



# Alien Metals Ltd

## Annual Report

For the year ended 31 December 2021

# Contents

---

Chair’s & Chief Executive statement .....	3
Business overview.....	4
Strategy and business model .....	4
Financial highlights .....	4
Overview of operations.....	4
Review of operations.....	7
Western Australia .....	7
Mexico .....	10
Greenland .....	12
Governance .....	13
Chair’s Corporate governance statement.....	13
Board leadership .....	14
Nomination & Remuneration Committee Report .....	18
Audit Committee Report .....	21
Risk Management.....	22
Financial statements .....	28
Directors’ responsibilities statement.....	28
Independent auditor’s report.....	29
Consolidated statement of comprehensive income .....	33
Consolidated statement of financial position .....	34
Consolidated statement of cash flows .....	35
Consolidated statement of changes in equity .....	36
Notes to the financial statements .....	37
Other information .....	59

## Forward looking statements

Certain information in this annual report may constitute a forward-looking statement. Forward-looking statements are frequently characterised by words such as “plan”, “expect”, “forecast”, “project”, “intend”, “believe”, “anticipate”, “expect”, “budget”, “scheduled”, “outlook” and other similar words or statements that certain events or conditions “may” or “will” occur.

Forward-looking statements are not guarantees of future performance. Rather, they are based on current opinions and estimates of management and involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ from any future results or developments expressed or implied from each forward-looking statement. Each forward-looking statement is expressed only as at the date on which it is made and the Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change, other than as required by securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

# Chair & Chief Executive's statement

---

2021 marked a significant year of growth as the Company, headed by a high-quality geological team, focused on its strategy to advance its assets up the value curve; with new prospects in Western Australia and significant progress on the Hancock Iron Ore Project added to our diversified portfolio, they lay the groundwork for a busy and productive year.

The impact of the Covid-19 pandemic continued to influence all aspects of the company and the personnel for the whole year but the entire team pulled together to mitigate wherever possible any risk of infection to all employed and contracted personnel and ensure all worked within their relative government guidelines to keep everyone safe while progressing where possible and safely exploration work in the field and research and business dealings in the office.

Even with the global pandemic impacting all aspects of normal life the company was able to still achieve some significant milestones during the year notably producing a maiden JORC compliant Inferred Resource of high grade Direct Shipping Ore (DSO) grade Mineral Resource for the Hancock Iron Ore Project with additional upside to be developed in the future, carrying out an inaugural drilling programme on the Elizabeth Hill Project as well as continued study and background research to continue to develop the potential of all the company's projects. The earn-in agreement with a mid tier Canadian Exploration and Mining company for the Donovan 2 Copper Gold project in Mexico was withdrawn following some initial work by the Canadian company including ground IP geophysical survey and 7 diamond core drill holes. There was also continued uplift in the markets awareness of the Company and its projects.

The Company's CEO and Technical Director, Bill Brodie Good, managed the Mineral Resource development work on the Hancock project while continuing to maintain and uplift all projects in the portfolio. Term sheets were signed with Artemis Resources and Platina Resources in November 2021 for the potential 100% acquisition of the Munni Munni Joint Venture Project contiguous to the Elizabeth Hill project. This deal was completed in early 2022 to continue to strengthen our portfolio of diversified assets to encompass silver and precious metals projects in Mexico and newly acquired silver and iron ore projects in Western Australia.

In 2021, we continued to identify value generating opportunities by acquiring a significant new project within an established mining community that has a stable political background and assures a strong operation control.

During 2021, we are delighted to have finalised the acquisition of the Elizabeth Hill Silver Project in the Pilbara region of Western Australia and furthermore securing a significant new exploration licence ELA47/4422, Munni Munni North, covering some 117km<sup>2</sup> that wraps around the Elizabeth Hill Mining Licence including a significant historical data package and some surface soil samples collected in 2019 but never processed.

We are committed to continue delivering on the strategy of advancing the Company's projects through the exploration phases with our high quality geological team's expertise while seeking to identify a suitable partner for an earn-in agreement or a joint venture at a price which will not overly dilute existing Shareholders. We intend to continue to look at all options open to the company for specific or all projects in joining with potential partners on other projects, to ensure the costs and capital commitments are minimised.

The initial DSO Mineral Resource is a big achievement for the Company in such difficult times and has upgraded the Hamersley Iron Ore Project into a significant project with the potential to transform the Company once the next levels of work are completed but we are excited by all the early indicators of this being a significant and highly economic discovery.

We believe that in order to successfully grow this vision, we need to focus on channelling the funds invested in it towards exploration activity and business development, and this is at the heart of everything we do.

The Company's work to identify suitable partners for a joint venture or earned-in agreement included our Mexican silver projects and gold and copper project. Alien project generation is based on a strict selection criteria centred on assessing risk, appropriate scale and likely upside.

We look forward to sharing further results from our exploration work at our various sites following the completion of a single placing in November 2021, which has provided the Company with an excellent funding position for advancing all the exploration projects as well as looking at further acquisitions well into 2022.



Dan Smith  
Chairman



Bill Brodie Good  
CEO & Technical Director

# Business overview

---

## Strategy and business model

Alien Metals' objective is to create a multi-commodity portfolio of exploration and mining projects in jurisdictions with established mining communities, stable political backgrounds, and where strong operational controls can be assured.

In addition to the group's growing activities in the premier Pilbara region of Western Australia, Alien also operates in Zacatecas, Mexico, where long-term relationships with local government, communities, and key stakeholders have been built up over the last ten years.

Alien Metals' geological experts continue to assess and identify projects that fit with the group's strategic objectives. Wherever possible, the projects are acquired on a low-cost option basis whilst preliminary exploration is undertaken to assess the merits of further work and with clear value drivers for shareholders and stakeholders alike.

Alien Metals routinely evaluates mining projects in jurisdictions other than Mexico and Australia. During the last two years, this has included West Africa, Europe and Latin America.

Where preliminary studies evidence sufficient mineralisation, increasingly comprehensive studies will be undertaken with a view to delineating a compliant mineral resource estimate in readiness of potential sale of the asset to a producing mining company, at which time a significant premium over its acquisition and development cost may be justified.

## Financial highlights

All dollar amounts in this annual report and financial statements are US dollars, unless stated otherwise.

As at 31 December 2021, the Group had total assets of \$13.0 million (2020: \$9.4 million) of which \$6.4 million (2020: \$5.4 million) was cash. The Group had total liabilities of \$0.8 million (2020: \$0.3 million) of which \$0.8 million were current liabilities (2020: \$0.3 million).

In the year ended 31 December 2021 the Group made an operating loss of \$2.3million (2020: \$1.2 million) and a loss per share of 0.065 cents (2020: 0.052 cents).

## Overview of operations

During 2021, the Group completed its initial high-level review and some limited exploration work over its portfolio of mining concessions in Mexico covering an area of over approximately 1,500 hectares, ahead of maiden drilling programmes to be undertaken by Alien Metals. The Group was also active across its highly prospective Australian projects of Elizabeth Hill Silver and the Hamersley Iron Ore projects, and recently

acquired Munni Munni PGE project, also in the Pilbara region of Western Australia.

As at 31 December 2021, the Company held 12 fully owned mining concessions in Mexico, and was in the process of obtaining an option to acquire an interest in 1 additional project.

## Silver & Precious Metals projects

### Elizabeth Hill project

The Elizabeth Hill project is situated approximately 45 km south of Karratha in the 61,000 km<sup>2</sup> Achaean Pilbara Block of the Pilbara Craton. The Project is well located, lying 40km from the deep-water port at Dampier and 8 km from rail infrastructure.

The Elizabeth Hill Silver Project was mined between 1998 and 2000 via underground mining, primarily between the 62 m and 102 m levels. Silver production totalled approximately 16,800 tonnes of ore grading 2,195g/t Ag (70.24 oz/t Ag) generating 1,170,000 ounces Ag, including some very large specimens of native silver.

In January 2022, the Group announced initial results from the drilling programme undertaken in Q4 2021. Highlights included spectacular grades, such as: 9m @ 8,326g/t silver from 15m, and 24.8m @ 829g/t silver from 2m.

### Munni Munni PGE Project

On 22 March 2022, the Group announced that it had completed the acquisition of 100% of the Munni Munni PGE Project, which is strategically located ~5km south of the Elizabeth Hill Silver project. Munni Munni hosts the largest ultramafic intrusion in the West Pilbara and is one of the biggest undeveloped primary Platinum Group Elements ('PGE') Resources in Australia. The historic non-compliant JORC 2004 Resource estimate\* implied 24Mt @ 2.9g/t Platinum Group Element (PGE) and gold for 2.2Moz PGE, with around 95% of this resource estimate in the Measured and Indicated categories. The historic resource hosts 1.14Moz palladium, 0.83Moz platinum, 152Koz gold and 76Koz rhodium.

### **Munni Munni North project**

ELA 47/4422 is a 117km<sup>2</sup> tenement which wraps around the Elizabeth Hill Silver Mining Lease and includes a portion of the Munni Munni intrusive complex to the south and southwest. The highly prospective Munni Munni fault strikes north-south through the tenement and into the Elizabeth Hill ML on which the Elizabeth Hill Silver deposit is associated with. There is also some strike length of the Hunters Reef, a Platinum Group Element target geological feature related to the Munni Munni Deposit defined in the south of this ELA.

### **Los Campos project**

The Los Campos project comprises four concessions covering an area of approximately 500 hectares and is located on the south side of the city of Zacatecas and only 3 km from the Endeavour Silver El Compas silver mine. The property contains at least two known veins: the Los Campos vein and the San Rafael vein, which were both partially mined historically.

The Los Campos vein system has been developed along a strike distance of 3.3km and to depths exceeding 100m. Geological mapping and sampling discovered additional veins running either parallel or nearly parallel to the Los Campos vein.

### **San Celso project**

The 88-hectare San Celso project is located in the historic mining district of Pánfilo Natera-Ojocaliente. It contains two highly mineralised veins: the San Celso and Las Cristinitas veins which were also partially mined historically. Work carried out during 2019 and 2020 confirmed the high grade of these veins.

## **Iron Ore projects**

A wholly owned subsidiary company was created by the Company during 2021 to host the Iron Ore projects. Iron Ore Company of Australia Pty Ltd was created in November 2021

### **Hancock Ranges Project - 51% (moving to 90%)**

The Hancock Ranges Iron Ore Project. E47/3954, is within 20kms of the Newman township and borders licences held by Fortescue Metals Group, Hancock Prospecting, BHP Billiton (Mount Whaleback), Hope Downs and Brockman Mining.

The Licence has been subject to historical exploration by Rio Tinto plc, BHP Group plc, and more recently Volta Mining Limited, where drilling intercepted mineralisation within the Brockman Iron Formation including **126m @ 60.28% Fe** from surface (Hole 14SERC004).

Two drilling programmes were carried out by Alien in 2021 on the Hancock Tenement for a total of 91 holes for 5,551m. From this work a maiden JORC Compliant Mineral Resource was defined of 10.4Mt at 60.4% Fe from 3 separate deposits, the Sirius Extension, Ridge C and Ridge E from a newly discovered series of highly mineralised Iron Ore bearing ridges striking east west through the tenement. A third drilling program was started at the end of 2021 but results were not

available by the end of the year to factor into this report.

An initial scoping study was also carried out following the MRE and with a projected cost FOB of \$60 USD/t to mine and a total maximum Capex of \$30m USD this bodes extremely well for the economics of the project considering Iron Ore high grade touched \$230 USD/t during 2021 and projected price for the high grade material is continuing to be strong.

Furthermore, the Company believes there is considerably more high grade iron ore to be identified on the tenement as only 20-25% of the tenement has actually been explored to date.

The Company entered into plans to acquire a further 39% of the project during 2021 but this was not concluded by the end of the year although is hoped to be early in 2022

### **Brockman Iron Project - 51% (moving to 90%)**

This tenement hosts part of the historic BHP Deposit 20 iron ore target and the historic BHP Deposit 19 Fe target sits on the south-eastern boundary.

This tenement is dominated by the Brockman Iron Formation which underlies the majority of the tenement area. Recent alluvial cover is prevalent and covers the indicated Brockman Iron Formation.

In 2021 the Company undertook both a Heritage Survey and an Ethnological Survey on the planned drilling area of the tenement with the Native Title party. These were both a success and the final reports were submitted late 2021 to enable the company to apply for necessary drilling permits. A maiden drilling programme at Brockman is planned for mid 2022.

### **E47/4605**

An application was made for the Exploration Tenement EL47/4605 covering 315 Hectares and situated at the proposed junction of a possible haul road from the Hancock tenement to the Great North Highway.

## **Copper project**

### **Donovan 2 project**

The Company's 750-hectare Donovan 2 project is located to the southeast of Zacatecas city and in close proximity to other wholly owned projects within Alien's portfolio within the Mexican precious and base metals belt. The Teck Resources San Nicolás copper zinc deposit and Minera Frisco El Coronel gold mine are both located within 25km.

Alien Metals' preliminary exploration programme on this project, has identified several areas that exhibit pathfinder indicators of volcanogenic massive sulphide (VMS)-style mineralisation, and ground magnetic geophysics and induced polarisation have confirmed indications of sub-surface VMS-style mineralisation.

Further to the earn in agreement with Capstone Mining a more detailed ground IP survey was carried out by

Capstone in November/December 2020 to further delineate drill targets. Results and targets were defined in early 2021 to coincide with planned drilling programme by Capstone. Capstone drilled 7 diamond core holes for 2125m in Q1 2021 in 7 different locations on Donovan 2. Based on the outcome of this limited drilling they withdrew from the Earn-in agreement and handed over all the data, drill core and information they had acquired for the project back to Alien Metals.

Alien reviewed the work done by Capstone and planned a fresh drilling programme to target what the company believes are more prospective targets and hope to drill them in early 2022 permitting allowing.

### **Future outlook**

The Company entered 2021 with a strong balance sheet and a solid portfolio of advanced exploration

assets in Western Australia and Mexico. Despite global challenges attributed to the COVID-19 pandemic, Alien has been able to advance its key projects, Hamersley Iron Ore, Elizabeth Hill and Donovan 2.

Throughout 2021, the Company successfully completed a number of drill programmes at the Hancock Ranges Project, which culminated in a maiden JORC resource, undertaken a maiden drilling programme at Elizabeth Hill, and commenced scoping studies and environmental baseline studies on the Hancock Ranges Project. Alien is well financed, with quality assets and a growing technical team, and with the recent acquisition of the Munni Munni PGE project, looks forward to an even busier 2022 and beyond.

# Review of Operations

## WESTERN AUSTRALIA

### Hammersley Iron Ore Projects

#### Hancock Iron Ore project (E47/3954)

Hancock is within 20kms of the Newman township and borders licences held by Fortescue Metals Group, Hancock Prospecting, BHP Billiton (Mount Whaleback), Hope Downs and Brockman Mining.

The Licenses have been subject to historical exploration by Rio Tinto plc, BHP Group plc, and more recently Volta Mining Limited. In 2013, Volta undertook reconnaissance mapping and surface rock chip sampling and drilled 4 drill holes for a total of 475m which confirmed an economic strike extension of the Sirius Iron Ore deposit hosted in the Brockman Iron Formation including 126m @ 60.28% Fe from surface (Hole 14SERC004), with surface sampling further along strike supporting the strike extension. This work outlined two areas of potential high-grade iron ore mineralisation: the Sirius Extension Prospect and the Kalgan Prospect.

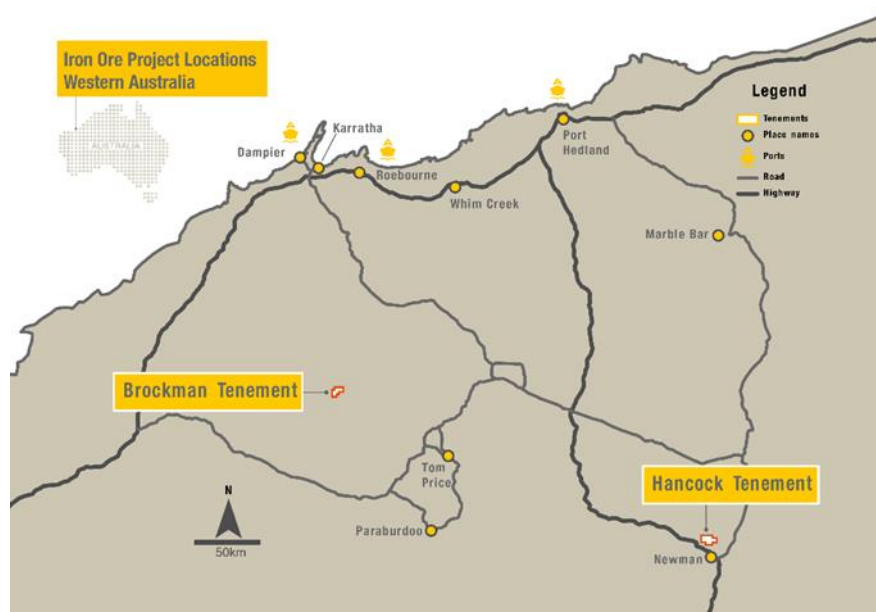


Figure 1: Location of the Hancock and Brockman Projects, Western Australia

#### Brockman Iron Ore Project, E47/3953

Brockman hosts part of the historic BHP Deposit 20 iron ore target and the historic BHP Deposit 19 Fe target sits on the south-eastern boundary. This tenement is dominated by the Brockman Iron Formation which underlies the majority of the tenement area. Recent alluvial cover is prevalent and covers the indicated Brockman Iron Formation.

The Mount Sylvia Formation has been mapped by the Geological Survey of Western Australia (GSWA) in the southern part of the tenement. Structurally, the tenement is in the northern area which is thought to be relatively undeformed. A northwest trending folding can be inferred from the geology. This may correspond to the Ophthalmian age folds commonly seen in the south eastern part of the Hamersley Iron Province which have proven iron ore resources already defined.

#### Maiden JORC Resource

In September 2021, the Company announced a maiden mineral resource estimate (MRE) for the Hancock Iron ore project of **10.4Mt @ 60.4% Fe**, which included 7.8Mt @ 60.1% at the Sirius Extension prospect, 1.5Mt @ 61.2% on the Ridge E prospect and 1.1Mt @ 61.9% Fe at the Ridge C prospect (**Table 1**).

**Table 1: Mineral Resource summary table, Hancock Iron Ore Project, Alien Metals, September 2021**

Classification Category	Target	Mass Mt	Average Value					
			Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	LOI	MnO
			%	%	%	%	%	%
Inferred	Sirius Extension	7.8	60.1	4.1	3.72	0.17	5.2	0.05
	Ridge E	1.5	61.2	4.8	3.38	0.13	3.5	0.02
	Ridge C	1.1	61.9	4.4	2.93	0.12	3.5	0.03
<b>Total</b>		<b>10.4</b>	<b>60.4</b>	<b>4.2</b>	<b>3.6</b>	<b>0.16</b>	<b>4.8</b>	<b>0.04</b>

### Elizabeth Hill Silver Project (100%)

Elizabeth Hill is historically one of Australia's highest grade silver mines and has produced over one million ounces at an average of 2,195 g/t Ag (70.24 Oz/t Ag) from an initial resource of just over four million ounces. The deposit was also unique for the exceptional native silver nuggets including, as previously reported, a single 180 Kg nugget.

The Elizabeth Hill Silver Project is situated approximately 45 km south of Karratha in the Achaean Pilbara Block of the Pilbara Craton. Grid power and groundwater are available on site, and the area has an abundant skilled workforce nearby.

The project area is located over the eastern part of the Munni Munni Intrusive Complex, at the contact of basement granites and the Munni Munni sequence. Localised geological controls on the Elizabeth Hill mineralisation appear to be a structurally controlled southerly plunging shoot, occurring along the eastern boundary of the Munni Munni fault. The Munni Munni fault is a major north-south regional structure with a horizontal displacement in excess of 500 m, along which the Elizabeth Hill Mineralisation has been intersected over only a 100 m north-south zone along the boundary of the fault. The area also hosts an ultramafic unit called the J Reef, a significant host of Ni-Cu-PGEs. VMS targets have also been identified within this mineral rich ML.

In late 2021, the Company undertook its inaugural drilling programme at Elizabeth Hill (consisting of diamond and RC drilling). Highlights from this programme included:

- 9.7m @ 8,326 g/t Ag (267oz/t Ag) from 15m in drillhole 21EHDD003; and,
- 24.8m @ 829 g/t Ag (27oz/t Ag) from 2m including 11.7m @ 1,735 g/t Ag (56oz/t Ag) and 1.7m @ 19,865g/t Ag (639oz/t Ag) from 23m, in drillhole 21EHDD001
- 14.2m @ 0.18% Cu, 0.14% Ni, 0.36% Pb, 0.12% Zn and 140 g/t Co from 10.5m including 9.7m @ 0.18% Cu, 0.14% Ni, 0.27% Pb and 0.13% Zn in drillhole 21EHDD003; and,
- 24.8m @ 0.15% Cu, 0.11% Ni, 0.3% Pb, 0.22% Zn and 222 g/t Co from 2m in drillhole 21EHDD001



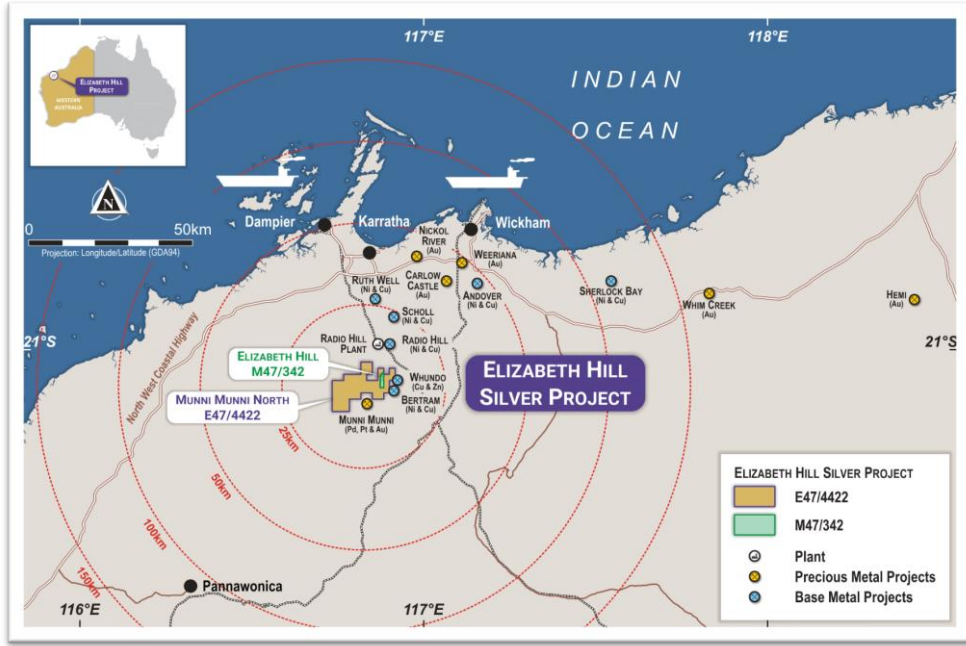


Figure 2: Location of Elizabeth Hill Silver Project, Western Australia

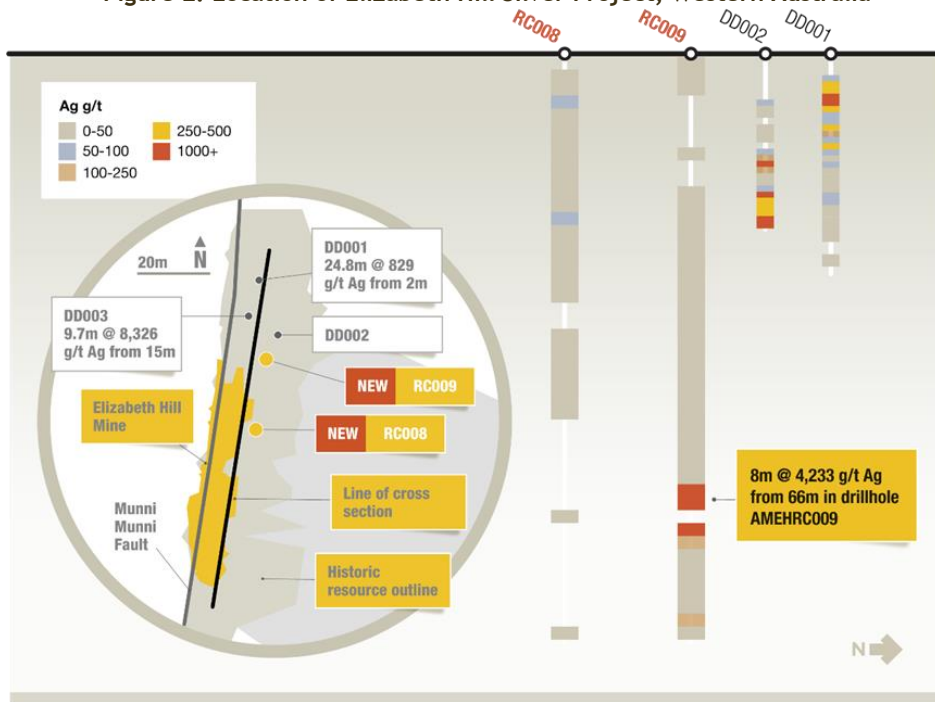


Figure 3: Schematic N-S Cross Section of silver results from Elizabeth Hill orebody drilling, April 2022

**Munni Munni PGE Project (100%)**

On 21 March 2022 the Company announced the completion of the acquisition of a 100% interest in the Munni Munni Platinum Group Metals and Gold Project in the West Pilbara, Western Australia (“Munni Munni”) (“Acquisition”).

The Munni Munni Project hosts the largest ultramafic intrusion in the West Pilbara and is one of the biggest undeveloped primary Platinum Group Elements (‘PGE’) Resources in Australia. The historic non-compliant JORC 2004 Resource estimate\* implied 24Mt @ 2.9g/t Platinum Group Element (PGE) and gold for 2.2Moz PGM3, with around 95% of this resource estimate in the Measured and Indicated categories. The historic resource hosts 1.14Moz palladium, 0.83Moz platinum, 152Koz gold and 76Koz rhodium. The Munni Munni Project is considered

to be one of Australia’s largest PGE deposits with in excess of A\$20m spent on the project with various feasibility studies undertaken in the last 20 plus years. Previous project joint venture partners include one of South Africa’s largest platinum palladium producers Lonmin.

Munni Munni is considered to be an advanced exploration project which, with relevant expertise, could be explored quickly and have updated feasibility and development plans, all of which would be undertaken in a Tier 1 mining jurisdiction of Western Australia.



Figure 4: Location of Munni Munni Project in relation to Elizabeth Hill and Munni Munni North projects, Western Australia, March 2022

Table 2: Summary of non-compliant JORC 2004 Munni Munni resource published by Artemis Resources and Platina Resources

JORC Category	Million Tonnes	Pt (g/t)	Pd (g/t)	Au (g/t)	Rh (g/t)	Cu (%)	Ni (%)
Measured	12.4	1.1	1.4	0.2	0.1	0.09	0.07
Indicated	9.8	1.1	1.6	0.3	0.1	0.22	0.11
Inferred	1.4	1.1	1.6	0.3	0.1	0.15	0.09
<b>Total</b>	<b>23.6</b>	<b>1.1</b>	<b>1.5</b>	<b>0.2</b>	<b>0.1</b>	<b>0.15</b>	<b>0.09</b>

\*Resource published under 2004 JORC code and accordingly is not reported under a Standard under the AIM Rules. The historic resource figures are derived from the announcement[s] on the ASX published by Helix Resources on 3rd April 2003

## MEXICO

### Los Campos (Silver)

The Los Campos project is situated in the world class Mexican Silver belt in Zacatecas state, the largest silver producing state of Mexico (Figure 5). The project hosts a series of historic underground silver mines that targeted at least 2 main high grade epithermal silver veins. There are a series of historic narrow open stopes at surface that follow the mineralised vein systems, a couple of adits driven into the side of the hill as well as several deep vertical shafts for underground access.

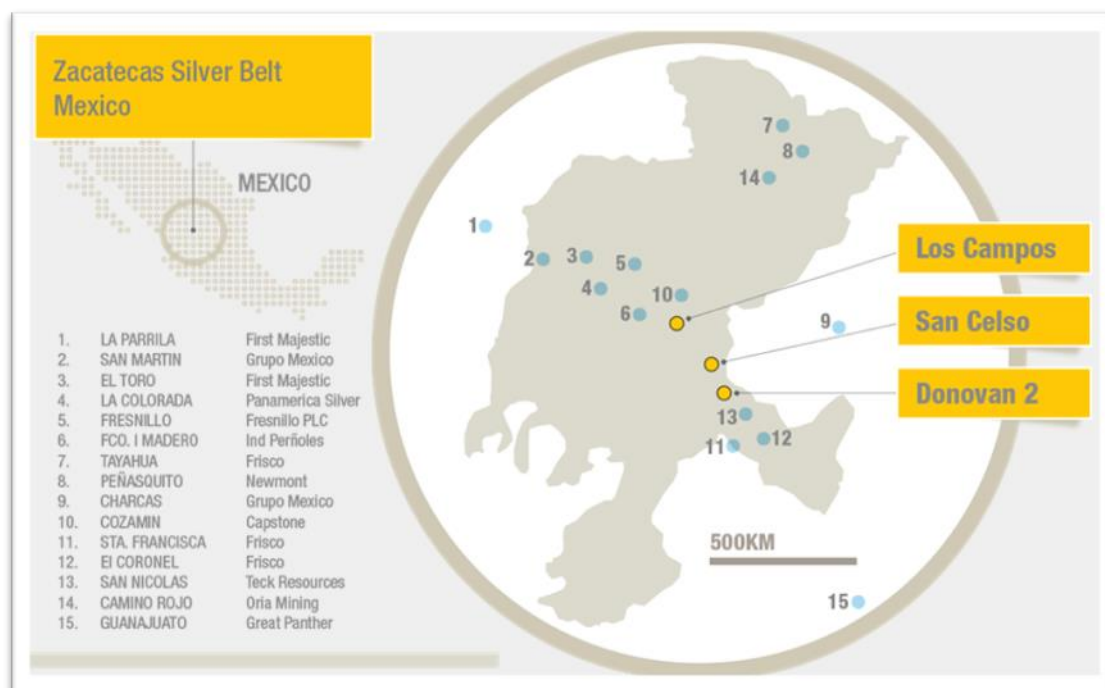


Figure 5: Location of Alien Metals Mexico Tenements, March 2022

The project hosts high grade epithermal silver veins which were mined between about 1883 to 1904 with a reported average mine head grade of over 1,000 g/t Ag (14g/t Au Equivalent). The majority of the historic mining appears to have focused on the Los Campos vein.

The Company is continuing to find detail of the size, shape and scale of the historic workings. Dump and ore material from several shaft and old workings are still present at surface and the 2 main vein systems can be traced at surface for over 1500m.

Surface mapping and sampling work carried out by Alien has confirmed that there is high-grade silver-gold mineralisation at Los Campos, 14 of the 50 samples taken in 2019 were anomalous for silver returning an average of 185 g/t Ag, ranging from 43.6 g/t to 547 g/t Ag.

#### San Celso (Silver)

The San Celso property consists of three contiguous mining concessions located 50 km southeast of Zacatecas, the regional capital. The project hosts two historic underground silver mines, the San Celso and the Las Cristinitas mines. Records refer to initial mining taking place in early colonial times on the San Celso mine itself, and that it was developed to at least 130m depth from surface on at least three levels. There are no historic production records for the mine however it's known that exceptional high grade ore was mined.

The San Celso and Las Cristinitas veins occurs on the east side of a prominent hill called El Morro. The hill is a rhyolite plug, which is thought to be younger than the mineralisation at San Celso since mineralisation appears to be cut by the plug. The wallrock at San Celso is the intermediate intrusive of the Panfilo Natera batholith.

The Las Cristinitas vein is located in the footwall of the San Celso vein, approximately 115m to the east-northeast. Early sampling in 2006 indicates that it is similar if not higher grade than the San Celso vein. The width of the Las Cristinitas structure appears to be greater than that of the San Celso vein since mineralisation occurs in both the footwall and hanging wall as well as the vein itself.

In 2006 a detailed underground mapping and sampling program was carried out in both mines. A total of 438 samples from the San Celso and Las Cristinitas workings and dumps were collected. Of these 265 chip-channel samples were from the Las Cristinitas workings. Assay results included a 4.65m interval at >1000 g/t Ag including 1.05m at 2,683 g/t Ag, 78.2 oz/t Ag.

## **Donovan 2 (Cu/Au)**

The Donovan 2 property is located just over 20 km west of the San Nicolas VMS Copper deposit of Teck Resources, with a current resource of 108Mt @ 1.16%Cu, 1.6%Zn, 0.43g/t Au and 24.5g/t Ag, and only 10 km from El Coronel Silver/Gold mine (Carlos Slim).

The project is situated in a flat lying area of mainly crops with excellent access and local infrastructure, located about 45km south east of Zacatecas, the regional capital.

With very scant in-situ outcrop the completed ground geophysics along with initial mapping and surface sampling has been critical to identify the underlying source of the surface float samples containing significant copper mineralisation.

Several copper and sulphide bearing float samples were located from a hand dug water well located proximal to the ground magnetic anomaly defined from work performed by the Company in 2019. It is interpreted that these samples were from the well rather than having been transported from elsewhere as earlier samples taken from inside the well also returned significant copper mineralisation. An isolated float sample that returned 2.68 g/t Au was also collected on the south eastern boundary of the tenement in 2019.

All the historic geophysical data combined with all field mapping and surface sampling to date is being reviewed to plan next stage exploration. Alien have commissioned an independent specialist group who have previously worked on the San Nicolas deposit to provide further insight and recommendations for next stage work.

The Company believes that the IP anomalies, coupled with the earlier geophysical work and the surface sampling results, represents a highly compelling VMS target that warrants follow-up drilling on the Los Alomos and the Cerro de la Cruz targets.

## **OTHER**

### **Greenland**

Alien Metals was successfully granted a 208 km<sup>2</sup> exploration license in northern Greenland, surrounding the world class Citronen zinc-lead project owned by Ironbark Zinc Limited (ASX:IBG) (Ironbark), Licence number 2020-44, in mid October 2020.

The Citronen project is believed to be one of the world's largest undeveloped zinc-lead projects, with a JORC resource of 131.1 million tonnes @ 4.5% Zn + Pb (for 13 billion pounds of contained zinc and lead metal) (Ironbark ASX Announcement 12th March 2020). The awarding of the license to Alien, which is valid until 31 December 2023, continues with the Company's strategy of identifying counter-cyclical opportunities in first class mining jurisdictions with excellent upside potential. The licence covers prospective ground on strike east and west of the Citronen project area and previously held by Ironbark, adjoining their Citronen project

The Company has commenced a process of obtaining all historical information relevant to the license area, including information publicly disclosed, to gain a better understanding of the license potential and to aid maiden exploration.

# Governance

---

## **Chair's corporate governance statement**

Alien Metals recognises the value and importance of maintaining the highest standards of corporate governance and is committed to the principles of corporate governance founded on accountability, leadership and stakeholder management.

The directors have elected to apply the provisions of the 2018 UK Corporate Governance Code ("the Code") where practical and in relation to the size and stage of development of the Company. The Board is conscious that the corporate governance environment is constantly evolving and the charters and policies under which it operates are regularly reviewed and amended as required.

The Code is widely recognised as setting the highest standard for corporate governance and is written to accommodate very large companies as well as much smaller ones. The directors have therefore satisfied themselves that appropriate governance structures, policies and procedures are in place, and have made training available to all directors.

All directors have access to the services of the Company Secretary, who is responsible for advising the Board on all governance matters. Both the appointment and removal of the Company Secretary are matters for the whole Board.

The provisions of the Code that the Company does not apply are summarised below and described in further detail within this annual report:

### **Employee engagement**

Due to the Company only having a small number of employees, the Board has not appointed a director from the workforce, created a formal workforce advisory panel or designated a non-executive director to engage with the workforce. This is contrary to Code provision 5 and is explained in the section headed "Culture and employees" on page 16. At such time as the size of the workforce increases, the Board will review the position and make any such appointments or take other actions it considers appropriate.

### **Senior independent director**

The Board has not appointed a Senior Independent Director. This is contrary to Code provision 12 and is explained in the section headed "Senior Independent Director" on page 15.

### **Annual evaluation of the performance of the Board**

The Board does not carry out a formal annual evaluation of its performance, its committees, the Chair and individual directors. This is contrary to Code provision 21 and is explained in the section headed "Board assessments" on page 21.

### **Board Committees**

Currently, the Company has insufficient independent non-executive directors to enable it to meet the criteria for the composition of its committees, contrary to Code provision 24 and Code provision 32 and is explained in more detail on pages 15 and 16. The Nomination and Remuneration Committee, in conjunction with the Board, regularly reviews the composition of the Board and its committees and will look to appoint new independent non-executive directors in due course.

### **Performance related pay**

Non-executive directors participate in the Company's share option plan. This is contrary to Code provision 34 and is explained in the section headed "Share Option Plan and Option-Based Awards" on page 19 and 20.

## Board leadership

The Board of Directors is responsible for overseeing the long term success and strategic direction of the Company in accordance with the schedule of matters reserved for board decision and it responsible for monitoring the activities of the executive management.

### Non-executive Chair

Dan Smith  
(appointed 26 February 2019)

### Skills and experience

Dan Smith has over 14 years' capital markets experience working in various roles including as an Executive and Non-Executive Director and Company Secretary of companies with shares quoted on AIM, ASX and NSX. He is the founder of Minerva Corporate Pty Ltd, a boutique corporate services firm focused on providing corporate advisory, company secretarial, and accounting services to listed and unlisted entities, as well as compliance manager services for IPOs and RTOs across sectors including natural resources. Dan is currently a Non-Executive Director and Company Secretary of AIM traded Europa Metals Ltd, Non-Executive Director of AIM and ASX traded Artemis Resources Limited and is director and company secretary for a range of companies listed on the ASX.

### Roles on Board committees

Member: Audit Committee

Member: Nomination and Remuneration Committee

### Chief Executive Officer and Technical Director

Bill Brodie Good  
(appointed 4 July 2019)

### Skills and experience

Douglas William ("Bill") Brodie Good, BSc and BA (Hons) has worked in minerals exploration in over 40 countries, across Africa, the Middle East, Central Asia and SE Asia, since his geological studies and early years in the mining industry in Australia.

Bill has over 25 years in mineral exploration, working for start-ups, juniors, mid-tier and major (Rio Tinto Mining and other Rio Tinto group companies in a variety of roles) resource companies, as well as 5 years as a principal with SRK Exploration Services Ltd, a leading global mining consultancy group.

### Roles on Board committees

None

### Non-executive Director

Mark Culbert  
(appointed 23 July 2020)

### Skills and experience

Mark is an experienced litigation lawyer and is the Managing Director of iLaw Solicitors Limited, a City Legal 500 law firm, which he co-founded in 2006. His speciality areas are intellectual property, technology and media disputes.

Mark is the Chairman of the IT Disputes Group of the Society for Computers & Law, an Associate Member of the Chartered Institute of Trade Mark Attorneys and an Associate Member of the Australian Risk Policy Institute.

### Roles on Board committees

Member: Audit Committee

Member: Nomination and Remuneration Committee

### Non-executive director

Jo Battershill  
(appointed 21 October 2021)

### Skills and experience

Jo Battershill is a geologist and finance executive, with over 25 years' experience in global mining, business development and corporate finance across Australia, the UK, North America and the Caribbean. His industry experience includes senior operational roles with WMC Resources, as well as significant stockbroking and banking experience with Hartleys, Citigroup, UBS and Canaccord in Perth, Sydney and London.

Jo currently serves as CEO of AIM listed Anglesey Mining PLC and Non-Executive Director of Silver Mines Limited, both ASX listed.

#### Company Secretary

St James's Corporate Services Limited ("SJCS") (appointed 10 January 2020)

#### Skills and experience

SJCS is co-owned by Phil Dexter and Jane Kirton.

Phil has in excess of 40 years' experience in the company secretarial environment and has worked in the natural resources sector since 1977.

Jane has over 20 years' experience in the company secretarial environment and qualified as a Chartered Secretary in 2007.

During that time, they have both worked with most of the leading South African mining companies and a number of UK and overseas incorporated public companies listed on the LSE and AIM and assisted on numerous corporate transactions involving acquisitions, reorganisations and restructurings, rights offers and fund raisings.

#### Roles on Board committees

Secretary: Audit Committee

Secretary: Nomination and Remuneration Committee

The following documents are available on the Company's website, [www.alienmetals.uk](http://www.alienmetals.uk):

- schedule setting out the division of responsibilities between the Chair and CEO;
- matters reserved for board decision
- Terms of Reference of the Nomination and Remuneration Committee
- Terms of Reference of the Corporate Governance

#### **Independent directors**

At least half the Board, including the Chair, (i.e. Dan Smith and Mark Culbert) are considered by the Board to be independent non-executive directors who provide a balance of skills and experience, and who are responsible for providing constructive challenge to and assistance in, developing proposals on strategy.

All the non-executive directors participate in the Company's share option plan; the extent of their participation is not considered to impact their independence.

#### **Senior Independent Director**

The role of a Senior Independent Director is to provide a sounding board for the Chair and serve as an intermediary for the other directors and shareholders. In addition, a senior independent director would be expected to meet the other non-executive directors without the Chair present, to appraise his performance.

The Company Secretary, as well as each of the non-executive directors, is available as a sounding board to the Chair and to serve as an intermediary for shareholders. The Company Secretary is also available to serve as an intermediary for any of the directors when required. Due to the size of the Board, the nomination of any one particular director to act as a Senior Independent Director is not currently considered to be appropriate and would not improve its effective operation. However, the matter is kept under review.

The process through which board assessments are undertaken is more fully described in the section headed "Board assessments", on page 21.

#### **Operation of the board**

All directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively. In any decision-making, the directors are required to exercise their judgement in determining the likely impact of each decision as to the likelihood of promoting the success of the Company for the benefit of its members as a whole. In doing so, the directors consider whether the decision is likely to promote the success of the Company for the benefit of its members as a whole, having regard for (amongst other matters):

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the Company's employees,
- (c) the need to foster the Company's business relationships with suppliers, customers and others,
- (d) the impact of the Company's operations on the community and the environment,
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the Company.

The Chair is ultimately responsible for ensuring that each board decision is taken having sufficient information on and with all due discussion of, each of the aforementioned items as is relevant to such decision.

The Company has a schedule of matters reserved for its own decision and two committees comprised entirely of non-executive directors: the Audit Committee and the Nomination and Remuneration Committee. Although an Executive Committee was established in the past, from May 2019, the Company had only 1 Executive Director and therefore it has not met since that date and is not expected to meet until such time as additional members are appointed.

Each committee has formally delegated responsibilities by way of Terms of Reference.

The performance of the Board, committees and individual directors are reviewed but no formal evaluation has taken place.

#### Board meeting attendance

The small size of the Board and frequent telephonic or other remote contact between the directors enables decisions to be taken quickly and effectively using written resolution procedures rather than physical board meetings. However, 8 board meetings took place during the year, of which 5 were held by teleconference. All directors at the time of each meeting were present, other than on one occasion when Bill Brodie Good was unable to attend and offered his apologies. All other resolutions of the directors were effected by written resolution.

#### **Value generation and preservation**

The Company's business model and opportunities immediately available are more fully described in the "Business overview" section of this annual report. Over the long-term, the Company seeks to create value by acquiring mining rights, demonstrating the presence of mineralisation and thereby significantly increasing the value of those mining rights.

As the Company does not expect to generate operating revenues in the immediate future, it is dependent upon the financial support of new or existing investors and it is believed that companies that are well-governed enjoy a lower cost of capital which, all things being equal, should translate to greater business success.

The risks to the business are set out in the Risk Management section commencing on page 23.

#### **Culture and employees**

At the Company's present stage of development, it has two employees and its culture therefore exists principally in the boardroom and amongst any contractors. In the UK, all contractors report directly to the CEO. Overseas, all contractors report directly to the country manager, who in turn reports to the CEO. It is considered that the board is well positioned to ensure that policy, practices and behaviour throughout the business is aligned with the Company's purpose, values and strategy. In the event that the Board had any concerns, it would require the CEO or country manager to take remedial action.

The Board recognises the importance of the remuneration structure supporting its strategy and reinforcing the culture of the organisation. This is further described in the Nomination and remuneration committee report on page 18.

#### **Relations with shareholders**

The Chair and the CEO welcome major shareholders to discuss the Company's strategy and governance, including, as explained in the Nomination and Remuneration Committee Report, on the appointment of key board appointments. The Chair reports to the Board as a whole, on the views of major shareholders.

All investors are encouraged and welcomed at the Company's annual general meeting, at which there is opportunity to pose questions to the directors. However, as shareholders were strongly encouraged not to attend the 2020 AGM in order to maintain the Company's continued protection of and duty of care to staff and shareholders during the due to COVID-19 pandemic, an audio webcast facility was made available to enable shareholders to listen in to the business of the meeting.

#### Annual general meeting

At the Company's annual general meeting held during 2021, all resolutions were passed by a poll and proxy voting figures were published immediately following the AGM.

#### Major shareholders

As at 15 June 2022 being the latest practicable date, the Company had been notified of the following companies or individuals interested 3% or more of the Company's shares:

Shareholder	No. shares	%
Artemis Resources	358,617,818	7.55
LimitedBennelong Limited	321,123,500	6.75
Gilmour Capital Limited	258,370,500	5.43



### Conflicts of interest

All Directors have duties under the BVI Business Companies Act to act with care, diligence and skill, in the best interests of the Company.

Certain directors and officers of the Company may also serve as directors and/or officers of or have investments in other companies involved in mineral exploration and development and consequently there is the potential for conflicts of interest.

Conflicts of interest can arise amongst shareholders, especially where one shareholder, or a small group of shareholders, has a significant stake in the Company. The directors must not to allow this to compromise or override their independent judgement, especially in the context of acting fairly as between members of the Company.

In the event a conflict of interest should arise, each individual so conflicted is required to disclose the conflict in accordance with the Company's Articles of Association in order that it can be considered and approved if appropriate. No director may vote on any matter in which he or she may be deemed to be interested.

On an ongoing basis, each director is responsible for informing the Company Secretary of any new actual or potential conflicts that may arise or if there are any changes in circumstances that may affect an authorisation previously given. Even when provided with authorisation, a director is not absolved from his or her statutory duties.

### **Board Committees**

The Board of Directors has two standing committees:

- Audit Committee
- Nomination and Remuneration Committee

The Company Secretary is Secretary to each Committee and attends all meetings.

The Board considers that each of the Committees has an appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

The Corporate Governance Committee and the Health & Safety Committee were dissolved in July 2018 as the size of the Board and the extent of operations did not warrant their continuance.

### Audit Committee

The Audit Committee meets at appropriate times in the reporting and audit cycle, and otherwise as required. It is responsible for nominating the external auditor recommending to the Board the auditor's compensation, overseeing the work of the auditor, and approving any proposals for non-audit services. The Audit Committee is also responsible for reviewing public announcements relating to the Company's profit or loss or cash flow, satisfying itself of the adequacy of procedures for the release of financial information, and ensuring the maintenance of appropriate and proportionate procedures for addressing matters relating to accounting, internal financial controls and auditing matters.

It is the Board of Directors conclusion that each member of the Audit Committee has an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves, and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

During the year Dan Smith, and Mark Culbert served as members of the Audit Committee.

The Audit Committee Terms of Reference ("TORs"), in accordance with the provisions of the Code as a smaller company, require it to comprise of 2 independent non-executive directors. However, the Code does not allow the Chair of the Board to be a member. As the Company has only 2 independent directors, one of which is Dan Smith, the Audit Committee is therefore non-compliant with its TORs. Nonetheless, until such time as an additional independent non-executive director is appointed, the Board has agreed that Dan Smith may remain a member.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“the N&R Committee”) meets at least once each year, and otherwise as required. It is responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise, having due regard for the structure, size and composition of the Board together with the skills, knowledge, experience and diversity of both the Board and the individual. Additionally, the N&R Committee is responsible for reviewing the results of any board effectiveness review that relates to the composition of the board.

The scale and structure of the remuneration and compensation packages for the directors is set taking into account time commitment, comparatives, and risks and responsibilities, to ensure that the amount of compensation adequately reflects the individual’s previous performance, achievements, experience, responsibilities and the risks of the office or position held, and in the context of the Company’s risk profile, to ensure they do not encourage excessive risk taking.

During the year Dan Smith) and Mark Culbert served as members of the N&R Committee.

During the year the Board agreed that a separate Nomination Committee and a separate Remuneration Committee be constituted to replace the current N&R Committee. However, the Code requires the chair of the Remuneration Committee to have served on a remuneration committee for at least 12 months prior to appointment and for it to comprise of a minimum of 2 independent non-executive directors and for the Nomination Committee to comprise of a majority of non-executive directors. Currently, it would not be possible to meet any of these criteria and therefore the constitution of the separate committees has been deferred until such time as an additional independent non-executive director is appointed.

## **Nomination and remuneration committee report**

### **Overview**

The N&R Committee makes recommendations to the Board as to the appropriate structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and is responsible for identifying and nominating suitable candidates to fill Board vacancies.

The N&R Committee is also responsible for recommending the remuneration policy to the Board, determining the remuneration of the directors and senior executives, ensuring that remuneration is reported correctly, and reviewing the results of any assessment of the effectiveness of the Board.

The N&R Committee meets as required each year to review the performance of the executive directors and to determine their respective compensation.

The N&R Committee is governed by terms of reference, which are available on the Company’s website at [www.alienmetals.uk](http://www.alienmetals.uk). The N&R Committee’s terms of reference require it to review its own terms of reference once a year; they were last amended on 28 September 2019.

During the year, Jo Battershill joined the Board as a non-executive director.

The directors received a significant award of share options to ensure there was a strong link between their contribution to the Company and their reward.

The Board is not aware that the workforce has any particular desire to engage in the discussion of remuneration policy and how executive remuneration aligns with wider company pay policy. The Board will make appropriate provision should it appear that this is not the case or the situation changes.

Although the Chairman of the N&R committee has not served on a remuneration committee for at least 12 months prior to appointment, as required by the Code, the members of the N&R Committee have the necessary experience of executive compensation matters relevant to their responsibilities as members of such a committee by virtue of their respective professions, contacts within the minerals industry as well as experience in the broader business community. In addition, each member of the N&R Committee keeps abreast on a regular basis of trends and developments affecting executive compensation. Nonetheless, it is the intention that an additional non-executive director who meets the requirements of the Code will be appointed to the Board in due course and will assume the role of Chairman of the Committee. Neither the Company nor the N&R Committee engaged independent consultants to evaluate the levels of compensation during the year ended 31 December 2021.

The recommendations of the N&R Committee are submitted to the independent members of the Board of Directors for consideration and approval.

## Remuneration policy

The Company's remuneration policy is intended to support the Company's long-term strategy and sustainable success in a manner consistent with the Company's purpose and values, attracting and retaining the highest quality of directors and senior executives. The pay policy is to:

- align the interests of the Board and senior executives with shareholders'
- align the interests of the workforce (including the Board and senior executives) with the Company's purpose and values,
- avoid incentivising excessive risk taking by the Board and senior executives,
- be proportionate to the contribution of the individuals concerned, and to
- be sensitive to pay and employment conditions elsewhere in the group.

The remuneration policy does not require post-employment shareholding requirements. Share options ordinarily lapse upon the resignation of the option holder, unless the Board determines otherwise.

The scale and structure of the remuneration and compensation packages of directors is set taking into account time commitment, comparatives, risks and responsibilities, to ensure that the amount of compensation adequately reflects the individual's previous performance, achievements, experience, responsibilities and risks of the office or position held, and in the context of the Company's risk profile, to ensure they do not encourage excessive risk taking on the part of the recipient of such compensation.

As the Company is at an early stage of development, the use of traditional performance standards, such as corporate profitability, is not considered by the N&R Committee to be appropriate in the evaluation of corporate or directors' performance. Discretionary bonuses may be paid to aid staff retention and reward performance.

The Board considers that the remuneration policy has operated as intended in terms of company performance and quantum.

The Company provides executive directors with base salaries which represent their minimum compensation for services rendered during the financial year. The base salaries of directors and senior executives depend on the scope of their experience, responsibilities, and performance. A description of the material terms of each director's contract is provided under "Terms of Directors' Employment, Termination and Change of Control Benefits" below.

The N&R Committee has considered the risk implications of the Company's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices since such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing executives from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the director, the Company is unaware of the purchase of any such financial instruments by any director.

The Company does not anticipate making any significant changes to its compensation policies and practices during 2022.

### Share Option Plan and Option-Based Awards

All share options granted under the Company's Unapproved option plan ("Unapproved Plan") as amended and restated effective as of 1 December 2006 have now lapsed and no further share options will be awarded under this plan.

The Company currently has an EMI share option plan ("Approved Plan"), which was adopted by the Board on 3 February 2018, and which provides for the award of share options under HMRC's approved Enterprise Management Incentive scheme, the Company Share Option Plan, as well as unapproved share options.

In February 2018, the Board resolved that no further options would be granted under the Unapproved Plan and succeeded it with the Approved Plan.

Share options are approved by the Board of Directors on the recommendation of the No&R Committee. Option awards are reviewed periodically, take into account previous option grants, changes in executive positions and overall contribution to the Company.

The Approved Plan provides that the maximum number of shares which may be reserved and set aside for issue under it, is 10% of the Company's issued share capital at the date of grant. The aggregate number of shares which may be reserved for issuance to any one person under the Share Option Plan and which are subject to

outstanding options granted under a prior plan, must not exceed 5% of the issued shares (determined at the date the option was granted), in a 12-month period.

The Company's non-executive directors participate in the Unapproved Plan because the Board considers that the holding of options helps align the interests of the non-executive directors with shareholders by incentivising their decision making with a view to providing growth in the Company's share price. The Company's long-term success will be dependent upon raising additional finance in future; aligning the interests of all directors and senior executives with shareholders incentivises all concerned to achieve the best possible price for such placings and to minimise undue dilution of interests.

### Summary Compensation Table

The following table sets forth the compensation awarded, paid to or earned by each director during 2021, rounded to the nearest US\$1,000.

All figures in US\$		2021			2020		
Director and position	Appointed / Resigned	Base Salary / Fees / Pensions	Option based awards	Total	Base Salary / Fees	Option based awards	Total
D. J. Smith <i>Non-Executive Chairman</i>	Appointed 26 February 2019	67,000	-	67,000	63,000	-	63,000
B. Brodie Good <i>CEO &amp; Technical Director</i>	Appointed 5 July 2019	254,000	22,000	276,000	166,000	18,000	184,000
M. C. Culbert <i>Non-Executive Director</i>	Appointed 23 July 2020	23,000	4,000	27,000	6,000	3,000	9,000
J. Battershill* <i>Non-Executive Director</i>	Appointed 21 October 2021	38,000	136,000	174,000	-	-	-

\* The amounts in the table include \$29,000, that was paid to him by the Company in the reporting year but before he was appointed as a director

#### Notes:

- (1) Salaries are paid in pounds sterling and translated to US dollars based on the average £:\$ foreign exchange rate for each respective year (2021: 1.3756; 2020: 1.2833).
- (2) The fair value of options granted is calculated using the Black-Scholes model as this model is widely accepted as an industry standard and is considered to provide the best estimation of value. Further details are set out in note 16.

### Appointment of new directors and succession planning

The N&R Committee recognises that an effective board comprises a range and balance of skills, experience, knowledge, gender and independence, with individuals that are prepared to challenge each other whilst working as a team, which requires a range of personal attributes, including character, intellect, sound judgement, honesty and courage.

The Board and its advisers have significant experience in the mining sector and from that, a strong network of individuals working in the sector.

In the first instance, the N&R Committee in consultation with the Chair identify the Board's needs, and potential candidates believed to have the right blend of attributes to complement the Board are identified and shortlisted from this broad network.

Given this experience and network, the Board does not consider it necessary to openly advertise positions or, generally, to use executive search consultants. However, in the event the N&R Committee is unsatisfied with the suitability of candidates which have been presented from the identification process, an executive search agency would be appointed. The Company usually has very limited need for the service of executive search agencies and therefore does not maintain a relationship with any one particular firm.

For key appointments, such as the appointment of the Chair, a representative from the Board may discuss the proposed appointment with significant investors.

Once a suitable candidate has been identified, the Company's Nominated Advisor carries out searches to provide assurance of their suitability.

#### Diversity and inclusion

There are many forms of diversity in the workplace: age, gender, race, national or ethnic origin, religion, language, political beliefs, sexual orientation and physical ability, as well as diversity of perspective arising from individuals' skills, experience and working styles providing different perspectives and approaches to finding solutions.

The present gender balance of senior management is exclusively male; the Board recognises this would benefit from improved balance, and the N&R Committee is cognisant of this when seeking candidates.

#### **Appointment and removal of directors**

The powers of the directors of the Company are determined by its Articles of Association and British Virgin Islands ("BVI") legislation, each of which contain rules about the appointment and replacement of directors. They provide that subject to certain conditions, directors may be appointed by an ordinary resolution of the members or by a resolution of the directors, provided that, in the latter instance, a director appointed in this way retires at the first AGM following his or her appointment.

The Company's Articles of Association also provide that directors should normally be subject to re-election at the AGM at intervals of three years although directors may volunteer to stand for re-election annually.

A director may cease to be a director:

- By special resolution of the members approved by 75% of the shareholders entitled to vote
- By resolution of the directors
- If he resigns
- If he ceases to meet the eligibility requirements under the BVI Companies Act.

Where any director resigns and has concerns about the operation of the board or the management of the company, they are asked to provide a written statement to the Chair to circulate to the Board.

#### **Board assessments**

The Chair continuously considers the performance of the Board, its committees and of individual directors, and provides feedback when appropriate. Similarly, the Chair invites feedback in the same manner from the Non-Executive Directors and the Company Secretary. The N&R Committee considers the time and cost involved in carrying out a formal process, especially one that is externally facilitated, cannot be justified for the Company at this stage in its development.

The N&R Committee acknowledges the merits in carrying out formal board evaluations and will monitor the continuing suitability of this stance as the Company grows in size.

## **Audit committee report**

#### **Overview**

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited consolidated financial statements and the notes to them, as set out on pages 33 to 53 of this annual report, with Company management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Committee is governed by terms of reference, which are available on the Company's website at [www.alienmetals.uk](http://www.alienmetals.uk). The Audit Committee's terms of reference were reviewed and amended in February 2021.

#### **Independence of the external auditor**

The independence of the auditor is considered by the Audit Committee each year. In assessing the auditor's independence, the Audit Committee considers:

- Ratio of audit fees to non-audit fees
- Length of tenure
- Whether there are any known material relationships between the Company, its directors and senior executives, and the audit firm, its partners, and the audit team
- Application of constructive challenge and professional scepticism

Audit and non-audit fees are disclosed in note 4 to the financial statements, on page 45.

The Audit Committee considers the nature and value (in the context of the audit fee) of any non-audit services on the auditor's independence and is required to give its prior approval of any such non-audit services.

#### Effectiveness of the external audit process

In considering the effectiveness of the external audit process, the Audit Committee consider:

- Effectiveness of the audit plan, its delivery and execution
- Knowledge and experience of the audit team
- Robustness of the audit

#### Internal audit function

The Audit Committee considers annually whether there is a need for an internal audit function and makes a recommendation to the Board if a change is considered to be appropriate. The Company's operations are small in scale, the organisational structure is flat, and the cost of an internal audit function is not considered to be justified at present.

## Risk management

The financing, exploration, development and mining of any of the Company's properties is subject to a number of factors including the price of copper, silver, gold, lead and zinc, laws and regulations, political conditions, currency fluctuations, environmental regulations, hiring and retaining qualified people and obtaining necessary services in jurisdictions where the Company operates.

The Board periodically carries out robust assessments of the emerging and principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The assessment includes a review of all material controls including those which are related to finance, operations and compliance.

The Audit Committee is responsible for monitoring the effectiveness of the Company's risk management and internal control systems, and reports to the Board as required.

Alien Metals operates with a small team of key personnel and with open lines of internal communication. Where new risks are identified, these are reported to the Company Secretary or the Executive Director. Where practicable, a method of mitigation is determined, and the risk together with any form of mitigation is presented to the Board for discussion.

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry which may have a material impact or constitute risk factors in respect of the Company's future financial performance.

#### Principal risks and uncertainties

Key risks	Description of risk	Mitigating factors
<b>Strategic risks</b>		
Exploration and development and future acquisitions	<p>The Company's operations are subject to all of the hazards and risks incidental to exploration, development and the production of minerals, including damage to life or property, environmental damage and legal liability for damage, which could have a material adverse impact on the business and its financial performance.</p> <p>The Company intends to acquire additional mining concessions in Mexico, Australia or elsewhere in the world.</p> <p>The Company may be unable to obtain suitable mining concessions at competitive prices.</p> <p>Any exploration programme entails risks relating to the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities.</p> <p>In the event that the Company's portfolio of mining concessions is deemed by management not to warrant</p>	<p>Our mineral concessions are evaluated carefully by qualified geologists and independent advisors are engaged as and when appropriate.</p> <p>The management team has significant experience operating in Mexico and Australia.</p>

Key risks	Description of risk	Mitigating factors
<b>Strategic risks</b>		
	further exploration and the Company is unsuccessful in acquiring suitable new projects, the Company will have no exploration or development projects to pursue.	
No reserves or resources	<p>The Company does not hold any concessions in respect of which reserves or resource estimates have been established that comply with Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) Standards and Guidelines or other similar recognised industry standards.</p> <p>No assurance can be given that any exploration programme will result in any new commercial mining operation or in the discovery of new resources.</p>	The Company has had significant success in the past at delineating mineral resources in accordance with NI 43-101.

Key risks	Description of risk	Mitigating factors
<b>Strategic risks</b>		
Mineral concessions and titles risks	<p>In relation to exploration and mining concessions over which the Company holds legal rights, if the Company fails to fulfil the specific terms of any of its concessions or operates in the concession areas in a manner that violates Mexican or Australian mining law, regulators may impose fines, suspend or revoke the concessions, any of which could have a material adverse effect on the Company's operations and proposed operations.</p> <p>Ownership of the mineral concessions in Mexico has been transferred from the Company's former operating subsidiary Alien Metals de Mexico SA de CV (“ASM”) to its new operating subsidiary, Compañía Minera Estrella de Plata SA de CV (“CMEP”). Whilst the Company has previously received legal opinions in respect of title of ASM to its properties there is no guarantee that title to such properties will not be challenged or impugned by third parties. The Company's concessions could be subject to prior unregistered agreements, transfers or other claims and title could be affected by unidentified or unknown defects or government actions. A formal legal opinion has not been obtained as to the legal title of CMEP to the mineral concessions.</p>	<p>The Company's mineral concessions have been registered in the name of CMEP and no contest or objection was received.</p> <p>The Company is aware of necessary minimum expenditure and annual rental obligations for all its exploration and mining permits and maintains the necessary payments and expenditure obligations to negate any risk from this aspect.</p> <p>Prior to entering into agreements relating to mineral concessions, formal searches and reviews of legal documentation are conducted to provide evidence of the legal owner, including outsourcing of legal and/or tenement due diligence to legal practitioners.</p>

Key risks	Description of risk	Mitigating factors
<b>Financial risks</b>		
Requirement of additional financing	<p>Failure to obtain sufficient financing for any projects would result in a delay or indefinite postponement of exploration, development or production on properties covered by the Company's concessions or even the loss of a concession.</p> <p>Additional financing might not be available when needed, or if available, the terms of such financing might not be favourable to the Company and could involve substantial dilution to shareholders. In the absence of adequate funding or cost reductions, the Company may not be able to continue as a going concern.</p>	<p>The Company has an experienced board and management team with significant experience in financing mining activities.</p> <p>The Company has been successful in raising funds in the past and it is our intention to raise additional funds in future to support the ongoing development of the business.</p>

Key risks	Description of risk	Mitigating factors
<b>Financial risks</b>		
Liquidity risk	The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at 31 December 2021, the Company had cash of \$6.4m to settle accounts payable of \$655k. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. In the short-term, liabilities will be funded by cash.	The Company ensures sufficient funds will be available to allow it to meet its liabilities as they fall due. To achieve this cash balances and cash flow projections are reviewed by the Board on a regular basis. The Board will not commit to material expenditures prior to being satisfied that sufficient funding is available.
Capital management risk	The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and have access to adequate funding for its exploration and development projects, so that it can provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets.	In order to maintain or adjust the capital structure the Group may issue new shares, acquire debt, or sell assets. Management regularly reviews cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.
Price risk	The price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments in the market.	The Company does not currently have any financial instruments in issue other than share options and warrants.  The Company does not hedge its exposure to price risk.
Foreign currency risk	The Company's exploration expenditure is made in Mexican pesos, Australian dollars or US dollars and head office expenses are predominantly made in the UK in pounds sterling. The Company is therefore exposed to the movement in exchange rates for these currencies.  At the year end the majority of the Company's cash resources were held in GBP. The Company therefore also has downside exposure to any weakening of pound sterling against the US dollar as this would increase expenses in US dollar terms and accelerate the depletion of the Company's cash resources. Any strengthening of pound sterling, Australian dollars or the Mexican peso against the US dollar would, however, result in a reduction in expenses in US dollar terms and preserve the Company's cash resources.  In addition, any movements in pounds sterling, Australian dollars or Mexican peso would affect the presentation of the consolidated statement of financial position when the net assets of the Mexican subsidiary and parent company in the UK are translated from their functional currencies into US dollars.	The Company does not currently hedge foreign exchange risk.  There is not considered to be any material exposure in respect of other monetary assets and liabilities of the Group.
Credit risk	The Company's credit risk is primarily attributable to cash and the financial stability of the institutions holding it.  The Group's maximum exposure to credit risk is attributable to cash. The credit risk on cash is limited because the Group invests its cash in deposits with well capitalised financial institutions with strong credit ratings.	The Company invests its cash in deposits with well-capitalised financial institutions with strong credit ratings.



<b>Key risks</b>	<b>Description of risk</b>	<b>Mitigating factors</b>
<b>Financial risks</b>		
Investment risk	The Company may from time to time hold shares in other mining companies, such as SGL UK. There is not always a liquid market for the shares in companies such as SGL UK companies and so it may not always be possible to sell such shares at the optimum time or price.	The Company has previously been successful in realising value from investments.

<b>Key risks</b>	<b>Description of risk</b>	<b>Mitigating factors</b>
<b>External risks</b>		
Metals prices	<p>The Company's ability to obtain further financing will depend in part on the price of commodity prices, including copper, silver, lead and zinc, and the industry's perception of its future price. The Company's resources and financial results of operations will also be affected by fluctuations in metal prices over which the Company has no control. A reduction in the metal prices could prevent the Company's properties from being economically mined or result in curtailment of existing production activities or result in the impairment and write-off of assets.</p> <p>The price of commodities, which is affected by numerous factors including inflation levels, fluctuations in the US dollar and other currencies, supply and demand and political and economic conditions, could have a significant influence on the market price of the Company's common shares.</p>	<p>It is an accepted risk that the Company's performance will be impacted by the price of metals.</p> <p>The Board and management believe the price of precious metals, in particular, will increase in the long term.</p> <p>The Company does not hedge its exposure to metals prices.</p>

<b>Key risks</b>	<b>Description of risk</b>	<b>Mitigating factors</b>
<b>Operational risks</b>		
Reliance on contractors	The Company relies on contractors to implement exploration and development programmes. The failure of a contractor or key service provider to properly perform its services to the Company could delay or inconvenience the Company's operations and have a materially adverse effect on the Company.	<p>The Company has operated in Zacatecas in Mexico, for several years and has well-established and trusted relationships with various contractors. The Company also has considerable experience operating in Australia.</p> <p>Certain of the Company's directors have significant and recent experience operating in other global jurisdictions, which may help identify reliable contractors.</p>
Key personnel	The Company's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Company has entered into employment agreements with certain key managers. The success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of the directors and senior management. The loss of one or more of these individuals could have a materially adverse effect on the Company. The Company does not currently have any insurance in place with respect to key personnel.	The Board has established a N&R Committee which is responsible for considering succession planning and ensuring remuneration is sufficient to attract and retain staff of the necessary calibre.

Key risks	Description of risk	Mitigating factors
<b>Operational risks</b>		
Environmental factors	<p>The Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Such regulation covers a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and health and safety. The Company might also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances, which might exist on or under any of the properties covered by its concessions, or which might be produced as a result of its operations.</p> <p>If the Company does not comply with environmental regulations or does not file environmental impact statements in relation to each of its concessions, it might be subject to penalties, its operations might be suspended, closed and/or its concessions may be revoked.</p> <p>Environmental legislation and permit requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.</p> <p>The Company's activities could be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests.</p>	<p>The Company has an experienced board and management team with an awareness and knowledge of these types of risk.</p> <p>Concessions are evaluated carefully prior to their acquisition for environmental risks and consultants are engaged to advise on specific risks when appropriate.</p> <p>The Company has an excellent track record on environmental matters.</p>
Political risk	<p>The Company is conducting its exploration activities in the Zacatecas region Mexico, and in Western Australia. The Company may be adversely affected by changes in economic, political, judicial, administrative or other regulatory factors such as taxation these jurisdictions, where the Company operates and holds its major assets. Mexico may have a more volatile political environment and/or more challenging trading conditions than in some other parts of the world. There is no assurance that future political and economic conditions in Mexico will not result in the government of Mexico adopting different policies in respect of foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, and repatriation of income and return of capital. These changes may affect both the Company's ability to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore and develop those properties, in respect of which it has obtained exploration and development rights to date.</p>	<p>The directors believe the governments of Mexico and Australia support the development of natural resources by foreign operators.</p>
Payment obligations	<p>Under the mineral property concessions and certain other contractual agreements to which a member of the Group is, or may in the future become, a party, any such company is, or may become, subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by such companies.</p>	<p>The directors have in place a system of internal controls to ensure any payment obligations are complied with.</p>

Key risks	Description of risk	Mitigating factors
<b>Operational risks</b>		
Regulatory approvals	The operations of the Company require approvals, licenses and permits from various regulatory authorities, governmental and otherwise. There can be no guarantee that the Company will be able to obtain or maintain all necessary approvals, licenses and permits that may be required to explore and develop its various projects and/or commence construction or operation of mining facilities that economically justify the cost.	The Company has significant experience in operating in Mexico and Australia and believes that the Company holds or will obtain all necessary approvals, licenses and permits under applicable laws and regulations in respect of its current projects.
Competition	The Company competes with numerous other companies and individuals in the search for and acquisition of mineral claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees. There is significant competition for the silver and other precious metals opportunities available and, as a result, the Company may be unable to acquire further mineral concessions on terms it considers acceptable.	The Company and its management team have significant experience in mining operations in Mexico. Through its experience and relationships in Mexico, counterparties may consider the Company to have lower transaction risk than its competitors.
Conflicts of interest	Certain directors and officers of the Company also serve as directors and/or officers of other companies involved in mineral exploration and development and consequently there is the potential for conflicts of interest. The Company expects that any such director or officer shall disclose such interest in accordance with its articles of association or his contractual obligations to the Company and any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders.	The Company's Articles of Association have been adopted by shareholders and any conflicts of interest are dealt with in accordance with the rules set out therein.  In the event of a conflict of interests, the conflicted director shall not vote on the relevant matter.

#### Viability statement and going concern

The Board has assessed the prospects of the Group over a period of 12 months from the date of approval of these financial statements, involving a review of the Group's forecast prepared for the year ending 31 December 2021 and taking account of the Board's intentions for future activities after that date. As explained further in note 2(C), taking account of the Group's current position and principal risks, over a 12 month period, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over that period albeit additional funding will be required to enable the Group to meet all of its objectives. The raising of additional funding is fundamental to the future success of the business and therefore gives rise to a material uncertainty, although the Board notes the Group's successful track record in having raised finance in the past as necessary to meet the Group's ongoing cash requirements.

The Board considers these periods of assessment to be appropriate because they contextualise the Company's financial position, business model and strategy.

# Financial statements

---

## Directors' responsibilities statement

The directors are responsible for preparing the annual report and financial statements and have prepared the Group financial statements in accordance with International Financial Reporting Standards in order to give a true and fair view of the state of affairs of the Group and of its profit or loss for that period, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping records that are sufficient to show and explain the Group and Company's transactions and will, at any time, enable the financial position of the Group and Company to be determined with reasonable accuracy. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the British Virgin Islands governing the preparation and dissemination of the Company's financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

The directors consider this Annual report and accounts, taken as a whole, is fair, balanced, understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

## Statement as to disclosure of information to auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Jeffreys Henry LLP continued as auditor to the Group, a resolution that they be re-appointed will be proposed at the forthcoming Annual General Meeting.

On behalf of the board,



D Smith  
Director  
15 June 2022

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIEN METALS LTD

### Opinion

We have audited the consolidated financial statements of Alien Metals Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of income and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards ("IFRSs").

In our opinion:

- the group financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of the Group's loss for the year then ended; and
- the group financial statements have been properly prepared in accordance with IFRSs;

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed 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.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a detailed review of the Group's forecasts in comparison to available management accounts at the date of these financials to assess the reasonability of the estimates made. We have further performed a sensitivity analysis to conclude on the degree to which current cash reserves will be able to sustain the Group for at least a further twelve months from the date of these financials.

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

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

### Our audit approach

#### *Audit scope*

The Group is made up of Alien Metals Limited and its four significant subsidiaries. The main trading entities of the group are Alien Metals Limited, Compañía Minera Estrella de Plata S.A. de C.V. and A.C.N. 643 478 371 Pty Ltd.

Our full audit scope covered 100% of losses before tax and 100% of net assets across the group.

#### *Significant changes in our approach*

No significant changes have been made to our audit approach.

#### *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. This is not a complete list of all risks identified by our audit.

- Carrying value of intangible assets

These are explained in more detail below.

## Key audit matters

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value of intangible assets</b></p> <p>Intangible assets comprise exploration assets, being accumulated licence acquisition costs and subsequent capitalised expenditure on those concessions. The Group had intangibles of US\$5,939k at the year-end (2020: US\$3,641k).</p> <p>Included within intangibles assets were additions relating to capitalised exploration costs, capitalised licence acquisition costs and consideration payable in respect of licences acquired during the period.</p> <p>The Directors have a duty to confirm that all intangibles are correctly recognised.</p> <p>As these are the group's primary assets, the continued existence and ownership of these assets is a key audit matter.</p> <p>Additionally, management is required by IFRS 6 to consider whether there are any impairment indicators which may suggest that the exploration costs will not be recoverable. Such indicators include the expiry or potential non-renewal of licences, absence of planned or budgeted expenditure on further exploration, the discontinuance of exploration activities in a specific area consequent on the non-discovery of commercially viable minerals, or data which indicates that the carrying amount of the asset is unlikely to be recovered in full through development or sale of the asset.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We have confirmed the existence and ownership of key licenses to confirm that the group holds a valid right to explore the projects.</li> <li>• We have vouched additions of exploration costs and ensured compliance with IFRS 6.</li> <li>• We have reviewed expert reports in relation to the concessions and their future viability.</li> <li>• We have reviewed disclosures made in the financial statements.</li> <li>• We have reviewed the estimates in relation to the contingent consideration payable and whether this has been recognised in accordance with IFRS.</li> <li>• We have reviewed the directors' consideration of impairment indicators and comparing this to other information available to us, including RNS announcements, past expenditure, management's future plans and budgets.</li> </ul> <p>Based on the audit work performed we are satisfied that the management have appropriately considered the carrying value in accordance with accounting standards.</p>

### Our application of materiality

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 in aggregate 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 financial statements
Overall materiality	US\$130,000 (2020: US\$94,000).
How we determined it	Based on 1% of gross assets
Rationale for benchmark applied	We believe that the gross assets are a primary measure used by shareholders in assessing the performance of the Group, as the group is at a pre-revenue stage and is asset heavy.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between US\$7,000 and US\$89,000.

### Performance materiality

We set performance materiality at a level lower than overall materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2021 audit (2020: 75%).

We determined performance materiality with reference to factors such as our understanding of the Group and its complexity, the quality of the control environment and ability to rely on controls and the low level of uncorrected misstatements in the prior year audit.

#### *Error reporting threshold*

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above US\$6,500 (Group audit) (2020: US\$4,700) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

#### **An overview of the scope of our audit**

##### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which they operate.

The group financial statements are a consolidation of 3 reporting units, comprising the Group's operating businesses. The Group comprises the parent undertaking, incorporated in the British Virgin Islands, its principal operating subsidiaries, Compania Minera Estrella de Plata S.A de C.V and A.C.N. 643 478 371 Pty Ltd and five non-trading or intermediate holding companies, all registered in England. A full scope audit to group materiality levels was performed on the parent undertaking and its main subsidiaries Compania Minera Estrella de Plata S.A de C.V and A.C.N. 643 478 371 Pty Ltd. This resulted in 100% coverage of consolidated expenditures and 100% of the group's gross and net assets.

We performed audits of the complete financial information of the Group reporting units which we regarded as being individually financially significant to the Group, namely Alien Metals Limited and A.C.N. 643 478 371 Pty Ltd. We also performed specified audit procedures over other intangible assets, as well as certain account balances and transaction classes that we regarded as material to the Group at the 3 reporting units.

The Group engagement team performed all audit procedures.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 28, the directors are responsible for the preparation of the group 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 group financial statements, the directors are responsible for assessing the group's and 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:

### **The extent to which the audit was considered capable of detecting irregularities including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
  - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
  - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
  - agreeing financial statement disclosures to underlying supporting documentation;
  - reading the minutes of meetings of those charged with governance;
  - enquiring of management as to actual and potential litigation and claims;
  - reviewing correspondence with HMRC and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of this report**

This report is made solely to the Company's members, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, or the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sanjay Parmar  
**Senior Statutory Auditor**  
For and on behalf of  
**Jeffreys Henry LLP (Statutory Auditors)**  
Finsgate  
5-7 Cranwood Street  
London EC1V 9EE  
15 June 2022



## Consolidated statement of comprehensive income

### For the year ended 31 December 2021

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

	Note	2021	2020
<b>Continuing operations</b>			
Administrative expenses		(2,255)	(1,223)
<b>Operating loss</b>	4	(2,555)	(1,223)
Net finance charges	7	(3)	(3)
Loss for the year before taxation		(2,258)	(1,226)
Tax	8	-	-
<b>Loss for the year attributable to equity shareholders of the parent</b>		(2,258)	(1,226)
<b>Other comprehensive income that may be reclassified to profit or loss:</b>			
<i>Items that will or may be reclassified to profit or loss:</i>			
Foreign exchange translation differences recognised directly in equity		(24)	362
<i>Items that will not be reclassified to profit or loss:</i>			
Movement in value of equity instrument	19	-	40
<b>Other comprehensive income for the year</b>		(24)	402
<b>Total comprehensive loss for the year attributable to equity shareholders of the parent</b>		(2,282)	(824)
Basic and diluted loss per share (US cents/share)	9	(0.065)	(0.052)

All activities relate to continuing operations.

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated statement of financial position As at 31 December 2021

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

	Note	2021	2020
<b>Assets</b>			
Financial asset investments	19	-	40
Intangible assets	10	5,939	3,641
Assets under construction	11	291	-
Right of use asset	20	131	-
<b>Total non-current assets</b>		<b>6,361</b>	<b>3,681</b>
Trade and other receivables	12	265	135
Cash and cash equivalents	13	6,431	5,627
<b>Total current assets</b>		<b>6,696</b>	<b>5,762</b>
<b>Total assets</b>		<b>13,057</b>	<b>9,443</b>
<b>Equity attributable to equity shareholders of the parent</b>			
Share capital	14	70,422	65,181
Warrant reserve	14	865	872
Share-based payment reserve	14	1,179	1,033
Equity investment reserve		-	(232)
Foreign exchange translation reserve	14	2,225	2,249
Accumulated losses		(62,420)	(59,957)
<b>Total equity</b>		<b>12,271</b>	<b>9,146</b>
<b>Liabilities</b>			
Trade and other payables	16	655	297
Short-term lease liability	20	112	-
<b>Total current liabilities</b>		<b>767</b>	<b>297</b>
Long-term lease liability	20	19	-
<b>Total non-current liabilities</b>		<b>19</b>	<b>-</b>
<b>Total liabilities</b>		<b>786</b>	<b>297</b>
<b>Total equity and liabilities</b>		<b>13,057</b>	<b>9,443</b>

The financial statements were approved and authorised for issue by the Board of Directors on 15 June 2022 and were signed on its behalf by:



Dan Smith  
Non-executive Chairman

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

### For the year ended 31 December 2021

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

	Note	2021	2020
<b>Cash flows from operating activities</b>			
Loss before tax from continuing operations		(2,258)	(1,226)
Adjustments for non-cash items:			
Depreciation		-	1
Exchange difference		174	5
Issue of share options		166	24
Finance charges	7	3	3
(Increase)/Decrease in trade and other receivables	12	(129)	(70)
Increase in trade and other payables	16	351	176
<b>Cash used in operating activities</b>		<b>(1,692)</b>	<b>(1,087)</b>
<b>Cash flows from investing activities</b>			
Net interest expense	7	(3)	(3)
Purchase of intangible assets	10	(2,432)	(590)
Expenditure on assets under construction		(291)	-
Proceeds from sale of financial assets		40	-
<b>Cash used in investing activities</b>		<b>(2,686)</b>	<b>(593)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	14	5,503	6,185
Issue costs	14	(303)	(371)
Exercise of options and warrants		40	971
<b>Cash from financing activities</b>		<b>5,240</b>	<b>6,785</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>862</b>	<b>5,105</b>
Cash and cash equivalents at 1 January		5,627	166
Effect of exchange rate fluctuations on translation		(59)	356
<b>Cash and cash equivalents at 31 December</b>		<b>6,431</b>	<b>5,627</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

### For the year ended 31 December 2021

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

	Share capital	Warrant reserve	Share based payment reserve	Equity investment reserve	Foreign exchange translation reserve	Accumulated losses	Total
<b>Balance: 31 December 2020</b>	56,814	261	1,121	(272)	1,887	(59,212)	599
Loss for the year	-	-	-	-	-	(1,226)	(1,226)
Foreign exchange translation differences recognised directly in equity	-	-	-	-	362	-	362
Movement on equity investment fair value	-	-	-	40	-	-	40
<b>Total comprehensive income</b>	-	-	-	<b>40</b>	<b>362</b>	<b>(1,226)</b>	<b>(824)</b>
<b>Transactions with shareholders:</b>							
Shares issued for cash	6,185	-	-	-	-	-	6,185
Share issue costs	(371)	-	-	-	-	-	(371)
Shares issued to settle creditors	6	-	-	-	-	-	6
Issue of share options	-	-	24	-	-	-	24
Exercise of share options	46	-	(55)	-	-	55	46
Share options lapsed	-	-	(57)	-	-	57	-
Project acquisitions	2,230	-	-	-	-	-	2,230
Fair value of warrants issued	(653)	981	-	-	-	-	328
Exercise of warrants	924	(369)	-	-	-	369	924
<b>Total transactions with shareholders</b>	<b>8,367</b>	<b>612</b>	<b>(88)</b>	<b>-</b>	<b>-</b>	<b>481</b>	<b>9,372</b>
<b>Balance: 1 January 2021</b>	<b>65,181</b>	<b>872</b>	<b>1,033</b>	<b>(232)</b>	<b>2,249</b>	<b>(59,957)</b>	<b>9,146</b>
Loss for the year	-	-	-	-	-	(2,258)	(2,258)
Foreign exchange translation differences recognised directly in equity	-	-	-	-	(24)	-	(24)
<b>Total comprehensive income</b>	-	-	-	-	<b>(24)</b>	<b>(2,258)</b>	<b>(2,282)</b>
Disposal of equity investment FVTOCI-movement in reserves	-	-	-	232	-	(232)	-
<b>Transactions with shareholders:</b>							
Shares issued for cash	5,503	-	-	-	-	-	5,503
Share issue costs	(303)	-	-	-	-	-	(303)
Issue of share options	-	-	166	-	-	-	166
Exercise of share options	17	-	(20)	-	-	20	17
Project acquisitions	1	-	-	-	-	-	-
Exercise of warrants	23	(7)	-	-	-	7	23
<b>Total transactions with shareholders</b>	<b>5,241</b>	<b>(7)</b>	<b>146</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>5,407</b>
<b>Balance: 31 December 2021</b>	<b>70,422</b>	<b>865</b>	<b>1,179</b>	<b>-</b>	<b>2,225</b>	<b>(62,420)</b>	<b>12,271</b>

The accompanying notes are an integral part of these consolidated financial statements.

## 1. Reporting entity

Alien Metals is a public company limited by shares and was incorporated in the British Virgin Islands. The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the acquisition and development of mineral resource assets.

## 2. Basis of preparation

### a) Statement of compliance

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board, IFRIC interpretations and the British Virgin Island Business Companies Act 2004.

The Group has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning 1 January 2021. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Group. The Group has not adopted any standards or interpretations in advance of the required implementation dates.

	Issued Date	IASB mandatory effective date
<b>Amendments to Existing Standards</b>		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2	27 Aug 2020	1 Jan 2021
Amendment to IFRS 16 Leases Covid 19 - Related Rent Concessions	28 May 2020	1 Jun 2020

The accounts were approved by the board and authorised for issue on 15 June 2022.

### b) Future standards and possible effects

At the date of authorisation of these financial statements, a number of amendments to existing standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented. The Directors do not expect that the adoption of these standards will have a material impact on the financial information of the Group in future periods.

### c) Going concern

The directors regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and discretionary business development opportunities including exploration activities.

The Group's assets are at an early stage and in order to meet financing requirements for their development the Company has raised funds by way of several discrete share placements, which is a common practice for junior mineral exploration companies.

The directors believe the funds raised during the period are sufficient to complete existing work programmes, therefore consider it appropriate to prepare the Group's financial statements on a going concern basis.

### d) Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 2. Basis of preparation (*continued*)

### d) Use of estimates and judgement (*continued*)

Information about such judgements and estimates are contained in the accounting policies and/or the notes to the consolidated financial statements. Areas of judgement that have the most significant effect on the amounts recognised in the consolidated financial statements:

- ***Impairment of exploration and evaluation costs - Notes 3(E), 10***

Determination as to whether, and by how much, an asset or cash generating unit is impaired involves management estimates. Management uses the following triggers to assess whether impairment has occurred (the list is not exhaustive):

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full on successful development or by sale.

- As at 31 December 2021, it was considered that none of the impairment triggers had arisen and the assets were being evaluated for future potential exploration.

In any such case, or similar cases, the Group will measure, present, and disclose any resulting impairment loss in accordance with IAS 36. For further information please refer to notes 3(E) and 10.

- ***Estimation of share-based payment costs***

Where appropriate, the Group estimates the fair value of share-based payments using the Black-Scholes model taking into account the terms and conditions upon which the share-based payment was granted. For further information please refer to notes 3(K) and 0.

- ***Valuation of financial asset investments***

The Group measures financial assets investments with fair value through other comprehensive income (FVTOCI) at fair value. Management determine the appropriate valuation techniques and inputs for fair value measurement. In estimating the fair value, the Group uses market-observable data to the extent it is available. For further information please refer to notes 3(H) and 0.

### e) Functional and presentation currency

These consolidated financial statements are presented in United States dollars, rounded to the nearest thousand dollars, as the Company believes it to be the most appropriate and meaningful currency for investors. The functional currencies of the Company and its subsidiaries, Compañía Minera Estrella de Plata SA de CV ("CMEP") and A.C.N 643 478 371 Pty Ltd, are pounds sterling, Mexican pesos and Australian dollars respectively.

For the reporting purposes the following exchange rates have been used:

GBP: USD	Closing rate 1: 1.351 (2020 1: 1.35772)	Average rate 1: 1.37567 (2020 1: 1.28329)
MXN: USD	Closing rate 1: 0.0489 (2020 1: 0.05027)	Average rate 1: 0.04932 (2020 1: 0.0469)
AUD: USD	Closing rate 1: 0.7261 (2020 1: 0.76619)	Average rate 1: 0.75144 (2020 1: 0.69012)

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

#### (A) Basis of consolidation

(i) *Subsidiaries*

An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is obtained up to the date that control ceases.

(ii) *Transactions eliminated on consolidation*

Intra-group balances and any unrealised gains, losses, income or expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

#### (B) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

At 31 December 2021 the Group held a 51% (2020: 51%) interest in a joint operation with Windfield Metals Pty Ltd, to develop the Hancock Ranges and Brockman Iron Ore Projects in Australia. There is considered to be joint control due to the contractual arrangement which stipulates that there is an agreed sharing of control of the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

#### (C) Foreign Currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated statement of financial position are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

(ii) *Financial statements of operations*

The assets and liabilities of operations, including goodwill and fair value adjustments arising on consolidation, are translated to United States dollars at exchange rates ruling at the date of the consolidated statement of financial position. The revenues and expenses of operations are translated to United States dollars at rates approximating to the exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income. They are reclassified to profit or loss upon disposal.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to the profit or loss as part of the profit or loss on disposal.

### 3. Significant accounting policies (*continued*)

#### (D) Income tax expense

Income tax expense comprises current and deferred tax.

Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries that will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (E) Loss per share

The Group presents basic and diluted loss per share (“LPS”) data for its common shares. Basic LPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted LPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, which comprise warrants, share options and conversion of the loan note into shares.

#### (F) Intangible assets

##### *(i) Deferred exploration and evaluation costs*

These comprise costs directly incurred in exploration and evaluation as well as the cost of mineral licences. Costs which are capitalised include costs of licence acquisition, technical services and studies, exploration drilling and testing and appropriate technical and administrative expenses but do not include general administrative expenses or costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the income statement account as they occur. They are capitalised as intangible assets pending the determination of the feasibility of the project. When the decision is taken to develop a mine the related intangible assets are transferred to property, plant and equipment and the exploration and evaluation costs are amortised over the estimated life of the project. Where a project is abandoned or is determined not economically viable, the related costs are written off.

The recoverability of deferred exploration and evaluation costs is dependent upon a number of factors common to the natural resource sector. These include the extent to which the Company can establish mineral reserves on its properties, the ability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof.

Option fees received in respect of Earn-in agreements are offset against the relevant exploration asset. If the amount exceeds the value of the asset, the balance will be recognised via the income statement.



### 3. Significant accounting policies (*continued*)

#### (G) Property, plant and equipment

##### *(i) Depreciation*

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

- plant and equipment: 5 to 10 years
- motor vehicles: 4 years

The residual value, if not insignificant, is reassessed annually.

#### (H) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at the date of each consolidated statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment is measured by comparing the carrying values of the asset with its recoverable amount. The recoverable amount of the asset is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in the income statement immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (I) Financial instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

##### *(i) Financial assets carried at amortised cost*

These assets incorporate such types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment of provisions for receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the receivables. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise other receivables and cash and cash equivalents in the consolidated statement of financial position.

### 3. Significant accounting policies (*continued*)

#### (l) Financial instruments (*continued*)

(ii) *Financial assets with fair value through other comprehensive income (FVTOCI)*

The Group had a strategic investment in an unlisted entity (SGL, note 19, disposed of during 2021), which is not accounted for as subsidiary, associate or jointly controlled entity. For that investment, the Group has made an irrevocable election to classify the investment at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for this asset. It is carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the equity instrument reserve through other comprehensive income reserve. Upon disposal any balance within the equity instrument reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the equity instrument reserve.

(iii) *Financial liabilities measured at amortised cost*

Financial liabilities measured at amortised cost include current borrowings and trade and other payables that are short term in nature. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(iv) *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### 3. Significant accounting policies (*continued*)

#### (I) Financial instruments (*continued*)

##### (v) *Fair value measurement (*continued*)*

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### (J) Warrants

The Company estimates the fair value of the future liability relating to issued warrants using

- residual method, where a warrant was issued and included as a part of a package placement of “1 share + 1 warrant”;
- the Black-Scholes pricing model taking into account the terms and conditions upon which the warrants were issued, if the warrant was granted on its own.

Warrants relating to equity finance are recorded as a reduction of capital stock based on the fair value of the warrants.

#### (K) Share capital - common shares

Incremental costs directly attributable to the issue of common shares and share options are recognised as a deduction from equity.

#### (L) Share-based payment transactions

The share option programme allows Group directors, officers, employees and consultants to acquire shares of the Company. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date and are recognised as an expense with a corresponding increase in equity. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Directors' estimate of equity instruments that will eventually vest, with a corresponding increase in equity. Where the conditions are non-vesting, the expense and equity reserve arising from share-based payment transactions is recognised in full immediately on grant.

The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except if the change is due to market-based conditions not being satisfied.

#### (M) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

#### (N) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions, has been identified as the Board of Directors.

The Board of Directors considers there to be only one operating segment during the year, the exploration, development and exploitation of mineral resources, and three geographical segments, being Mexico, Australia and United Kingdom.

### 3. Significant accounting policies (*continued*)

#### (O) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

#### 4. Operating loss

Operating loss is stated after charging:

	2021	2020
Depreciation	-	1
Fees payable to the Group's auditor for the audit of the annual financial statements	36	31
Exchange loss	174	56

#### 5. Segmental analysis

Year ended 31 December 2021

	Mexico	Australia	United Kingdom/ other	Total
Administration expenses	(107)	(95)	(2,053)	(2,255)
Operating loss	(107)	(95)	(2,053)	(2,255)
Net finance charges	-	-	(3)	(3)
Tax	-	-	-	-
Loss for the year attributable to equity shareholders of the parent	(107)	(95)	(2,056)	(2,258)

Statement of financial position  
Year ended 31 December 2021

	Mexico	Australia	United Kingdom/ other	Total
Segment assets	71	3,650	9,336	13,057
Segment liabilities	(11)	(102)	(673)	(786)
Segment net assets	60	3,548	8,663	12,271

Statement of comprehensive income  
Year ended 31 December 2020

	Mexico	Australia	United Kingdom/ other	Total
Administration expenses	(108)	16	(1,131)	(1,223)
Operating loss	(108)	16	(1,131)	(1,223)
Net finance charges	(1)	-	(2)	(3)
Tax	-	-	-	-
Loss for the year attributable to equity shareholders of the parent	(109)	16	(1,133)	(1,226)

Statement of financial position  
Year ended 31 December 2020

	Mexico	Australia	United Kingdom/ other	Total
Segment assets	311	3,312	5,820	9,443
Segment liabilities	(1)	-	(296)	(297)
Segment net assets	310	3,312	5,524	9,146

## 6. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2021	2020
Finance and administration	3	3
Technical	2	1
<b>Total staff numbers</b>	<b>5</b>	<b>4</b>

The aggregate staff costs of these persons as follows:

	2021	2020
Wages and salaries	472	335
Social security costs	38	24
Pension	22	9
Share based payments	166	23
<b>Total staff costs</b>	<b>698</b>	<b>391</b>

### Remuneration of key management personnel

Key management personnel remuneration is detailed below:

	2021	2020
	Emoluments	Emoluments
<b>Executive directors</b>		
B Brodie Good	276	184
<b>Non-executive directors</b>		
D J Smith	67	63
J L Battershill (appointed 22 Oct 2021)	174	-
M C Culbert	27	9
<b>Total remuneration</b>	<b>544</b>	<b>257</b>

The above remuneration excludes social security costs incurred by the Group. Including these social security costs, the total short-term employee benefits for the year in respect of key management personnel amounted to \$578,000 (2020: \$342,000).

### Wages and salaries

	2021	2020
Paid directly	272	255
Paid via related party consultancy companies	96	63
Share based payment charge	162	24
<b>Total</b>	<b>530</b>	<b>342</b>

Share based payment charges relate to the fair value charge attributed to share options granted, further details are disclosed in note 16.

## 7. Net finance charges

	2021	2020
Finance charges	(4)	(3)
Interest income	1	-
<b>Total net investment income</b>	<b>(3)</b>	<b>(3)</b>

## 8. Income tax recognised in the income statement

	2021	2020
Current tax	-	-
<u>Reconciliation of effective tax rate</u>		
	2021	2020
Loss before tax	(2,258)	(1,226)
Income tax using the domestic corporation tax rate of 19% (2019: 19%)	(429)	(233)
Non-deductible expenses	122	34
Effect of timing differences	-	-
Depreciation in excess of capital allowances	-	-
Adjustments relating to different tax rates of subsidiary	-	-
Tax losses carried forward not recognised	307	199
Total tax expense	-	-

At the year end the Group had tax losses to carry forward of approximately \$28,389,000 (2020: \$26,772,000).

Under IFRS, a net deferred tax asset of approximately \$5,406,280 (2020: \$5,099,050) at 19% has not been recognised due to the uncertainty as to the amount that can be utilised.

No adjustments are required in respect of the subsidiaries.

## 9. Loss per share

### Basic loss per share

The calculation of basic loss per share at 31 December 2021 was based on the loss attributable to common shareholders of \$2,258,000 (2020: \$1,226,000) and a weighted average number of common shares outstanding during the year ended 31 December 2021 of 3,476,524,868 (2020: 2,337,874,313).

	2021	2020
Loss from continuing operations	2,258	1,226
Loss attributable to common shareholders	2,258	1,226
Basic and diluted loss per share in US cents	0.065	0.052

### Diluted Loss per share

The potential increase in common shares from the exercise of any outstanding share purchase warrants and share options would be anti-dilutive as the Group has a net loss. These potential common shares are therefore excluded from the calculation and the diluted loss per share figure reported is the same as the basic loss per share.

## 10. Intangible assets

	Deferred exploration costs
<b>Cost</b>	
At 1 January 2020	492
Additions	3,313
Licences relinquished	(99)
Initial option fee (Donovan 2)	(52)
Foreign exchange	(13)
<b>At 31 December 2020</b>	<b>3,641</b>
Additions	2,432
Foreign exchange	(134)
<b>At 31 December 2021</b>	<b>5,939</b>

Deferred exploration costs relate to the initial acquisition of the licences and subsequent exploration expenditure incurred in evaluating the projects.

#### 11. Assets under construction

	2021	2020
Opening balance 1 January	-	-
Additions	291	-
Disposals	-	-
Forex	-	-
<b>Closing balance 31 December</b>	<b>291</b>	<b>-</b>

Mining plant equipment, recertification costs and the related transport costs capitalised as a Mining asset in A.C.N 643 478 371 Pty Ltd in relation to the headframe and associated equipment for the Elizabeth Hill Silver mine.

#### 12. Trade and other receivables

	2021	2020
Other receivables	185	73
Prepayments	80	62
<b>Total trade and receivables</b>	<b>265</b>	<b>135</b>

#### 13. Cash and cash equivalents

	2021	2020
Bank balances	6,431	5,627
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>6,431</b>	<b>5,627</b>



## 14. Share capital and reserves

### Share Capital

#### Authorised

The Company is authorised to issue an unlimited number of common shares of no par value.

#### Issued and outstanding common shares

Changes for the years ended 31 December 2021 and 2020 are detailed in the following table:

	2021		2020	
	Number of shares (000s)	Amount	Number of shares (000s)	Amount
Opening balance 1 January	3,420,791	65,181	1,351,723	56,814
Shares issued for cash	470,588	5,503	1,264,962	6,185
Shares issued - exercise of warrants and options	10,702	40	363,416	970
Issue costs of share issuance	-	(303)	-	(371)
Fair value of warrants issued	-	-	-	(653)
Shares issued - project acquisitions	100	1	437,357	2,230
Shares issued - settle supplier invoice	-	-	3,333	6
<b>Closing balance 31 December</b>	<b>3,902,182</b>	<b>70,422</b>	<b>3,420,791</b>	<b>65,181</b>

During the year ended 31 December 2021, the Company made share issuances as set out below.

#### 2021

- On 15 January 2021, 2,000,000 Common Shares of no par value were issued at £0.003 each following warrants exercise, raising £6,000 (\$8,254).
- On 10 February 2021, 100,000 Common Shares of no par value were issued at £0.00975 to the two vendors under the terms of the option agreement (Nueva Andromeda Permit next to San Celso, Mexico), raising £975 (\$1,341).
- On 23 March 2021, 2,222,222 Common Shares of no par value were issued at £0.003 each following warrants exercise, raising £6,667 (\$9,171).
- On 13 May 2021, 4,200 Common Shares of no par value were issued in respect of 4,200 warrants exercised at £0.0025 each, for total of £11 (\$14).
- On 20 August 2021, 35,332 Common Shares of no par value were issued at £0.0025 each following warrants exercise, raising £88 (\$122).
- On 10 September 2021, 5,000,000 Common Shares of no par value were issued in respect of 5,000,00 options exercised at £0.0025 each, raising £12,500 (\$17,196).
- On 20 September 2021, 40,600 Common Shares of no par value were issued in respect of 40,600 warrants exercised at £0.0025 each, raising £102 (\$140).
- On 19 November 2021, 1,400,000 Common Shares of no par value were issued in respect of warrants exercised at £0.0025 each, raising £3,500 (\$4,815).
- On 22 November 2021, 470,588,223 Common Shares of no par value were issued for cash at £0.0085 each, £4,000,000 (\$5,502,684), before costs of £220,000 (\$302,648).

#### 14. Share capital and reserves (continued)

##### Warrants

###### Warrant reserve

The warrants reserve arises on the issue of warrants. Refer note 15 for further information.

	2021	2020
Opening balance 1 January	872	261
Fair value of warrants issued	-	980
Exercise of warrants	(7)	(369)
Expiry of warrants	-	-
<b>Closing balance 31 December</b>	<b>865</b>	<b>872</b>

###### Share-based payment reserve

The share-based payment reserve arises on the grant of share options to directors, employees and other eligible persons under the share option plan. Refer note 16 for more information.

	2021	2020
Opening balance 1 January	1,033	1,121
Fair value of share options issued	166	24
Share options exercised	(20)	(55)
Share options lapsed	-	(57)
<b>Closing balance 31 December</b>	<b>1,179</b>	<b>1,033</b>

###### Foreign exchange translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of operations that do not have a US dollar functional currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve.

###### Accumulated losses

Accumulated losses contain losses incurred in the current and prior years.

#### 15. Warrants issued

The number and weighted average exercise price of warrants in issue for the year ended 31 December 2021 and 2020:

	2021		2020	
	Outstanding (000s)	Weighted average exercise price (£)	Outstanding (000s)	Weighted average exercise price (£)
Opening balance 1 January	395,322	0.0024	216,695	0.01
Issued	-	-	527,900	0.0022
Exercised	(5,702)	0.0025	(349,273)	0.0020
Lapsed	-	-	-	-
<b>Closing balance 31 December</b>	<b>389,620</b>	<b>0.0024</b>	<b>395,322</b>	<b>0.0024</b>

## 16. Share-based payment transactions

The number and weighted average exercise prices of share options for the years ended 31 December 2021 and 2020 are set out below.

			2021		2020	
			Outstanding (000s)	Weighted average exercise price (£)	Outstanding (000s)	Weighted average exercise price (£)
Opening	balance	1	104,835	0.0041	81,327	0.0025
January						
Issued			35,000	0.0124	60,000	0.0050
Exercised			(5,000)	0.0025	(14,142)	0.0025
Lapsed			-	-	(22,350)	0.0025
Closing	balance	31	134,835	0.0100	104,835	0.0041
December						

Share options in issue at 31 December 2021:

Issued	Outstanding shares	Exercisable shares	Exercise price	Expiry
2017	1,250,000	1,250,000	£0.0100	09-Feb-22
2018	15,142,373	20,142,373	£0.0025	14-May-23
2019	1,100,000	1,100,000	£0.0025	28-Mar-24
2019	12,342,509	12,342,509	£0.0025	28-Mar-24
2019	3,000,000	3,000,000	£0.0022	28-Mar-24
2019	3,000,000	3,000,000	£0.0030	28-Mar-24
2019	4,000,000	4,000,000	£0.0045	28-Mar-24
2020	18,750,000	18,750,000	£0.0045	30-Aug-23
2020	18,750,000	18,750,000	£0.0050	30-Aug-23
2020	22,500,000	22,500,000	£0.0055	30-Aug-23
2021	10,000,000	-	£0.0100	21-Oct-24
2021	10,000,000	-	£0.0115	21-Oct-24
2021	15,000,000	-	£0.0145	21-Oct-24
<b>Total</b>	<b>134,834,882</b>	<b>104,834,882</b>		

The share options outstanding at 31 December 2021 if exercised, will be settled by the issue of equity.

The weighted average remaining contractual life of share options as at 31 December 2021 was 735 days (2020: 991 days).

### Fair value of share options and assumptions

The estimate of the fair value of the share options is measured based on the Black-Scholes model. The following inputs were used in the calculation of the fair value of the options granted during the year.

	22 October 2021	22 October 2021	22 October 2021
Share price (£)	0.00945	0.00945	0.00945
Exercise price (£)	0.01	0.0115	0.0145
Expected volatility	155%	155%	155%
Vesting date	22 April 2022	22 April 2022	22 April 2022
Expected option life (years)	3	3	3
Expected dividend yield	Nil	Nil	Nil
Risk-free interest rate	0.733%	0.733%	0.733%

As at 31 December 2021, a fair value charge of \$166,000 (2020: \$24,000) was posted to the line Administrative expenses of the income statement.

The expected volatility is based on the historical share prices of a group of companies deemed to be comparable.

## Share-based payment transactions (continued)

Share options held by directors and senior management at 31 December 2021:

Holder	Shares Options	Exercise price	Grant Date	Vesting Date	Expiry <sup>1</sup>
D J Smith	3,085,627	£0.0025	29 Mar 2019	29 Jun 2019	28 Mar 2024
	3,085,627	£0.0025	29 Mar 2019	29 Sep 2019	28 Mar 2024
	6,171,255	£0.0025	29 Mar 2019	29 Mar 2020	28 Mar 2024
B Brodie Good	3,000,000	£0.0022	30 Sep 2019	1 Oct 2019	28 Mar 2024
	3,000,000	£0.0030	30 Sep 2019	1 Oct 2019	28 Mar 2024
	4,000,000	£0.0045	30 Sep 2019	1 Oct 2019	28 Mar 2024
	15,000,000	£0.0045	01 Sep 2020	01 Mar 2021	30 Aug 2023
	15,000,000	£0.0050	01 Sep 2020	01 Sep 2021	30 Aug 2023
	15,000,000	£0.0055	01 Sep 2020	01 Sep 2021	30 Aug 2023
M C Culbert	1,875,000	£0.0045	01 Sep 2020	01 Mar 2021	30 Aug 2023
	1,875,000	£0.0050	01 Sep 2020	01 Sep 2021	30 Aug 2023
	3,750,000	£0.0055	01 Sep 2020	01 Sep 2021	30 Aug 2023
J L Battershill	10,000,000	£0.0100	22 Oct 2021	22 Apr 2022	21 Oct 2024
	10,000,000	£0.0115	22 Oct 2021	22 Apr 2022	21 Oct 2024
	15,000,000	£0.0145	22 Oct 2021	22 Apr 2022	21 Oct 2024

<sup>1</sup> The expiry date is subject to the terms and conditions contained in the share option plan.

## 16. Trade and other payables

	2021	2020
Trade payables	451	87
Accruals	204	210
<b>Total trade and other payables</b>	<b>655</b>	<b>297</b>

## 17. Group entities

Significant Subsidiaries	Country of incorporation and operation	Principal activity	Alien Metals Ltd effective interest	
			2021	2020
Compañía Minera Estrella de Plata S.A. de C.V.	Mexico	Mining exploration	100%	100%
Arian Silver Corporation (UK) Ltd	England and Wales	Holding	100%	100%
Arian Silver (Holdings) Limited	England and Wales	Holding	100%	100%
A.C.N. 643 478 371 Pty Ltd	Australia	Mining exploration	100%	100%
Iron Ore Company of Australia Pty Ltd	Australia	Mining exploration	100%	-
Alien Metals Australia Pty Ltd	Australia	Mining exploration	100%	-

## 18. Financial instruments and financial risk management

The principal financial instruments used by the Group from which financial risk arises are as follows:

Categories of financial instruments	2021	2020
Cash and cash equivalents (note 13)	6,431	5,627
Trade and other receivables (note 12)	124	73
Total financial assets measured at amortised cost	6,555	5,700
Financial assets at fair value through other comprehensive income	-	40
<b>Total financial assets</b>	<b>6,555</b>	<b>5,740</b>
Trade and other payables measured at amortised cost (note 16)	655	297
<b>Total financial liabilities</b>	<b>655</b>	<b>297</b>

Exposure to interest rate and foreign currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

The Group's policy is to retain its surplus funds on short term deposits. Credit risk is managed by ensuring that surplus funds are only deposited with well-established financial institutions of high-quality credit standing.

### Market risk

Market risk is the risk that the Group's future earnings will be adversely impacted by changes in market prices. Market risk for Alien Metals comprises two types of risk: price risk and foreign currency risk.

### Price risk

The price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities.

### Foreign currency risk

The Group's operational expenditure is made in Mexico in Mexican pesos, in Australia in Australian dollars, and head office expenses are predominantly made in the UK in pounds sterling, and United States dollars. The Group is therefore exposed to the movement in exchange rates for these currencies. The Group does not currently hedge foreign exchange risk.

At the year end the majority of the Group's cash resources were held in pounds sterling. The Group therefore also has downside exposure to any strengthening of United States dollar, Australian dollar, or the Mexican peso against pounds sterling as this would increase expenses in pounds sterling terms and accelerate the depletion of the Group's cash resources. Any weakening of United States dollar, Australian dollar or the Mexican peso against pounds sterling would, however, result in a reduction in expenses in pounds sterling terms and preserve the Group's cash resources.

The carrying amounts of the Group's foreign currency denominated financial assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021	2020	2021	2020
Pounds sterling	542	296	6,436	5,668
United States dollars	-	-	20	30
Australian dollars	102	-	96	39
Canadian dollars	-	-	1	1
Mexican pesos	11	1	3	2

## 19. Financial instruments and financial risk management (continued)

### Sensitivity Analysis

The Group holds cash in pounds sterling to settle accounts payable balances derived in that currency. The main risk is through foreign exchange fluctuations in companies where the cash balances are held in a currency that is different to the functional currency.

Exposure to foreign currency risk sensitivity analysis:

	Against Sterling US\$
15% strengthening in the United States dollar	(884)
15% weakening in the United States dollar	884

A 15% variation is considered an appropriate level of sensitivity given recent levels of foreign exchange volatility.

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. No sensitivity analysis has been disclosed as management does not consider any reasonable fluctuation in interest rates to be sufficiently material to disclose.

### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The directors regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and discretionary business development opportunities including exploration activities.

As at 31 December 2021, the Company had cash and other receivables of \$6.4m to settle accounts payable and lease liabilities of \$784k. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. In the short-term, liabilities will be funded by cash.

The Group's assets are at an early stage and in order to meet financing requirements for their development the Company has raised funds by way of several share placements, which is a common practice for junior mineral exploration companies.

Although the Company has been successful in the past in raising equity finance, there can be no assurance that the funding required by the Group will be made available to it when needed or, if such funding were to be available, that it would be offered on reasonable terms. The terms of such financing might not be favourable to the Group and might involve substantial dilution to existing shareholders.

### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Group's maximum exposure to credit risk is attributable to cash. The credit risk on cash is limited because the Group invests its cash in deposits with well capitalised financial institutions with strong credit ratings.

### Fair values

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables. It is the Board's opinion that the carrying values of the cash and cash equivalents, the other receivables, all trade and other payables in the consolidated statement of financial position approximate their fair values due to their short-term nature.

### Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and have access to adequate funding for its exploration and development projects, so that it can provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may issue new shares, acquire debt, or sell assets. Management regularly reviews cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

## 19. Financial instruments and financial risk management (continued)

### Financial asset investment

The Company had only one investment, which is an equity investment into the shares of Siberian Goldfields Limited “SGL”, an unlisted company with interests in gold and iron ore deposits in Siberia, Russia. The classification of the equity investments into SGL shares is disclosed as fair value through other comprehensive income under IFRS 9. The instrument was sold in July 2021 without profit.

The Directors are in discussion with various parties who are interested in acquiring the Company’s shares in SGL. The amount reflected below is considered the minimum amount that will be received if an SPA is entered into.

The following table shows the changes to the fair value of the Company’s Level 2 financial assets:

	2021	2020
Opening balance	40	-
Disposal	(40)	-
Change in fair value recognised in OCI	-	40
Foreign exchange	-	-
Closing balance	-	40

## 20. Right of use assets and lease liability

At the reporting date, the Group had their London offices under lease agreement. The agreement was signed on 21 April 2021 and covers office rent for the period from 1 May 2021 until 28 Feb 2023, with monthly payments of £6,916 (US\$9,514) and a deposit of £20,748(US\$28,542). The Group recognised the following right of use asset and related lease liability in respect of this lease agreement:

### Right of use asset

	2021	2020
Opening balance 1 January	-	-
Additions	209	-
Amortisation	(76)	-
Forex movement	(2)	-
Closing balance 31 December	131	-

### Lease liability

	2021	2020
Opening balance 1 January	-	-
Additions	209	-
Rental payments in the reporting period	(76)	-
Forex movement	(2)	-
Closing balance 31 December	131	-

The office lease agreement that was in force before had a duration of 12 months, so was outside of IFRS 16 scope and is not included into the numbers above.

## 21. Ultimate controlling party

There is no ultimate controlling party of the Company.

## 22. Significant agreements and transactions

The following are significant agreements and transactions recently undertaken having an impact in the year under review.

### Financing

- On 22 November 2021, the Company raised £4,000,000 (before issue costs of £220,000) by way of a placing of 470,588,223 new Common Shares of no par value at a price of £0.0085 per share.
- During the reporting year, the Company issued new Common Shares of no par value as a result of warrants and options exercises, more details are given in note 14.

### Issue of options

- On 21 October 2021, the Company announced the recommendation to issue 35,000,000 unapproved share options to J L Battershill. More details on the options issued is given in note 16.

### Hammersley Iron Ore Project - Hancock Ranges & Brockman

- On 20 May 2021, the Company announced that it has entered into a conditional Share Sale Agreement (“SSA”) to increase its effective interest in the Hammersley Iron Ore Direct Shipping Ore Project, situated in the world-class Pilbara region of Western Australia from 51% (with the remaining 49% held by Windfield) to over 90%. The Project consists of 2 granted exploration licenses, the Hancock and Brockman licenses.
- Pursuant to the SSA with Windfield, the Company will acquire an 80% interest in Windfield, thereby bringing Alien’s direct and indirect holding in the Project to 90.2%.
- The Company has agreed to acquire Windfield on the basis that its sole asset will be the interest in the Project and on a nil net cash basis. The Upfront Consideration payable for the transaction is set out below subject to satisfaction of the conditions precedent including Alien conducting legal, financial and operational due diligence on Windfield and being satisfied, in its discretion, with the outcome of that due diligence:
  - a. £60,000 cash (less any Set Off Amounts);
  - b. 200,000,000 of the Company Common Shares of no par value issued at a deemed price of 1.1 pence each (“Deemed Issue Price”); and
  - c. 50,000,000 share purchase warrants, exercisable at 1.65p to the Deemed Issue Price payable to the advisers to the transaction.
- If, within 24 months of executing the SSA, Alien disposes of its interest in Windfield or Windfield’s interest in the Project, the Company will pay the Windfield seller a performance payment in addition to the Upfront Consideration (“Performance Payment”). The Performance Payment is calculated by:
  - a. In the event of a Tenement Sale: 50% of the value uplift attributable to the Projects; or
  - b. In the event of an IPO/Spin-out event: 50% of the value uplift attributable to Windfield.
- At 31 December 2021 the deal had not been completed.
- On 1 December 2021, the Company advise that, as part of its development of the Hancock and Brockman Iron Ore projects, it has formed a new wholly owned subsidiary named Iron Ore Company of Australia Pty Ltd.

### San Celso and Los Campos Silver Projects

- Completion of final legal registration to acquire the Nueva Andromeda permit, strategically contiguous to the San Celso project.
- Awaiting environmental drilling permit authorisation.

### Elizabeth Hill Mine Project

- Mining plant equipment purchase agreement in relation to the acquisition and installation of a refurbished mine headframe and associated equipment.

### Nueva Andromeda Permit next to San Celso, Mexico

- Following the legal registration to acquire the Nueva Andromeda Permit next to San Celso, Mexico it has issued 100,000 Common Shares of no par value in the capital if the Company at an issue price of £0.00975p per share, to the two vendors under the terms of the option agreement. Under the Option Agreement, the Company has also agreed that should it exercise its option to acquire the permits in the future it will pay the vendors US\$100,000 in cash.



## 22. Significant agreements and transactions (continued)

### Munni Munni Project

- On 24 November 2021, the Company announced that it had entered into a Binding Heads of Agreement with ASX listed Platina Resources Limited (ACN 119 007 939) (ASX: PGM) ('Platina') to conditionally acquire Platina's 30% joint venture interest in the Munni Munni Platinum Group Metals and Gold Project in the West Pilbara, Western Australia ('Munni Munni Project').
- Total consideration is A\$2.23 million of which A\$1.98 million will be satisfied by the issue of ordinary shares in Alien.
- On 22 December 2021, The Company announced that it has entered into a Binding Heads of Agreement (the 'Agreement') with ASX listed Artemis Resources Limited (ASX: ARV) ('ARV') to, subject to the satisfaction of certain conditions, acquire its 70% joint venture interest in the Munni Munni Platinum Group Metals and Gold Project in the West Pilbara, Western Australia. The Agreement will mean that, on completion, Alien will move to 100% ownership of one of Australia's major palladium, platinum, gold and base metals projects.
- The proposed deal includes a cash outlay of A\$250,000 and A\$4.65 million payable in shares. Alien remains in a strong position to expedite exploration in Australia post the completion of a £\$4m (A\$7.5m) capital raise completed in November 2021.

### Donovan 2 - Earn-in agreement

- On 10 June 2021, the Company announced that it had been advised by Capstone Mining Corp of the termination, with effect from 9 July 2021, of the Earn-in Agreement signed between Alien, Estrella de Plata, Capstone Mining Corp. and Capstone Gold S.A. de C.V. (together, "Capstone") on 22 October 2020 (the "Agreement"). The Earn-in Agreement relates to the Company's Donovan 2 Copper-Gold project.

## 23. Related parties

### Control of the Company

In the opinion of the Board, at 31 December 2021 there was no ultimate controlling party of the Company.

### Identity of related parties

The Company and its subsidiaries have related party relationships with their respective directors.

### Directors interests in shares of the Company

At 31 December 2021, Bill Brodie Good held 1,500,000 common shares of no par value in the capital of the Company (2020: no directors or their immediate relatives held an interest). Refer note 24 for details on dealings after the period end.

### Transactions with key management personnel

During the year ended 31 December 2021 the Company entered into the following transactions involving key management personnel:

During the period KBG Consultants a company in which Bill Brodie Good is a director, charged the Company a total of \$nil (2020: \$47,803) for geological consultancy services. There was no outstanding balance at 31 December 2021 (2020: nil).

During the period Sorrento Resources International, a company of which Dan Smith and Mark Culbert were directors, charged the Company a total of \$128,101 (2020: \$128,101) for corporate advisory fees. There was a balance of \$6,598 outstanding at 31 December 2021 (2020: \$6,631). In addition, the Company charged Sorrento Resources International \$492 (2020: nil) for shared office expenses, this amount was outstanding at year end (2020: nil). Dan Smith and Mark Culbert resigned as directors of Sorrento Resources International on 3 August 2021.

During the period Minerva Corporate Pty Ltd, a company in which Dan Smith is a director, charged the Company a total of \$28,272 (2020: \$25,041) for consultancy services and expenses. There was no balance outstanding at 31 December 2021 (2020: nil).

During the period Orwellian Investments, a company in which Dan Smith is a director, charged the Company a total of \$49,524 (2020: \$36,253) for directors' fees. There was \$5,404 outstanding balance at 31 December 2021 (2020: nil).

### **23. Related parties (continued)**

During the period iLaw, a company in which Mark Culbert is a partner, charged the Company a total of \$17,498 (2020: \$21,683) for legal fees. There was a balance of \$4,451 outstanding at 31 December 2021 (2020: \$7,158).

During the period JJB Advisory, a company in which Jo Battershill is a director, charged the Company a total of \$28,889 (2020: nil) for corporate advisory fees. There was no outstanding balance at 31 December 2021 (2020: nil).

Key management personnel participate in the Group's share option programme as disclosed in note 16.

Key management personnel compensation is disclosed in note 6.

### **24. Significant events after the reporting period**

#### **Issue of shares**

In March 2022, following the receipt of Exercise Notices, the Company issued 66,666,666 Common Shares of no par value at an issue price of 0.19 pence per share, 26,610,661 Common Shares of no par value at an issue price of 0.25 pence per share and 3,333,333 Common Shares of no par value at an issue price of 0.3 pence per share, totalling 96,610,660 Common Shares of no par value.

In April 2022, following the receipt of Exercise Notices, the Company issued 3,120,624 Common Shares of no par value at an issue price of 0.25 pence per share.

#### **Mexico**

Alien has been granted all the necessary permissions to begin drilling on its 100% owned Los Campos and San Celso Silver Projects and the Donovan 2 Copper-Gold Project in Mexico.

In May 2022, the Company announced the preliminary results of the maiden drilling programme at the Donovan 2 and San Celso projects, Mexico. Visual inspection of the initial drill holes has confirmed the presence of sulphide mineralisation and intense alteration. Assay results for the initial drill holes are pending.

#### **Australia**

In February 2022, the Company completed the acquisition of a 100% interest in the Munni Munni Platinum Group Metals and Gold Project in the West Pilbara, Western Australia, a project containing Palladium and Platinum Group Elements (PGE) plus significant quantities of other strategic metals including Rhodium, Nickel and Copper.

In March 2022, the Company issued and allotted 138,703,396 Common Shares of no par value to Platina Resources Limited at a deemed issue price of 0.7935 pence per share, being equal to the VWAP of the Company's Common Shares in the 15 trading days before 23 November 2021 and 358,617,818 Common Shares of no par value to Artemis Resources Limited at a deemed price of 0.699 pence per share, being equal to the VWAP of the Company's Common Shares in the 15 trading days before 21 December 2021 (Consideration Shares) and will pay a total of A\$500,000 to the vendors. The shares will be subject to escrow over a period of between 3 to 12 months, as follows: -25% of the Consideration Shares being subject to 3 months lock-in, -25% subject to 6 months lock-in, and the balance (-50%) subject to 12 months lock-in.

In April 2022, the Company announced the balance of the assay results from the maiden drilling programme at the Elizabeth Hill Silver Project. Results from the programme further highlighted the high grade silver tenor of the project, as well as encouraging base metal potential.

# Other information

---

## Directors

The following individuals served as directors to the Company during the year ended 31 December 2021:

Dan John Smith	(appointed 26 February 2019)
Bill Brodie Good	(appointed 4 July 2019)
Mark Culbert	(appointed 23 July 2020)
Jo Battershill	(appointed 22 October 2021)

## Company contacts and advisers

### Auditors

Jeffreys Henry LLP  
Finsgate 5-7 Cranwood Street  
London  
EC1V 9EE  
United Kingdom

### Registrar (BVI)

Computershare Investor Services (BVI) Limited  
c/o Queensway House  
Hilgrove Street  
St Helier  
JE1 1ES  
Jersey

### Nominated Advisor

Beaumont Cornish Ltd  
Building 3  
566 Chiswick High Road  
London W4 5YA  
United Kingdom

### Registered office

Craigmuir Chambers  
P.O. Box 71  
Road Town  
Tortola  
British Virgin Islands

### Registrar (UK depository interests)

Computershare Investor Services plc  
The Pavilions  
Bridgewater Road  
Bristol  
BS99 7NH  
United Kingdom

### UK head office

Green Park House  
15 Stratton Street  
London W1J 8LQ  
United Kingdom

### Company registration number

UK FC027089  
BVI 1029783

### Website

[www.alienmetals.uk](http://www.alienmetals.uk)