents | 16 | 891,767 | 95,311 |
| | | 923,148 | 111,816 |
| **Total assets** | | 20,732,579 | 15,756,073 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | (126,228) | (98,244) |
| | | (126,228) | (98,244) |
| **Net current assets** | | 796,920 | 13,572 |
| **Non-current liabilities** | | | |
| Loans | 18 | (4,147,294) | (3,981,893) |
| Long term provision | 19 | (50,000) | (50,000) |
| | | (4,197,294) | (4,031,893) |
| **Total liabilities** | | (4,323,522) | (4,130,137) |
| **Net assets** | | 16,409,057 | 11,625,936 |
| **Equity** | | | |
| Share capital | 20 | 7,765,591 | 7,380,591 |
| Share premium | | 10,941,509 | 10,258,309 |
| Currency translation reserve | | (90,533) | (80,466) |
| Retained losses | | (2,207,510) | (5,932,498) |
| **Total shareholders' funds** | | 16,409,057 | 11,625,936 |

The financial statements of Anglesey Mining plc which include the notes to the accounts were approved by the board of directors, authorised for issue on 2 September 2021 and signed on its behalf by:

John F. Kearney, Chairman

Danesh Varma, Finance Director

## Company statement of financial position

| | Notes | 31 March 2021<br>£ | 31 March 2020<br>£ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments | 13 | 14,576,869 | 14,460,642 |
| | | 14,576,869 | 14,460,642 |
| **Current assets** | | | |
| Other receivables | | 7,448 | 5,960 |
| Cash and cash equivalents | 16 | 883,463 | 92,885 |
| | | 890,911 | 98,845 |
| **Total assets** | | 15,467,780 | 14,559,487 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | (66,767) | (67,191) |
| | | (66,767) | (67,191) |
| **Net current assets** | | 824,144 | 31,654 |
| **Non-current liabilities** | | | |
| Loan | 18 | (3,815,022) | (3,660,788) |
| | | (3,815,022) | (3,660,788) |
| **Total liabilities** | | (3,881,789) | (3,727,979) |
| **Net assets** | | 11,585,991 | 10,831,508 |
| **Equity** | | | |
| Share capital | 20 | 7,765,591 | 7,380,591 |
| Share premium | | 10,941,509 | 10,258,309 |
| Retained losses | | (7,121,109) | (6,807,392) |
| **Shareholders' equity** | | 11,585,991 | 10,831,508 |

The company reported a loss for the year ended 31 March 2021 of £313,717 (2020 - £275,206). The financial statements of Anglesey Mining plc registered number 1849957 which include the notes to the accounts were approved by the board of directors, authorised for issue on 2 September 2021 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 2019 | 7,286,914 | 10,171,986 | (57,116) | (5,627,988) | 11,773,796 |
| **Total comprehensive loss for the year:** | | | | | |
| Loss for the year | - | - | - | (304,510) | (304,510) |
| Exchange difference on translation of foreign holding | - | - | (23,350) | - | (23,350) |
| Total comprehensive loss for the year | - | - | (23,350) | (304,510) | (327,860) |
| **Transactions with owners:** | | | | | |
| Shares issued | 93,677 | 106,323 | - | - | 200,000 |
| Share isssue expenses | - | (20,000) | - | - | (20,000) |
| Equity at 31 March 2020 | 7,380,591 | 10,258,309 | (80,466) | (5,932,498) | 11,625,936 |
| **Total comprehensive loss for the year:** | | | | | |
| Loss for the year | - | - | - | (328,518) | (328,518) |
| Change in fair value of investment | - | - | - | 4,053,506 | 4,053,506 |
| Exchange difference on translation of foreign holding | - | - | (10,067) | - | (10,067) |
| Total comprehensive loss for the year | - | - | (10,067) | 3,724,988 | 3,714,921 |
| **Transactions with owners:** | | | | | |
| Shares issued | 385,000 | 770,000 | - | - | 1,155,000 |
| Share issue expenses | - | (86,800) | - | - | (86,800) |
| Equity at 31 March 2021 | 7,765,591 | 10,941,509 | (90,533) | (2,207,510) | 16,409,057 |

| Company | Share capital | Share premium | Retained losses | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Equity at 1 April 2019 | 7,286,914 | 10,171,986 | (6,532,186) | 10,926,714 |
| **Total comprehensive loss for the year:** | | | | |
| Loss for the year | - | - | (275,206) | (275,206) |
| Total comprehensive loss for the year | - | - | (275,206) | (275,206) |
| **Transactions with owners:** | | | | |
| Shares issued | 93,677 | 106,323 | - | 200,000 |
| Share isssue expenses | - | (20,000) | - | (20,000) |
| Equity at 31 March 2020 | 7,380,591 | 10,258,309 | (6,807,392) | 10,831,508 |
| **Total comprehensive loss for the year:** | | | | |
| Loss for the year | - | - | (313,717) | (313,717) |
| Total comprehensive loss for the year | - | - | (313,717) | (313,717) |
| **Transactions with owners:** | | | | |
| Shares issued | 385,000 | 770,000 | - | 1,155,000 |
| Share issue expenses | - | (86,800) | - | (86,800) |
| Equity at 31 March 2021 | 7,765,591 | 10,941,509 | (7,121,109) | 11,585,991 |

## Group statement of cash flows

| | Notes | Year ended 31 March 2021 £ | Year ended 31 March 2020 £ |
|---|---|---|---|
| **Operating activities** | | | |
| Loss for the period | | (328,518) | (304,510) |
| **Adjustments for:** | | | |
| Investment income | 6 | (39) | (287) |
| Finance costs | 7 | 165,702 | 170,029 |
| Equity-settled employee benefits | 22 | - | - |
| Management fee to associate | | - | (8,787) |
| Foreign exchange movement | | 31 | (28) |
| | | (162,824) | (143,583) |
| **Movements in working capital** | | | |
| (Increase)/decrease in receivables | | (14,758) | 2,685 |
| Increase in payables | | 3,539 | 15,708 |
| **Net cash used in operating activities** | | (174,043) | (125,190) |
| **Investing activities** | | | |
| Mineral property exploration and evaluation | | (77,618) | (53,826) |
| Investment | | (20,052) | (11,713) |
| **Net cash used in investing activities** | | (97,670) | (65,539) |
| **Financing activities** | | | |
| Issue of share capital | | 1,068,200 | 180,000 |
| Loan received | | - | 100,000 |
| **Net cash generated from financing activities** | | 1,068,200 | 280,000 |
| **Net increase in cash and cash equivalents** | | 796,487 | 89,271 |
| Cash and cash equivalents at start of period | | 95,311 | 6,012 |
| Foreign exchange movement | | (31) | 28 |
| **Cash and cash equivalents at end of period** | 16 | 891,767 | 95,311 |

## Company statement of cash flows

| | Notes | Year ended 31 March 2021 £ | Year ended 31 March 2020 £ |
|---|---|---|---|
| **Operating activities** | | | |
| Loss for the period | 23 | (313,717) | (275,206) |
| **Adjustments for:** | | | |
| Finance costs | | 154,234 | 154,153 |
| | | (159,483) | (121,053) |
| **Movements in working capital** | | | |
| (Increase)/decrease in receivables | | (1,488) | 745 |
| (Decrease)/increase in payables | | (424) | 714 |
| **Net cash used in operating activities** | | (161,395) | (119,594) |
| **Investing activities** | | | |
| Investments and long term loans | | (116,227) | (71,500) |
| **Net cash used in investing activities** | | (116,227) | (71,500) |
| **Financing activities** | | | |
| Share issues net of expenses | | 1,068,200 | 180,000 |
| Loans | | - | 100,000 |
| **Net cash generated from financing activities** | | 1,068,200 | 280,000 |
| **Net increase in cash and cash equivalents** | | 790,578 | 88,906 |
| Cash and cash equivalents at start of period | | 92,885 | 3,979 |
| Cash and cash equivalents at end of period | 16 | 883,463 | 92,885 |

## 1 General information

Anglesey Mining plc is domiciled and incorporated in England and Wales under the Companies Act with registration number 1849957. 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 shown at the end of this report.

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 applicable law and international accounting standards in conformity with the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and as regards the group financial statements, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 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 '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. Based on the current cash reserves and the committed support of Juno, the Group has sufficient finance available for the continuing working capital requirements of the Group on a status quo basis for at least twelve months from the date of the financial statements.

The Group will need to generate additional financial resources to meet its planned business objectives, progress the ongoing development of the Parys Mountain project and continue as a going concern. The plans to phase the development of the project by undertaking the various optimisation programmes and completing a prefeasibility or feasibility study to progress the Parys Mountain Mine towards production require interim funding to finance the further studies and optimisation programmes and, in the longer term, senior financing to fund the capital and development costs to put the Parys Mountain Mine into production.

The Group has relied primarily on equity financings and its largest shareholder Juno Limited to fund its working capital requirements and may be required to do so in the future to ensure the Group will have adequate funds for its current activities and to continue as a going concern.

The Directors are actively pursuing various financing options with certain shareholders and financial institutions regarding proposals for financing and are in discussions with a range of investors, including private equity funds. Whilst these discussions continue 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.

However, given the limited financial resources currently available, and that there is no guarantee that such funding will be available, there is a risk that the Group will not have sufficient financial resources to fund its short-term project funding requirements, and therefore there exists a material uncertainty concerning the ability of the Group and the Company to continue as a going concern or that the Group will be successful in raising the necessary investment to advance the development of the project and put a mine at the Parys Mountain property into production.

**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.

*Note 2 - Significant accounting policies – continued*

**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 disposal 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.

**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 and 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.

**Mineral property exploration and evaluation**

Exploration and evaluation assets under IFRS 6 include acquired mineral use rights for mineral properties held by the Company. The amount of consideration paid (in cash or share value) for mineral use rights is capitalised. Mineral exploration and evaluation expenditures are capitalised on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalised costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities.

Exploration and evaluation assets will be amortised to profit or loss once commercial production has been achieved or written off if the exploration and evaluation assets are abandoned or sold. Depletion of costs capitalised on projects when put into commercial production will be recorded using the unit-of-production method based upon estimated proven and probable reserves. The ultimate recoverability of the amounts capitalised for the exploration and evaluation assets and expenditures is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining and retaining the necessary permits to operate a mine, and realising profitable production or proceeds from the disposition thereof.

*Note 2 - Significant accounting policies – continued*

The commercial viability of extracting a mineral resource is considered to be determinable when resources are determined to exist, the property rights are current and it is considered probable that the costs will be recouped through successful development and exploitation of the project, or alternatively by sale of the property. Upon determination of resources, exploration and evaluation assets attributable to those resources are first tested for impairment and then reclassified from exploration and evaluation assets to mineral property interests. Expenditures deemed unsuccessful are recognised in operations in the Income Statement.

Expenditures incurred in connection with the development of mineral resources after such time as mineral reserves are proven or probable; permits to operate the mineral resource property are received; financing to complete development has been obtained; and approval of the Board of Directors to commence mining development and operations, are capitalized as deferred development expenditures.

**Impairment of tangible and intangible assets**

The carrying values of capitalized exploration and evaluation assets are assessed for impairment if fact and circumstances indicate that the carrying amount exceeds the recoverable amount and sufficient data exists to evaluate technical feasibility and commercial viability. If any indication of impairment exists, an estimate of the asset's recoverable amount is estimated. The recoverable amount is determined as the higher of the fair value less costs of disposition and the asset's value in use. If the carrying amount of the asset exceeds its estimated recoverable amount, the asset is impaired, and an impairment loss is charged to the Income Statement so as to reduce the carrying amount to its estimated recoverable amount.

**Investments**

Investments in subsidiaries are shown at historical 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 fair value.

Associates are accounted for using the equity method.

**Impairment of financial assets measured at amortised cost**

At each reporting date the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

The general approach is applied to the impairment assessment of refundable deposits, restricted cash and cash and cash equivalents. Under the general approach the Group recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses. Under the simplified approach the Group always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses.

**Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets are impaired when their carrying amount of the asset exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use.

**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.

*Note 2 - Significant accounting policies – continued*

### Financial instruments

#### Initial recognition

All financial assets and liabilities are initially recognised on the trade date; this being the date that group becomes a party to the contractual provisions of the instrument.

All financial instruments are initially recognised at fair value plus, in the case of financial assets and financial liabilities not held at fair value through profit or loss, directly attributable transaction costs.

#### Classification and measurement

#### Financial assets

The classification of financial instruments depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. The group classifies its financial assets in one of the following categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)

#### Financial assets classified and measured at amortised cost

Amortised cost financial instruments are non-derivative financial assets held within a business model, whose objective is to collect contractual cash flows, on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Such financial instruments are those that are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment based on Expected Credit Loss (ECL). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the financial asset.

Financial assets classified at amortised cost are other receivables, deposits and cash and cash equivalents.

#### Financial assets classified and measured at fair value through other comprehensive income "FVOCI"

FVOCI financial assets are those non-derivative financial assets held within a business model, whose objectives are both to sell the financial assets and to collect contractual cash flows, on specified dates, that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are classified as FVOCI are measured at fair value. The changes in fair value are recognised in other comprehensive income with three exceptions, which are recognised in profit and loss:

- Interest, calculated using the effective interest method;
- Impairment losses; and
- Foreign exchange gains and losses on monetary financial assets.

When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income.

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

#### Financial liabilities

The group classifies all financial liabilities as other financial liabilities measured at amortised cost. Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

### Equity instruments

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

### Leases

Mining lease payments relating to mineral property exploration and evaluation are capitalised; there are no other leases, see note 25 for details. There are no IFRS 16 disclosures required in respect of the mining leases.

*Note 2 - Significant accounting policies – continued*

**New accounting standards**

*Standards, amendments and interpretations adopted in the current financial year, effective from 1 January 2020:*

Amendments to IAS 1 and IAS 8: Definition of Material

Conceptual Framework (Revised) and amendments to related references in IFRS Standards

*New standards and amendments effective from 1 January 2021*

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: (UK-adopted)

Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4; Insurance Contracts and IFRS 16 Leases:

IFRS amendments effective from 1 April 2021 (not UK-adopted)

*New standards and amendments in issue from 1 January 2022 onwards, but not yet effective*

IFRS amendments effective from 1 January 2022 (not UK-adopted)

*IFRS standards effective from 1 January 2023 (not UK-adopted)*

IAS 1 Amendment: Classification of Liabilities as Current or Non-current

IAS 1 Amendment: Disclosure of accounting policies

IAS 8 Amendment: Definition of accounting estimates

The adoption of the above standards and interpretations is not expected to lead to any changes to the group's accounting policies or have any other material impact on the financial position or performance of the group.

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. Significant judgment must be exercised in determining when a project moves from the exploration and evaluation category phase and into the development category of mineral property interests. The existence and extent of economic mineral resources, proven or probable mineral reserves; regulatory permits and licences; the availability of development financing; current and future metal prices; and market sentiment are all factors to be considered.

(b) In connection with possible impairment of exploration and evaluation assets and the investment of the company in Parys Mountain Mines Limited the directors assess each potentially cash generating unit annually to determine whether any indication of impairment exists. The judgements made when making these assessments are similar to those set out above and are subject to the same uncertainties.

(c) The directors applied assumptions and judgement in determining the fair value of investments classified and measured as financial assets at FVOCI. Some of the financial assets set out in note 14 are unquoted investments in companies holding mining rights. The inputs in determining fair value are taken from observable markets where possible, but where this is not feasible, a degree of judgement has been applied in establishing fair values. Judgements include considerations of inputs such as exploration potential, available market information relating to current demand, prices, economic viability and future financing. See note 14 for further details.

**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. 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 for this segment are included in the UK total.

**Income statement analysis**

| | 2021 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | UK | Sweden | Canada | Total | UK | Sweden | Canada | Total |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Expenses | (162,824) | - | - | (162,824) | (134,796) | - | - | (134,796) |
| Investment income | 39 | - | - | 39 | 287 | - | - | 287 |
| Finance costs | (154,234) | (11,468) | - | (165,702) | (154,153) | (15,876) | - | (170,029) |
| Exchange rate loss | - | (31) | - | (31) | - | 28 | - | 28 |
| Loss for the year | (317,019) | (11,499) | - | (328,518) | (288,662) | (15,848) | - | (304,510) |

**Assets and liabilities**

| | 31 March 2021 | | | | 31 March 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | UK | Sweden | Canada | Total | UK | Sweden | Canada | Total |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Non-current assets | 15,645,767 | 110,157 | 4,053,507 | 19,809,431 | 15,544,158 | 100,098 | 1 | 15,644,257 |
| Current assets | 922,056 | 1,092 | - | 923,148 | 110,716 | 1,100 | - | 111,816 |
| Liabilities | (3,991,250) | (332,272) | - | (4,323,522) | (3,809,032) | (321,105) | - | (4,130,137) |
| Net assets/liabilities | 12,576,573 | (221,023) | 4,053,507 | 16,409,057 | 11,845,842 | (219,907) | 1 | 11,625,936 |

## 4 Loss before taxation

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

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Fees payable to the group's auditor: | | |
| for the audit of the annual accounts | 37,000 | 37,000 |
| for the audit of subsidiaries' accounts | 5,000 | 5,000 |
| for other services | - | - |
| Directors' remuneration | - | - |
| Foreign exchange movement | 31 | (28) |

## 5 Staff costs

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

| | 2021 | 2020 |
|---|---|---|
| Administrative | 3 | 3 |
| | 3 | 3 |
| Their aggregate remuneration was: | £ | £ |
| Wages and salaries | 23,660 | 11,000 |
| Social security costs | 6,803 | 390 |
| | 30,463 | 11,390 |

The directors did not receive any remuneration during the year. Further details are provided in the directors' remuneration report together with information on share options.

## 6 Investment income

| | 2021 | 2020 |
|---|---|---|
| **Loans and receivables** | **£** | **£** |
| Interest on site re-instatement deposit | 39 | 287 |
| | 39 | 287 |

## 7 Finance costs

| | 2021 | 2020 |
|---|---|---|
| **Loans and payables** | **£** | **£** |
| Loan interest to Juno Limited | 154,234 | 154,153 |
| Loan interest to Eurmag AB | 11,468 | 15,876 |
| | 165,702 | 170,029 |

For both loans the interest shown is accrued and it is intended that it will be repaid together with the loan principal. The loans are repayable from any future financing undertaken by the Company.

## 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 2021 of £1.3 million (2020 - £1.3 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 £12.8 million unclaimed and available at 31 March 2021 (2020 - £12.7 million). No deferred tax asset is recognised in respect of these allowances.

| | 2021 | 2020 |
|---|---|---|
| | **£** | **£** |
| Current tax | - | - |
| Deferred tax | - | - |
| Total tax | - | - |

Domestic income tax is calculated at 19% (2020 - 19%) of the estimated assessed profit for the year. 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:

| | 2021 | 2020 |
|---|---|---|
| Loss for the year | (328,518) | (304,510) |
| Tax at the domestic income tax rate of 19% | (62,418) | (57,857) |
| **Tax effect of:** | | |
| Unrecognised deferred tax on losses | 62,418 | 57,857 |
| Total tax | - | - |

## 9 Earnings per ordinary share

| | 2021 £ | 2020 £ |
|---|---|---|
| **Earnings** | | |
| Loss for the year | (328,518) | (304,510) |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 201,073,814 | 185,772,778 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 201,073,814 | 185,772,778 |
| **Basic earnings per share** | (0.2)p | (0.2)p |
| **Diluted earnings per share** | (0.2)p | (0.2)p |

As the group has a loss for the year ended 31 March 2021 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 31 March 2019 | 15,165,888 |
| Additions - site | 24,341 |
| Additions - rentals & charges | 25,494 |
| At 31 March 2020 | 15,215,723 |
| Additions - site | 73,983 |
| Additions - rentals & charges | 27,587 |
| At 31 March 2021 | 15,317,293 |
| **Carrying amount** | |
| Net book value 2021 | 15,317,293 |
| Net book value 2020 | 15,215,723 |

Included in the additions are mining lease expenses of £19,170 (2020 - £16,858).

**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 Group assesses at each reporting date its exploration and evaluation assets to determine whether specific facts and circumstances indicate there is an indication of impairment and whether an impairment test is required. If such an indication exists, the recoverable amount of the asset is estimated and if the carrying amount of the asset exceeds its estimated recoverable amount, the asset is impaired, and the impairment loss is measured. If impairment testing is required, the impairment testing of exploration and evaluation assets is carried out in accordance with IAS 36 Impairment of Assets as modified by IFRS 6. Any impairment loss is charged to the Statement of Income and Loss to reduce the carrying amount to its estimated recoverable amount.

In determining whether there is an impairment indicator, the Group considers both internal factors (e.g. adverse changes in performance) and external factors (e.g., adverse changes in the business or regulatory environment). Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The existence and extent of proven or probable mineral reserves; retention of regulatory permits and licences; the availability of development financing; current and future metal prices; and market sentiment are all factors to be considered. There are several external factors that can have a significant impact on the recoverable amount of a mineral property, including the uncertainty of market conditions, the volatility of commodity prices and foreign exchange rates.

Following review, the directors concluded that there are no material adverse changes in facts and circumstances, or in market conditions or regulations affecting, the Parys Mountain property during the year ended 31 March 2021. The directors noted the completion and publication in January 2021 of the new independent PEA, with an expanded resource base, which demonstrates that a major mining operation can be established at Parys Mountain, with robust economics at reasonable capital and operating costs.

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

The property has the potential for the discovery of new or additional resources and has ongoing exploration potential and further work is recommended and planned. Metal prices have improved and the outlook for most minerals, and particularly for the copper, zinc and lead minerals at Parys Mountain, is very encouraging. Accordingly, the directors concluded, as described in the Strategic Report, that any specific facts and circumstances which might suggest there is an indication of impairment have not materially changed during the year and there are no facts or circumstances that suggest there is an indication of impairment and therefore no impairment test was required or completed.

## 11 Property, plant and equipment

| Group | Freehold land & property | Plant & equipment | Office equipment | Total |
|---|---|---|---|---|
| **Cost** | £ | £ | £ | £ |
| At 31 March 2019, 2020 and 2021 | 204,687 | 17,434 | 5,487 | 227,608 |
| **Depreciation** | | | | |
| At 31 March 2019, 2020 and 2021 | - | 17,434 | 5,487 | 22,921 |
| **Carrying amount** | | | | |
| At 31 March 2019, 2020 and 2021 | 204,687 | - | - | 204,687 |

| Company | Freehold land & property | Plant & equipment | Office equipment | Total |
|---|---|---|---|---|
| **Cost** | £ | £ | £ | £ |
| At 31 March 2019, 2020 and 2021 | - | 17,434 | 5,487 | 22,921 |
| **Depreciation** | | | | |
| At 31 March 2019, 2020 and 2021 | - | 17,434 | 5,487 | 22,921 |
| **Carrying amount** | | | | |
| At 31 March 2019, 2020 and 2021 | - | - | - | - |

## 12 Subsidiaries - company

The subsidiaries of the company at 31 March 2021 and 2020 were as follows:

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

Registered office addresses:

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

## 13 Investments - company

| | Shares at cost | Capital contributions | Total |
|---|---|---|---|
| | £ | £ | £ |
| At 1 April 2019 | 104,025 | 14,285,117 | 14,389,142 |
| Advanced | - | 71,500 | 71,500 |
| At 31 March 2020 | 104,025 | 14,356,617 | 14,460,642 |
| Advanced | - | 116,227 | 116,227 |
| At 31 March 2021 | 104,025 | 14,472,844 | 14,576,869 |

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 2019** | 1 | 97,794 | 97,795 |
| Net change during the period | - | 2,304 | 2,304 |
| **At 31 March 2020** | 1 | 100,098 | 100,099 |
| Net change during the period | 4,053,506 | 10,059 | 4,063,565 |
| **At 31 March 2021** | 4,053,507 | 110,157 | 4,163,664 |

**LIM – Labrador, Canada**

The group has an investment in Labrador Iron Mines Holdings Limited, a Canadian company which holds the Labrador iron ore properties described in the Strategic Report.

The group's investment in LIM is carried at fair value through other comprehensive income. Commencing in mid-2020 stock market interest in North America in the shares of LIM resulted in significant share price increases. LIM reported net comprehensive income of CAD25,666,588 for the year ended 31 March 2021, which included an impairment reversal of CAD25,963,413 in the carrying value of its mineral property interests. The group's holding of 19,289,100 shares in LIM (12% of LIM's total issued shares) is valued at the closing price traded on the OTC Markets in the United States and in the directors' assessment this market is sufficiently active to give the best measure of fair value, which on 31 March 2021 was 29 US cents per share. Since that date the share price has declined and at 24 August 2021 the shares traded at 20 US cents per share.

**Grangesberg - Sweden**

The group has, through its Swedish subsidiary Angmag AB, a 19.9% ownership interest in GIAB (2020 – 10.0%), a Swedish company which holds rights over the Grangesberg iron ore deposits. During the year the group subscribed £20,052 (2020 - £11,713) for new shares in GIAB and also transferred some of its shares at the same price to Eurang AB as consideration for a reduction in the loan due to Eurmag, a subsidiary of Eurang.

The directors assessed the fair value of the investment in Grangesberg under IFRS 9 and consider the cost at the date of transition and the investment's value at the year-end to approximate the fair value at these dates. Following negotiation the group has, until June 2023, a right of first refusal over a further 50.1% of the equity of GIAB together with management direction of the activities of GIAB, subject to certain restrictions. Although the group has significant influence over certain relevant activities of GIAB, equity accounting has not been applied in respect of this influence as the directors consider this would not have any material affect. The group's share in the net assets of GIAB at 31 March 2021 was approximately £316,000.

## 15 Deposit

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | £ | £ |
| Site re-instatement deposit | 123,787 | 123,748 |

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 Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Held in sterling | 890,674 | 94,210 | 883,463 | 92,885 |
| Held in Canadian dollars | 1 | 1 | - | - |
| Held in US dollars | 424 | 443 | - | - |
| Held in Swedish krona | 668 | 657 | - | - |
| | 891,767 | 95,311 | 883,463 | 92,885 |

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

## 17 Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Trade payables | (4,366) | (13,537) | (2,887) | (11,939) |
| Other accruals | (121,862) | (84,707) | (63,880) | (55,252) |
| | (126,228) | (98,244) | (66,767) | (67,191) |

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

## 18 Loans

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Loan from Juno Limited | (3,815,022) | (3,660,788) | (3,815,022) | (3,660,788) |
| Loan from Eurmag AB | (332,272) | (321,105) | - | - |
| | (4,147,294) | (3,981,893) | (3,815,022) | (3,660,788) |

**Juno**: 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.

**Changes in liabilities arising from financing activities**

| | Due to Juno | Due to Eurmag | Totals |
|---|---|---|---|
| | £ | £ | £ |
| At 1 April 2019 | (3,406,635) | (300,087) | (3,706,722) |
| Cash flows | (100,000) | | (100,000) |
| Non cash movements | (154,153) | (21,018) | (175,171) |
| 1 April 2020 | (3,660,788) | (321,105) | (3,981,893) |
| Cash flows | - | - | - |
| Non cash movements | (154,234) | (11,167) | (165,401) |
| At 31 March 2021 | (3,815,022) | (332,272) | (4,147,294) |

The Juno loan relates to the group and company. The non-cash movement represents accrued interest.

The Eurmag loan relates to the group only and its non-cash movement comprises accrued interest, the value of GIAB shares transferred to Eurang AB which reduced the loan amount (see note 14) and foreign exchange changes.

## 19 Long term provision - group

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| 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.

## 20 Share capital

| | Ordinary shares of 1p | | Deferred shares of 4p | | Total |
|---|---|---|---|---|---|
| **Issued and fully paid** | **Nominal value £** | **Number** | **Nominal value £** | **Number** | **Nominal value £** |
| At 1 April 2019 | 1,776,081 | 177,608,051 | 5,510,833 | 137,770,835 | 7,286,914 |
| Issued in the period | 93,677 | 9,367,681 | | | |
| At 1 April 2020 | 1,869,758 | 186,975,732 | 5,510,833 | 137,770,835 | 7,380,591 |
| Issued in the period | 385,000 | 38,500,000 | | | 385,000 |
| At 31 March 2021 | 2,254,758 | 225,475,732 | 5,510,833 | 137,770,835 | 7,765,591 |

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

On 24 August 2020 a placing for cash was made of 12.5 million ordinary shares at 1.6 pence, raising £200,000 gross, together with 12.5 million warrants exercisable at 1.8 pence, all of which were subsequently exercised raising an additional £225,000 gross.

On 21 January 2021 a placing for cash was made of 10 million ordinary shares at 6.6 pence each raising £660,000 gross.

On 17 March 2021 3.5 million shares were issued at 2 pence each in respect of the exercise of share options raising £70,000.

## 21 Equity-settled employee benefits

The 2014 Unapproved share option 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 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 FTSE 100 index. The vesting period for any options granted since 2014 was one year. Options are forfeited if the employee leaves employment with the group before the options vest. All options outstanding were exercised in full during the year. No options were granted, lapsed or forfeited during the year. No options were outstanding at 31 March 2021.

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **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 | 3,500,000 | 2.00 | 1.5 | 3,500,000 | 2.00 | 2.5 |
| Granted during the period | - | - | | - | - | |
| Forfeited during the period | - | - | | - | - | |
| Exercised during the period | 3,500,000 | 2.00 | | - | - | |
| Expired during the period | - | - | | - | - | |
| Outstanding at the end of the period | - | - | - | 3,500,000 | 2.00 | 1.5 |
| Exercisable at the end of the period | - | - | - | 3,500,000 | 2.00 | 1.5 |

There were no expenses in respect of equity-settled employee remuneration for the year ended 31 March 2021 (2020 – nil).

## 22 Results attributable to Anglesey Mining plc

The loss after taxation in the parent company amounted to £313,717 (2020 loss £275,206). 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.

## 23 Financial instruments

The main risks arising from the group's financial instruments are currency risk and share price risk. The board reviews and agrees policies for managing each of these risks and these are summarised below.

**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 18, 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.

**Share price risk**

The shares of Labrador Iron Mines Holdings Limited in Canada are traded on the OTC Market in the United States and the value of the group's investment in LIM is subject to the market variations applicable to any publicly traded investment. In respect of the value of this investment, if the LIM share price were to fall by 10% there would be a loss to the group of £405,351 and if it were to rise by a similar percentage there would be a gain of £405,351

**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. During the year the group raised new financing of over £1,000,000, through the placement of shares, and the exercise of warrants and share options.

Trade creditors are payable on normal credit terms which are usually 30 days. The loans due to Juno and Eurmag carry a notice period of 367 days. Juno, in keeping with its long-established practice has indicated that it has no current intention of demanding repayment. No such notice had been received by 2 September 2021 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 and the group has no currency exposure in respect of this loan. The currency risk in respect of the group's only other loan (denominated in Swedish krona) is as follows: if the rate of exchange between the krona and sterling were to weaken against sterling by 10% there would be a gain to the group of £30,207 (2020 - £29,191) and if it were to move in favour of sterling by a similar amount there would be a loss of £36,919 (2020 - £35,678). These gains or losses would be recorded in other comprehensive income.

In respect of the investment in Grangesberg in Sweden, if the rate of exchange between the Krona and sterling were to weaken against sterling by 10% there would be a loss to the group of £10,508 (2020 - £9,374) and if it were to move in favour of sterling by a similar amount there would be a gain of £12,843 (2020 - £11,457).

In respect of the investment in Labrador Iron Mines in Canada, if the rate of exchange between the US dollar (the currency of the market on which the shares are quoted) and sterling were to weaken against sterling by 10% there would be a loss to the group of £368,501 and if it were to move in favour of sterling by a similar amount there would be a gain of £450,390 There are no comparative figures for last year when the investment was held at a value of £1.

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

*Note 23 Financial instruments - continued*

**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 | Financial assets classified at fair value through other comprehensive income | | Financial assets measured at amortised cost | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| | £ | £ | £ | £ |
| Investments | 4,163,664 | 100,099 | - | - |
| Deposit | - | - | 123,787 | 123,748 |
| Other receivables | - | - | 31,381 | 16,505 |
| Cash and cash equivalents | - | - | 891,767 | 95,311 |
| | 4,163,664 | 100,099 | 1,046,935 | 235,564 |

| | Financial liabilities measured at amortised cost | |
|---|---|---|
| | 31 March 2021 | 31 March 2020 |
| | £ | £ |
| Trade payables | (4,366) | (13,537) |
| Other payables | (121,862) | (84,707) |
| Loans | (4,147,294) | (3,981,893) |
| | (4,273,522) | (4,080,137) |

**Company**

| . | Financial assets measured at amortised cost | | Financial liabilities measured at amortised cost | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| | £ | £ | £ | £ |
| Other receivables | 7,448 | 5,960 | - | - |
| Cash and cash equivalents | 883,463 | 92,885 | - | - |
| Trade payables | - | - | (2,887) | (11,939) |
| Other payables | - | - | (63,880) | (55,252) |
| Loan | - | - | (3,815,022) | (3,660,788) |
| | 890,911 | 98,845 | (3,881,789) | (3,727,979) |

## 24 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 26% 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 18. There were no further transactions between the group and Juno or its group during the year. The family interests of Danesh Varma have a significant shareholding in Juno, a connected person.

**Grangesberg**

As nominees of the Company, Bill Hooley and Danesh Varma are directors of Grangesberg Iron AB and of the special purpose vehicle Angmag 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 in 2014. The group has a liability to Eurmag AB a subsidiary of Eurang amounting to £332,272 at the year-end (2020 – £321,105) – see note 18. During the year £20,052 (2020 - £11,713) was subscribed for new shares in GIAB.

*Note 23 Related party transactions - continued*

**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.

## 25 Mineral holdings

**Parys Mountain**

(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 mining 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 £19,170 is payable for the year beginning 23 March 2020; 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 renewable 30 year mining lease from the Crown dated December 1991 there was an annual lease payment of £5,000 and a royalty of 4% of gross sales of gold and silver from the lease area was payable. The Crown lease expired in April 2020 and negotiations in respect of the renewal of this lease or the granting of a new lease are continuing. It is expected that a new or renewed lease, if taken up and accepted, would be subject to annual lease payments and a royalty on gold and silver sales.

**Lease payments**

The group's mining leases may be terminated by the Group 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 2021 - £19,170 and for the five years between 1 April 2021 and 31 March 2026 - £101,551 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.

## 26 Material noncash transactions

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

Under the Development and Co-operation Agreement with QME Limited in respect of Parys Mountain optimisation studies development which began in 2018, described in the Strategic Report, the Group has agreed to grant QME various rights and options relating to the future development of Parys Mountain. Anglesey has agreed award to QME, on an exclusive basis, contracts for the development of the decline and underground mine development, including rehabilitation of the shaft. This will be done on terms to be agreed following a decision by Anglesey to proceed with the development of Parys Mountain. In the event Anglesey and QME are not able to agree terms Anglesey may offer such contracts to third parties, subject to a right of first refusal in favour of QME, and subject to a payment by Anglesey to QME, upon the award of such contracts to a third-party, of a break-fee of £500,000. Under such circumstances, the award of such contracts to a third party could potentially create a contingent liability for the payment of the break fee but such liability is not at this time crystallised.

In addition, Anglesey would 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.

## 27 Commitments

Other than commitments under leases (note 25) there is no capital expenditure authorised or contracted which is not provided for in these accounts (2020 - nil).

## 28 Contingent liabilities

There are no contingent liabilities (2020 - nil).

## 29 Events after the period end

There are no post balance sheet events to report.

Notice is given that the 2021 Annual General Meeting of Anglesey Mining plc will be held at the offices of DLA Piper, 160 Aldersgate Street London EC1A 4HT on 30 September 2021 at 11.00 a.m. to consider and, if thought fit, to pass the resolutions set out below.

**As ordinary business**

1. To receive the annual accounts and directors' and auditor's reports for the year ended 31 March 2021.
2. To approve the directors' remuneration report for the year ended 31 March 2021.
3. To approve the directors' remuneration policy in the directors' remuneration report for the year ended 31 March 2021.
4. To reappoint John F. Kearney as a director.
5. To reappoint Bill Hooley as a director.
6. To reappoint Howard Miller as a director.
7. To reappoint Danesh Varma as a director.
8. To confirm the appointment of Jonathan (Jo) Battershill 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 £750,000, provided that (unless previously revoked, varied or renewed) this authority shall expire on 31 December 2022, 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 the preceding resolution 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 £560,000

    and (unless previously revoked, varied or renewed) this power shall expire on 31 December 2022, 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

2 September 2021

## 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 28 September 2021 (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. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.
3. Members may appoint a proxy online at www.signalshares.com by logging into their Signal Shares account or registering if they have not previously done so. To register, members will need to identify themselves with their Investor Code, which is detailed on their share certificate or available from the Company's registrar on 0371 664 0300. CREST members can utilise the CREST electronic proxy appointment service.

   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 Link Group, FREEPOST Proxies, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL 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 electronically, or by post or (during normal business hours only) by hand at the offices of the Company's registrar no later than 11.00 a.m. on 28 September 2021 (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 20 August 2021 (being the last practicable date before the publication of this notice), the issued share capital consists of 225,475,732 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 20 August 2021 are 225,475,732.

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.
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.

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; 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.

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| John F. Kearney | Irish, aged 70, is Chairman of Anglesey Mining plc, and several other public companies, including Labrador Iron Mines Holdings Limited, Buchans Resources Limited and Minco Exploration plc, and until 2019 was chairman of Canadian Zinc Corporation. He is a director of Grangesberg Iron AB.<br><br>Over the course of his career, he has served as a senior officer (usually Chairman and/or Chief Executive) of more than thirty public companies incorporated in Canada; Ireland; United Kingdom; United States; Australia and elsewhere, the shares of which were listed on various stock exchanges (including London Stock Exchange; AIM Market; Toronto Stock Exchange; New York Stock Exchange; American Stock Exchange; NASDAQ; Australian Stock Exchange).<br><br>Mr. Kearney also served as a director and member of the Executive Committee of the Mining Association of Canada and as a director and two term President of the Northwest Territories and Nunavut Chamber of Mines.<br><br>Mr. Kearney is a member of the Prospectors and Developers Association of Canada, the Canadian Institute of Mining and Metallurgy and the Law Society of Ireland. He holds degrees in law and economics from University College Dublin, an M.B.A. degree from Trinity College Dublin, and a Certificate in Mining Law from Osgoode Hall Law School, York University, Toronto. He qualified as a solicitor in Ireland and as a chartered secretary with the Institute of Chartered Secretaries and Administrators in London. He is a member of the remuneration and nomination committees. |
| Jonathan (Jo) Battershill | aged 51, Chief Executive, is a mining geology graduate from Camborne School of Mines and has many years of experience both in mining operations and in the finance sector, particularly in Australia and in the United Kingdom.<br><br>After almost a decade working in mining operations and business development with Western Mining Corporation in Australia, in 2004 he joined a boutique broking house in Perth, Western Australia. Subsequent to that move, he worked in the mining finance sector for 17 years until July 2021, primarily for UBS in Sydney/London and Canaccord in London. He has extensive knowledge and connections, having been part of Canaccord's globally top ranked mining ECM/Sales team since January 2020. Early in his mining career he worked as an underground miner at the South Crofty Tin Mine in Cornwall, while attending the School of Mines. |
| Bill Hooley | aged 74, Deputy Chairman, and previously Chief Executive until 31 July 2021, is a mining engineering graduate from the Royal School of Mines, London and has extensive experience in the minerals industry including mine and processing operations, planning, project management and corporate management in many countries including Australia, Saudi Arabia, Canada and the UK.<br><br>He has also practised as a minerals industry consultant at a senior level and has managed other businesses developing and selling products and services to the minerals and related industries. He is Vice-Chairman and a director of Labrador Iron Mines Holdings Limited as well as Chairman and a director of Grangesberg Iron AB and Angmag 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 | aged 71, Finance Director and Company Secretary is a chartered accountant in England and Wales, and Canada, with many years of experience in financial management. He is currently a director of Brookfield Investment Corp., Canadian Manganese Corp., Labrador Iron Mines Holdings Limited, Grangesberg Iron AB, Angmag AB and Minco Exploration plc. He also serves as the Chief Financial Officer of Buchans Resources Limited and Xtierra Inc.<br><br>Previously he was President of American Resource Corporation and Westfield Minerals Limited and a director of Northgate Exploration Limited., Minco plc and Connemara Mining plc |
| Howard Miller | aged 77, non-executive director, a lawyer with over 45 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 was chairman and chief executive of Avnel Gold Mining Limited, which operated the Kalana gold mine in Mali and was acquired by Endeavour Mining in 2018. He is a member of the remuneration, audit and nomination committees and the lead independent director. |

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**Auditor**
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E1W 1DD

# Anglesey Mining plc

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|---|---|
| | Parys Mountain<br>Amlwch, Anglesey, LL68 9RE |
| | Phone 01407 831275<br>mail@angleseymining.co.uk |
| London office | Level 2, 39 Cheval Place,<br>South Kensington,<br>London,<br>SW7 1EW<br>Phone 020 7036 0225 |
| Registrars | Link Group |
| | 29 Wellington Street, Leeds, LS1 4DL<br>Share dealing phone 0371 664 0445<br>Helpline phone 0371 664 0300 |
| Registered office | Tower Bridge House,<br>St. Katharine’s Way, London, E1W 1DD |
| Web site | www.angleseymining.co.uk |
| Company registered number | 1849957 |
| Shares listed | The London Stock Exchange - LSE:AYM |