

Registered number: FC027089

ALIEN METALS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

ALIEN METALS LIMITED

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ALIEN METALS LIMITED

COMPANY INFORMATION

Directors	Guy Robertson (Executive Chairman) – appointed 26 April 2023 Daniel Smith (Non-Executive Director) Roderick McIlree (Executive Director) – appointed 7 September 2022 Mark Culbert (Non-Executive Director) Jonathan Battershill (Non-Executive Director) - resigned 26 April 2023 Bill Brodie Good (Executive Director) – resigned 28 July 2022
Registered Office	Craigmuir Chambers PO Box 71 Road Town Tortola British Virgin Islands VG1110
Company Number	UK FC027089 BVI 1029783
Bankers	HSBC Bank plc 70 Pall Mall London SW1Y 5EZ
Nominated Adviser	Beaumont Cornish Ltd Building 3 566 Chiswick High Road London W4 5YA
Independent Auditor	PKF Littlejohn LLP Registered Auditor 15 Westferry Circus Canary Wharf London E14 4HD

ALIEN METALS LTD

CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to present the Chairman's statement for Alien Metals Ltd (the 'Company' or 'Alien Metals') for the year ended 31 December 2022. This year has been a pivotal one for the Company, marked by significant progress in our exploration and development projects, and strategic acquisitions that have strengthened our portfolio.

Operational Highlights

During the year, we made significant progress in our exploration and development projects in Australia. Our flagship project, the Hancock Iron Ore Project in Western Australia, has continued to demonstrate strong potential for high-grade direct ship iron ore, and we remain well-positioned to capitalise on the growing demand for iron ore in China.

Acquisitions

We have been active in pursuing strategic acquisitions that complement our existing portfolio and strengthen our long-term growth prospects.

In March 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 containing palladium and Platinum Group Elements ('PGE') plus significant quantities of other strategic metals including rhodium, nickel and copper.

In June 2022, we completed the acquisition of the Elizabeth Hill Silver Project in Western Australia, which has a historical production record of over 2.7 million ounces of silver and the Vivash Gorge Iron Ore Project. These acquisitions expand our footprint in Western Australia and provides us with new high-grade silver and base metal projects.

In December 2022, we completed the acquisition of the potential high-grade iron ore project, Brockman West, in Western Australia. This project is located in the heart of the Pilbara region, one of the world's premier iron ore producing regions, and has the potential to deliver significant value for our shareholders.

Project updates

Hancock Iron Ore Project: Alien Metals continued to progress its Hancock Iron Ore Project in Western Australia, which covers a large area prospective for iron ore. The Company conducted exploration activities, including drilling, detailed mapping, sampling, and geophysical surveys. Initial findings have led to a maiden mineral reserve and mining inventory along with improving the overall resource potential of continued high-grade iron ore ridges. The Company plans further drilling to identify additional resources throughout the licence area. The Company is continuing work on multiple fronts towards putting the Hancock Project into production and to this end there is a key Native Title meeting scheduled in July following which the Company will have a clearer idea on the timing for production commencing. Furthermore, work continues to define an updated MRE on the Sirius Extension and this is now expected to be published in Q3 this year.

Elizabeth Hill Silver Project: Alien Metals continued its exploration efforts at the Elizabeth Hill Silver Project in Western Australia. The Company carried out detailed geological and structural studies, coupled with geophysical surveys, to delineate high-priority drill targets. These targets were subsequently drilled with excellent results confirming the presence of broader high grade silver mineralisation around the old mine. Further drilling programmes are planned to expand the resource base and assess the project's overall potential. In addition, the Company completed the installation of equipment on site to facilitate re-entry to the old mine workings, such as headframes, winders and an overall refurbishment of the shaft entrance and local mining licence.

Munni Munni: Alien Metals continued to compile and assimilate all historical data for the Munni Munni intrusion. The project area contains a historic JORC 2004 compliant resource of 24 million tonnes @ 2.9 grams per tonne ('g/t') PGM and gold for 1.14 million ounces ('moz') palladium ('Pd'), 0.83 moz Pt ('platinum'), 152 thousand ounces ('koz') Au ('gold') and 76 koz Rh ('rhodium'). The Company completed its long term strategy of consolidating the entire northern Munni Munni licences into a single coherent tenement, under 100% ownership. Potential exists for a much larger, high value, multi-commodity resource, many of which appear on critical mineral lists. Munni Munni represents one of the largest undeveloped primary PGM Resources in Australia.

Donovan 2 Copper-Gold Project: Alien Metals continued exploration activities at Donovan 2 during the year, including exploratory drilling. This programme yielded encouraging, anomalous, copper and gold results and improved Alien Metals' understanding of the projects prospectively. However, substandard core recovery over key intervals has led to the evaluation of strategic alternatives for this project, including continued exploration, or divestment.

Financial Results

As an exploration and development Group which has no revenue, Alien reported a loss for the twelve months ended 31 December 2022 of \$2,375,000 (31 December 2021: loss of \$2,258,000).

ALIEN METALS LTD

CHAIRMAN'S REPORT

Outlook

Looking ahead, we remain focused on delivering long-term value for our shareholders by continuing to advance our exploration and development projects. The acquisitions we have made during the year strengthen our portfolio and provide us with additional growth opportunities.

We will continue to prioritise safety, sustainability, and good governance in all our operations, as we work to create value for all our stakeholders.

Conclusion

In conclusion, I would like to thank our employees, contractors, and shareholders for their continued support during the year. We are pleased with the progress we have made, and we look forward to updating you on our achievements in the coming year.

Yours sincerely,

Guy Robertson
Executive Chairman
30 June 2023

ALIEN METALS LIMITED

DIRECTORS' REPORT

The Directors present their Report, together with the Consolidated Financial Statements and Independent Auditor's Report, for the year ended 31 December 2022.

Principal Activities

The principal activity of the Group is to create and develop 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 Metals 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.

Business Review

Alien Metals geological team 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.

Where preliminary studies show evidence of sufficient mineralisation, increasingly comprehensive studies and development will be undertaken with a view to delineating a compliant mineral resource estimate in readiness for mine development or of the 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.

A detailed review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Report on pages 3 and 4.

Principal risks and uncertainties are discussed on pages 6 to 11.

Results and Dividends

The loss of the Group for the year ended 31 December 2022 amounts to \$2,375,000 (31 December 2021: loss of \$2,258,000).

The Directors do not recommend the payment of a dividend for the year (31 December 2021: \$nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2022 had the following beneficial interests in the shares of the Company at year end.

Director	31 December 2022		31 December 2021	
	Ordinary Shares	Options	Ordinary Shares	Options
D J Smith	4,517,715	57,342,509	-	12,342,509
B Brodie Good***	-	-	1,500,000	55,000,000
M C Culbert	6,666,666	7,500,000	5,000,000	7,500,000
J L Battershill****	-	50,000,000	-	35,000,000
R McIlree**	137,404,762	230,000,000	-	-
G Robertson*	-	-	-	-

* Appointed 26 April 2023

** Appointed 7 September 2022

*** Resigned 28 July 2022

**** Resigned 26 April 2023

Further details on options can be found in Note 17 to the Financial Statements. Directors' remuneration is disclosed in Note 20.

ALIEN METALS LIMITED

DIRECTORS' REPORT

Substantial shareholders

The substantial shareholders with more than a 3% shareholding at 29 June 2023 are shown below

	Percentage
Windfield Metals Limited	7.07%
Bennelong Limited	6.34%
Gilmore Capital Limited	4.85%

Key Performance Indicators (“KPIs”)

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will be used by the Board to assess performance over the period.

The three main KPIs for the Group are as follows. These allow the Board to monitor costs and plan future exploration and development activities:

	2022	2021
Cash and cash equivalents	2,177,000	6,431,000
Administrative expenses as a percentage of total assets	13%	17%
Exploration costs capitalised	3,029,000	2,432,000

Principal Risks and Uncertainties

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

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, iron ore 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
Strategic risks		
Exploration and development and future acquisitions	<i>The Group'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.</i>	<i>Our mineral concessions are evaluated carefully by qualified geologists and independent advisors are engaged as and when appropriate.</i>
	<i>The Group may acquire additional mining concessions in Australia or elsewhere in the world.</i>	<i>The management team has significant experience operating in Australia.</i>

ALIEN METALS LIMITED

DIRECTORS' REPORT

Key risks	Description of risk	Mitigating factors
Strategic risks		
	<p>The Group 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 Group's portfolio of mining concessions is deemed by management not to warrant further exploration and the Group is unsuccessful in acquiring suitable new projects, the Group will have no exploration or development projects to pursue.</p>	
No reserves or resources	<p>The Group announced its maiden mining reserve and associated mining inventory during the period.</p> <p>No assurance can be given that any future exploration programme will result in any new resources and or discoveries.</p>	<p>The Group received an independent assessment of the reserve resource potential of the Hancock project and believes that there is good potential to delineate additional mineral resources in accordance with JORC.</p>
Key risks	Description of risk	Mitigating factors
Strategic risks		
Mineral concessions and titles risks	<p>In relation to exploration and mining concessions over which the Group holds legal rights, if the Group 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 Group's operations and proposed operations.</p> <p>Ownership of the mineral concessions in Mexico has been transferred from the Group'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 Group has previously received legal opinions in respect of title of ASM to its properties there is no guarantee that the title to such properties will not be challenged or impugned by third parties. The Group'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 Group's mineral concessions have been registered in the name of CMEP and no contest or objection was received.</p> <p>The Group 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
Financial risks		
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 Group'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 Group and could involve substantial dilution to shareholders. In the absence of adequate funding or cost reductions, the Group may not be able to continue as a going concern.</p>	<p>The Group has an experienced board and management team with significant experience in financing mining activities.</p> <p>The Group 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>

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DIRECTORS' REPORT

Key risks	Description of risk	Mitigating factors
Financial risks		
Liquidity risk	<i>The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Group'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.</i>	<i>The Group 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.</i>
Capital management risk	<i>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 the changes in economic conditions and risk characteristics of the underlying assets.</i>	<i>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.</i>
Price risk	<i>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.</i>	<i>The Group does not currently have any financial instruments in issue other than share options and warrants. The Group does not hedge its exposure to price risk.</i>
Foreign currency risk	<i>The Group'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 Group is therefore exposed to the movement in exchange rates for these currencies. At the year end the majority of the Group's cash resources were held in GBP. The Group 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 Group'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 Group'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.</i>	<i>The Group 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.</i>
Credit risk	<i>The Group'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.</i>	<i>The Group invests its cash in deposits with well-capitalised financial institutions with strong credit ratings.</i>
Investment risk	<i>The Group may from time to time hold shares in other mining companies. There is not always a liquid market for the shares in companies and it may not always be possible to sell such shares at the optimum time or price.</i>	<i>The Group has previously been successful in realising value from investments.</i>

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DIRECTORS' REPORT

Key risks	Description of risk	Mitigating factors
External risks		
Metals prices	<p>The Group's ability to obtain further financing will depend in part on the price of commodity prices, including copper, silver, lead, iron ore and zinc, and the industry's perception of its future price. The Group's resources and financial results of operations will also be affected by fluctuations in metal prices over which the Group has no control. A reduction in the metal prices could prevent the Group'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 Group'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 Group does not hedge its exposure to metals prices.</p>

Key risks	Description of risk	Mitigating factors
Operational risks		
Reliance on contractors	<p>The Group 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 Group could delay or inconvenience the Group's operations and have a materially adverse effect on the Group.</p>	<p>The Group has operated in Zacatecas in Mexico, for several years and has well-established and trusted relationships with various contractors. The Group also has considerable experience operating in Australia.</p> <p>Certain of the Group's directors have significant and recent experience operating in other global jurisdictions, which may help identify reliable contractors.</p>
Key personnel	<p>The Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Group has entered into employment agreements with certain key managers. The success of the Group 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 Group. The Group does not currently have any insurance in place with respect to key personnel.</p>	<p>The Board has established a Nomination & Remuneration Committee which is responsible for considering succession planning and ensuring remuneration is sufficient to attract and retain staff of the necessary calibre.</p>

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Key risks	Description of risk	Mitigating factors
Operational risks		
Environmental factors	<p>The Group'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 Group 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 Group 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 Group's activities could be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Group has interests.</p>	<p>The Group 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 Group has an excellent track record on environmental matters.</p>
Political risk	<p>The Group is conducting its exploration activities in the Zacatecas region of Mexico, and in Western Australia. The Group may be adversely affected by changes in economic, political, judicial, administrative or other regulatory factors such as taxation in these jurisdictions, where the Group 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 Group'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>
Regulatory approvals	<p>The operations of the Group require approvals, licenses and permits from various regulatory authorities, governmental and otherwise. There can be no guarantee that the Group 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</p>	<p>The Group has significant experience in operating in Mexico and Australia and believes that the Group holds or will obtain all necessary approvals, licenses and permits under applicable laws and</p>

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DIRECTORS' REPORT

Key risks	Description of risk	Mitigating factors
Operational risks		
	<i>commence construction or operation of mining facilities that economically justify the cost.</i>	<i>regulations in respect of its current projects.</i>
Competition	<i>The Group 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 Group may be unable to acquire further mineral concessions on terms it considers acceptable.</i>	<i>The Group and its management team have significant experience in mining operations in Mexico. Through its experience and relationships in Mexico, counterparties may consider the Group to have lower transaction risk than its competitors.</i>
Conflicts of interest	<i>Certain directors and officers of the Group 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 Group expects that any such director or officer shall disclose such interest in accordance with its articles of association or his contractual obligations to the Group and any decision made by any of such directors and officers involving the Group 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 Group and its shareholders.</i>	<i>The Group'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.</i> <i>In the event of a conflict of interests, the conflicted director shall not vote on the relevant matter.</i>
Health and Safety	<i>Alien Metals operates in an environment with work related hazards and risk of injuries and accidents. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly required to be updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This requires continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.</i>	<i>The Group has established and published robust corporate health, safety, environmental and community relations policies, and at the operations level have put into place clear safe operating procedures covering a variety of the Group's activities. The active participation of all staff in the development, implementation and further development of these procedures is actively encouraged.</i>

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Going Concern

These financial statements have been prepared on a going concern basis, as set out in Note 2.4.

The Directors have prepared cash flow forecasts for the period ending 30 June 2024, which take into account the cost and operational structure of the Group and Parent Company, planned exploration and evaluation expenditure, licence commitments and working capital requirements. These forecasts indicate that the Group and parent Company's cash resources are not sufficient to cover the projected expenditure for the period of 12 months from the date of approval of these financial statements. These forecasts indicate that the Group and Parent Company, in order to meet their operational objectives, and expected liabilities as they fall due, will be required to raise additional funds within the next 12 months.

Whilst the Directors are confident that they will be able to secure the necessary funding, the current conditions do indicate the existence of a material uncertainty that may cast doubt regarding the applicability of the going concern assumption and the auditors have made reference to this in their audit report. The Directors are confident in the Company's ability to raise additional funds as required, from existing and/or new investors, within the next 12 months. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements. The auditors make reference to going concern by way of a material uncertainty over the ability of the Company and the Group to fund the forecasted expenditure.

ALIEN METALS LIMITED

DIRECTORS' REPORT

Directors' and Officers' Indemnity Insurance

During the financial year, the Company maintained insurance cover for its Directors and Officers under a Directors' and Officers' liability insurance policy. The Company has not provided any qualifying indemnity cover for the Directors.

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP was appointed in the current year and signified its willingness to be reappointed in office as auditor.

This report was approved by the Board on 30 June 2023 and signed on its behalf.

Guy Robertson
Executive Chairman

ALIEN METALS LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the applicable law and regulations including the AIM Rules for Companies.

The Directors are required to prepare Financial Statements for each financial year. The Directors have elected to prepare the Group's Financial Statements in accordance with UK-adopted International Accounting Standards. The Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of 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 Group's website, <https://www.alienmetals.uk>. The Group is compliant with AIM Rule 26 regarding the Group's website.

The Directors confirm that they have complied with the above requirements in preparing these Financial Statements.

ALIEN METALS LTD

CORPORATE GOVERNANCE REPORT

The Board recognises the value and importance of maintaining the highest standards of corporate governance and is committed to the principles and best practice of good corporate governance. In this regard the Directors have elected to comply with the 2018 UK Corporate Governance Code (“the Code”) though there are a number of provisions which the Group have not complied with due to it not being practical to do so, having regard to the size and stage of development of the Group. The Directors remuneration is disclosed in Note 20.

Although the Code contains a set of five Principles that emphasise the value of good corporate governance to long term sustainable success and focuses on the application of such Principles, it does not set out a rigid set of rules but instead offers flexibility through the application of Principles and through “comply or explain” Provisions and supporting guidance.

The Company is small with a modest resource base. The Company has a clear mandate to optimise the allocation of limited resources to support its development plans. As such, the Company strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices. As the Company evolves, the Board is committed to enhancing the Company’s corporate governance policies and practices deemed appropriate for the size and maturity of the organisation.

During the year the Board consisted of four Directors: an Non-Executive Chairman, an Executive Director and two Non-Executive Directors (“NED”s). The Board considers that appropriate oversight of the Group’s provided by the currently constituted Board. The sections below set out the way in which the Group applies the Principles.

Principle 1: Board Leadership and Company Purpose

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

The Company routinely evaluates mining projects in a wide array of world-class mining jurisdictions including Mexico and Australia.

Where preliminary studies evidence sufficient mineralisation, increasingly comprehensive studies will be undertaken with a view to delineating a compliant mineral resource estimate in readiness for the 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.

The Executive Director 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 is responsible for monitoring the activities of the executive management.

The Board usually meets a minimum of four times a year but may meet more frequently on ad-hoc basis as and when required. The Chairman is ultimately responsible for ensuring that each board decision is taken having sufficient information on and with all due discussion as is relevant to such decision.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors and changes to these commitments and interests are reported to, and, where appropriate, agreed with the rest of the Board.

The Company has also adopted an Anti-Corruption and Bribery Policy to ensure compliance with the relevant laws governing anti-corruption and anti-bribery as well as a Share Dealing Code for Directors and applicable employees to ensure compliance with AIM Rule 21 and the provisions of the Market Abuse Regulations relating to dealings in the Group’s securities.

Provision 5 of the Code recommends that the Board appoints a Director from the workforce, creates a formal workforce advisory panel or appoints a designated Non-Executive Director to engage with the workforce. However, due to the Group currently having a small number of employees, the Board does not consider this to be appropriate but at such time as the size of the workforce increases, it will review the position and make any such appointments or take other actions it considers appropriate.

Principle 2: Division of Responsibilities

The Group 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, each with formally delegated duties and responsibilities set out in respective Terms of Reference.

The division of responsibilities between the Chairman and the Chief Executive Officer is clearly defined in writing. However, they work closely together to ensure effective decision making and the successful delivery of the Group’s strategy.

Each Director has a Letter of Appointment or a Services Agreement in place to ensure that they clearly understand the requirements of the role. All Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively.

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Due to the size of the Board, the nomination of any one particular director to act as a Senior Independent Director, as recommended by Code Provision 12, is not currently considered to be appropriate or improve the effective operation of the Board. However, the matter is kept under review.

Provision 11 of the Code requires at least half the Board, excluding the Chairman, to be Non-Executive Directors whom the board considers to be independent. During the year the Alien Metals Board consisted of three Non-Executive Directors – Daniel Smith, Mark Culbert and Jonathan Battershill – of which Mark Culbert is deemed to be independent by virtue of not having been granted Options in the most recent award of Options to Directors and Executives. Daniel Smith and Jonathan Battershill are not considered to be independent by virtue of each having been granted Options in the most recent award and as each are recompensed for the provision of material consultancy services to the Company outside of their respective standard remuneration as Directors.

The intention is that an additional Independent Non-Executive Director will be appointed in the foreseeable future.

Principle 3: Composition, Succession and Evaluation

During the year, the Board comprised of one Executive Directors and three Non-Executive Directors.

The Board has established a Nomination and Remuneration Committee (“the N&R Committee”) and an Audit and Risk Committee (“the ARC”), each with formally delegated duties and responsibilities set out in respective Terms of Reference, to assist with oversight and governance.

The Board and its advisers have significant experience in the mining sector and from that, a strong network of individuals working in the sector. The N&R Committee leads the process for Board appointments and is responsible for review of the Board size, structure and composition (both executive and non-executive) including any potential new applicants to ensure the Board contains the right balance of skills, knowledge and experience to manage and grow the business. The N&R Committee will make recommendations to the Board on any proposed or suggested changes to the Board with a view on the leadership needs of the business including succession planning.

The Board does not carry out a formal annual evaluation of its performance, its committees, the Chairman and individual Directors, which is contrary to the recommendation of Code Provision 21.

However, the Chairman continuously considers the performance of the Board, its committees and of individual directors and provides feedback when appropriate. Similarly, the Chairman invites feedback in the same manner from the Non-Executive Directors and the Company Secretary.

The Board 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. Nonetheless, the Board acknowledges the merits in carrying out formal board evaluations and will monitor the continuing suitability of this stance as the Company grows in size.

Principle 4: Audit, Risk and Internal Control

The Audit and Risk Committee (“the ARC”) is comprised of Daniel Smith, who chairs the committee and Mark Culbert, both of whom are Non-Executive Directors of the Company. However, other individuals such as the Company’s CEO may be invited to attend all or any part of any meeting when deemed appropriate. The Company’s external auditors are invited to attend meetings of the Committee on a regular basis

The ARC has responsibility for, among other things, the monitoring of the integrity of the financial statements of the Company and its Group and the involvement of the Group’s auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of external audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors and advising on the appointment of external auditors. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will meet at least three times a year at the appropriate times in the financial reporting and audit cycle. The committee also review the emerging and principal risks of the business, refer to Principal Risks and Uncertainties on page 6.

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 the financial statements.

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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

The Group's external auditor is PKF Littlejohn LLP for the audit of the 31 December 2022 accounts. Prior to this, the audit was conducted by Jeffreys Henry LLP.

Having assessed the performance, objectivity and independence of the auditor, the Committee will be recommending the reappointment of PKF Littlejohn LLP as auditor to the Company at the 2023 Annual General Meeting.

During the year to 31 December 2022, the Audit Committee considered the following key issues in relation to the Financial Statements:

Issue	Action
<ul style="list-style-type: none">• Accounting policies	The Committee reviewed and discussed the significant accounting policies with management and the external auditor and reached the conclusion that each policy was appropriate to the Group.
<ul style="list-style-type: none">• Carrying value of intangibles	The Committee reviewed the impairment assessment report prepared by management and agreed that given the reasonable expectation that the Group will achieve its milestone targets in the near future that no impairment to the value of the intangibles was required as at 31 December 2022.
<ul style="list-style-type: none">• Going concern review	The Committee considered the ability of the Group to operate as a Going Concern considering cash flow forecasts for the next 12 months. It was determined by the Committee that the forecasts indicate that the Group and parent Company's cash resources are not sufficient to cover the projected expenditure for the period of 12 months. Notwithstanding, the Directors are confident in the Company's ability to raise additional funds as required, from existing and/or new investors, within the next 12 months. Thus, they continue to adopt the going concern basis of accounting preparing these financial statements. Refer to page 11 and 31 for further information on going concern.
<ul style="list-style-type: none">• Review of audit and non-audit services and fees	The external auditor is not engaged by the Group to carry out any non-audit work in respect of which it might, in the future, be required to express an audit opinion. The Committee reviewed the fees charged for the provision of audit and non-audit services and determined that they were in line with fees charged to companies of similar size and stage of development. The Committee considered and was satisfied the external auditor's assessment of its own independence.

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.

Principle 5: Remuneration

During the year, the Nomination and Remuneration Committee ("the N&R Committee") Committee was comprised entirely of Non-Executive Directors, with Daniel Smith as Chairman and Mark Culbert and Jonathan Battershill as additional members.

The N&R Committee recognises that an effective board comprises a range and balance of skills, experience, knowledge, genders 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.

In addition, the N&R Committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the CEO and such other members of the executive management of the Company as it is

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designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options.

Provision 34 of the Code specifies that the remuneration of non-executive directors should not include share options or other performance-related elements. However, although all Non-Executive Directors have been granted Options, the Board considers the quantum of Options granted to each Non-executive Director is such that it does not impair or compromise their impartiality or objectivity in decision making. The independence of Non-Executive Directors is reviewed and will continue to be reviewed by the Board on a regular basis.

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.

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 aligns with Provision 40 of the code and is as follows:

- remuneration of Directors is disclosed in annual accounts for clarity and to ensure transparency.
- remuneration structures are limited to salaries and options to avoid complexity and are clearly communicated by the board to ensure predictability.
- 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;
- 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 Chair and the CEO welcome major shareholders to discuss the Company's strategy and governance, including, on the appointment of key board appointments. The Chair reports to the Board as a whole, on the views of major shareholders.

The Company does not anticipate making any significant changes to its compensation policies and practices during 2023.

Culture and employees

At the Company's present stage of development, it has less than 10 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

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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.

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.

Relations with stakeholders

The Company is committed to a continuous dialogue with shareholders as it believes that this is essential to ensure a greater understanding of and confidence amongst its shareholders in the medium and longer term strategy of the Group and in the Board's ability to oversee its implementation. It is the responsibility of the Board as a whole to ensure that a satisfactory dialogue takes place.

Whilst the Company is a BVI registered company, the UK Corporate Governance code references Section 172 of the Companies Act 2006 which requires Directors to take into consideration the interests of stakeholders in their decision making. The Board is committed to understanding and engaging with all key stakeholder groups of the Company in order to maximise value and promote long-term Company success in line with our strategic objectives. The Board recognises how the Company's activities and decisions will impact employees, those with which it has a business relationship, the community and environment and its reputation for high standards of business conduct. In weighing all of the relevant factors, the Board, acting in good faith and fairly between members, makes decisions and takes actions that it considers will best lead to the long-term success of the Company.

During the year, the Board assessed its current activities between the Board and its stakeholders, which demonstrated that the Board actively engages with its stakeholders and takes their various objectives into consideration when making decisions. Specifically, actions the Board has taken to engage with its stakeholders in 2022 include:

- Attended the 2022 AGM and prepared to answer any questions raised by shareholders;
- Made presentations at conferences and published recordings and slide decks on the Company's exploration activities;
- Evaluated the relationships with the Company's various collaborators through management and identified ways to strengthen relationships and arrangements with key collaborations; and
- Monitored company culture and engaged with employees on efforts to continuously improve company culture and morale.

The Board believes that appropriate steps and considerations have been taken during the year so that each Director has an understanding of the various key stakeholders of the Company. The Board recognises its responsibility to contemplate all such stakeholder needs and concerns as part of its discussions, decision-making, and in the course of taking actions, and will continue to make stakeholder engagement a top priority in the coming years.

The Chairman, the CEO and other Directors, as appropriate, make themselves available for contact with major shareholders and other stakeholders in order to understand their issues and concerns.

The Company plans to use the AGM as an opportunity to communicate with its shareholders. To ensure compliance with the Governance Code, the Board proposes separate resolutions for each issue, and proxy forms allow shareholders who are unable to attend the AGM to vote for or against or to withhold their vote on each resolution. The results of all proxy voting will be published on the Group's website after the AGM. Shareholders who attend the AGM will have the opportunity to ask questions.

The Group's website is the primary source of information on the Group. The website includes an overview of the activities of the Group and all recent Group announcements.

Going Concern

The Directors have prepared cash flow forecasts for the period ending 30 June 2024, which indicate that the Group and parent Company's cash resources are not sufficient to cover the projected expenditure for the period of 12 months from the date of approval of these financial statements. The Directors are confident in the Company's ability to raise additional funds as

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required, from existing and/or new investors, within the next 12 months. Thus, they continue to adopt the going concern basis of accounting preparing these financial statements

Provisions not applied

The Company is small with a modest resource base. The Company has a clear mandate to optimise the allocation of limited resources to support its development plans. To ensure the appropriate corporate governance is applied to the size and maturity of the Company, there are certain provisions the group specifically does not comply with, given the size of the Group, as noted below:

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". 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. 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.

Open advertising

The Board does not always use open advertising and/or an external search consultancy for the appointment of the chair and non-executive directors. This is Contrary to Code Provision 20. Given the size of the Company and skills required by the board it is not always possible to run an open advertising process.

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".

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. 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. 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

In accordance with the UK Corporate Governance Code published in July 2018, the Directors have assessed the prospects of the Group and concluded that it is appropriate to adopt the going concern basis of accounting based on the amount of cash on hand at the end of the year and alternative funding options available at the time of publication of this report. The assessment of going concern is disclosed in Note 2.4.

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The Board's assessment of the Group's current position and principal risks are disclosed in the Directors' Report on page 5.

The Group has not produced a detailed viability statement given the size and resources of the Group. This is contrary to Code provision 31.

The Directors consider that the Annual Report and the Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for the shareholders to assess the Company's position and performance, business model and strategy. Refer to the Statement of Directors Responsibilities on page 13.

Daniel Smith
Non-Executive Director
30 June 2023

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INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Alien Metals Ltd

Opinion

We have audited the financial statements of Alien Metals Ltd (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted International Accounting Standards

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

Material uncertainty related to going concern

We draw attention to note 2.4 in the financial statements, which indicates that the Group incurred a loss of \$2,375,000 in the year ended 31 December 2022 and that the Group will be required to raise further finance, equity and/or debt, in order to fund its forecasted expenditure over the next twelve months. As stated in note 2.4, these events or conditions, along with the other matters as set forth in note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Group's ability to continue to adopt the going concern basis of accounting included reviewing and challenging cashflow forecasts prepared by management covering the 12 months from the approval of these financial statements and the related key assumptions, ascertaining the Group's current financial position and cash reserves and discussing their strategies regarding future fund raises.

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

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

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Materiality for the consolidated financial statements was set at \$274,000 based upon 1.5% of gross assets. Materiality has been based upon gross assets due to the significant asset balances in the Consolidated Statement of Financial Position and the number of identified risks in relation to the Consolidated Statement of Financial Position balances relative to the Consolidated Statement of Comprehensive Income balances.

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 \$185,000 and \$130,000.

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Performance materiality and the triviality threshold for the financial statements was set at \$137,000 and \$13,700 respectively due to the number of significant risks identified and this being our first year of engagement. We also agreed to report to the Board of Directors any other differences below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the carrying value of Intangible Assets and the fair value assigned to warrants/ options issued in the year. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of four of the components of the Group and a limited scope review was performed on the remaining three as they were assessed as insignificant.

Of the seven reporting components of the Group, one is located in the British Virgin Islands, one is located in Mexico, two are located in the United Kingdom and three are located in Australia. PKF Littlejohn LLP audited the ultimate parent company, situated in the British Virgin Islands, and all other reporting components. The Engagement Partner conducted audit work in the United Kingdom but interacted regularly with the management team in the Australia during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Carrying value of intangible assets (Note 9 & 10) As at 31 December 2022, the carrying value of intangible assets was \$15,639,000. This intangible asset arises from exploration and evaluation expenditure capitalised under IFRS 6 and the acquisition of interests in exploration and evaluation projects which do not meet the definition of a business per IFRS 3. Given the value of the balance as at 31 December 2022, the fact that the Group have yet to enter into production and the judgements and estimations required to be made by Management when assessing for impairment, there is a risk that this assets may be overstated in the balance sheet.	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none">• For an appropriate sample of additions in the year, vouching to supporting documentation and ensuring it has been appropriately capitalised in accordance with IFRS 6;• Obtaining the directors' impairment assessment and supporting workings. Reviewing and discussing with the directors; challenging the key inputs and assumptions.• Obtaining all exploration licences held and ensuring they are valid and any conditions within have been adhered to; and• Obtaining proof of ownership of all subsidiaries. <p>The directors' assessments that none of the impairment indicators per IFRS 6 were met in respect of any of the projects and that the recoverable value of the Hancock project exceeds its carrying value</p>

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INDEPENDENT AUDITOR'S REPORT

	were found to be reasonable though note that this is contingent on further fund raises being completed and necessary mining licences being secured.
Accounting for asset acquisitions (Note 8)	
<p>The Group acquired an interest in a number of projects in the year, namely the Munni Munni, Vivash Gorge and Hancock & Brockman projects, that they deemed to be outside the scope of IFRS 3 and the assessed fair value of the assets acquired were capitalised as intangible assets accordingly. Such acquisitions in the year totalled \$7,688,000</p> <p>Given the value of the amounts capitalised in the year and the judgements and estimations required to be made by Management when determining how to classify the acquisition and the fair value of the assets acquired, there is a risk that intangible assets may be materially misstated as a result of the asset acquisitions being incorrectly classified and/or valued.</p>	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none"> • For each acquisition, we obtained and reviewed the underlying acquisition agreements to ascertain the key terms; • Obtaining management's paper outlining the justification for the classification of each acquisition. We reviewed and discussed with management in order to conclude if the acquisitions are correctly classified in accordance with IFRS 6 and IFRS 3; • Obtaining management's paper outlining the justification for the fair values assigned to the assets acquired. We reviewed in order to conclude if the assets acquired and the consideration have been correctly valued in accordance with IFRS 6 and IFRS 13; and • For any consideration settled in the year, vouching payments to bank and the issue of shares to supporting documentation.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 18 and 19;
- Directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 18 and 19;
- Directors' statement on whether they have a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 18 and 19;
- Directors' statement that they consider the annual report and the financial statements, taken as a whole, to be fair, balanced and understandable set out on page 20;

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- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 15;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 15; and
- The section describing the work of the audit committee set out on page 15.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Group'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 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:

- We obtained an understanding of the Group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussion with management and independent research.
- We determined the principal laws and regulations relevant to the Group in this regard to be those arising from the BVI Business Companies Act, AIM Rules, local tax legislation and local environmental, employment and health and safety laws.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group with those laws and regulations. These procedures included, but were not limited to:
 - Discussions with management regarding compliance with laws and regulations by the Group;
 - Reviewing board minutes; and
 - Review of regulatory news announcements made.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in relation to the carrying value of intangible assets and the accounting for asset acquisitions. We addressed these risks by challenging the assumptions and judgements made by management when auditing these significant accounting estimates (see the Key audit matters section of our report).
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

ALIEN METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 28 March 2023. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dominic Roberts (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

ALIEN METALS LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2022

	Note	Group	
		Year ended 31 December 2022	Year ended 31 December 2021
		\$	\$
Continuing Operations			
Administration expenses	6	(2,352,000)	(2,255,000)
Other losses		(30,000)	-
Operating loss		(2,382,000)	(2,255,000)
Finance costs	18	-	(3,000)
Finance income	18	7,000	-
Loss for the year before taxation		(2,375,000)	(2,258,000)
Income tax	7	-	-
Loss for the year		(2,375,000)	(2,258,000)
Loss attributable to:			
- owners of the Parent		(2,375,000)	(2,258,000)
		(2,375,000)	(2,258,000)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences recognised directly in equity		(1,531,000)	(24,000)
Total Comprehensive Income		(1,531,000)	(24,000)
Attributable to:			
- owners of the Parent		(1,531,000)	(24,000)
Total Comprehensive Income		(1,531,000)	(24,000)
- Total comprehensive income attributable to continuing operations			
Total comprehensive loss for the year attributable to equity shareholders of the parent		(3,906,000)	(2,282,000)
Earnings per share (pence) from continuing operations attributable to owners of the Parent – Basic & Diluted	21	(0.050)	(0.065)

The Notes on pages 30 to 53 form part of these Financial Statements.

ALIEN METALS LIMITED
REGISTERED NUMBER: FC027089

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	Group	
		2022	2021
		\$	\$
Non-Current Assets			
Intangible assets	8, 9	15,639,000	5,939,000
Assets under construction	10	455,000	291,000
Right of use asset	11	17,000	131,000
Total Non-current assets		16,111,000	6,361,000
Current Assets			
Trade and other receivables	12	318,000	265,000
Cash and cash equivalents	13	2,177,000	6,431,000
Total current assets		2,495,000	6,696,000
Total Assets		18,606,000	13,057,000
Current Liabilities			
Trade and other payables	14	446,000	655,000
Lease liability	11	17,000	112,000
Total Current Liabilities		463,000	767,000
Non-Current Liabilities			
Lease liability	11	-	19,000
Total Non-Current Liabilities		-	19,000
Total Liabilities		463,000	786,000
Net Assets		18,143,000	12,271,000
Equity attributable to owners of the Parent			
Share capital	15	79,586,000	70,422,000
Warrant reserve	16, 17	739,000	865,000
Share-based payment reserve	16, 17, 23	771,000	1,179,000
Foreign exchange translation reserve	16	694,000	2,225,000
Equity investment reserve		-	-
Accumulated losses	23	(63,647,000)	(62,420,000)
Total Equity		18,143,000	12,271,000

The Financial Statements were approved and authorised for issue by the Board of Directors on 30 June 2023 and were signed on its behalf by:

Guy Robertson
 Director

The Notes on pages 30 to 53 form part of these Financial Statements.

ALIEN METALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share Capital	Warrant reserve	Share based payment reserve	Equity investment reserve	Foreign exchange translation reserve	Retained losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
As at 1 January 2021	65,181,000	872,000	1,033,000	(232,000)	2,249,000	(59,957,000)	9,146,000
Loss for the year	-	-	-	-	-	(2,258,000)	(2,258,000)
Other comprehensive income							
Exchange differences recognised directly in equity	-	-	-	-	(24,000)	-	(24,000)
Total comprehensive income for the year	-	-	-	-	(24,000)	(2,258,000)	(2,282,000)
Disposal of equity investment FVTOCI-movement in reserves	-	-	-	232,000	-	(232,000)	-
Transactions with owners							
Issue of ordinary shares	5,503,000	-	-	-	-	-	5,503,000
Share issue costs	(303,000)	-	-	-	-	-	(303,000)
Issue of share options	-	-	166,000	-	-	-	166,000
Exercise of share options	17,000	-	(20,000)	-	-	20,000	17,000
Project acquisitions	1,000	-	-	-	-	-	1,000
Exercise of warrants	23,000	(7,000)	-	-	-	7,000	23,000
Total transactions with owners	5,241,000	(7,000)	146,000	-	-	27,000	5,407,000
As at 31 December 2021	70,422,000	865,000	1,179,000	-	2,225,000	(62,420,000)	12,271,000
Loss for the year	-	-	-	-	-	(2,375,000)	(2,375,000)
Other comprehensive income							
Exchange differences recognised directly in equity	-	-	-	-	(1,531,000)	-	(1,531,000)
Total comprehensive income for the year	-	-	-	-	(1,531,000)	(2,375,000)	(3,906,000)
Transactions with owners							
Issue of ordinary shares	9,365,000	-	-	-	-	-	9,365,000
Cost of capital	(141,000)	-	-	-	-	-	(141,000)
Share based payment charge	(60,000)	422,000	192,000	-	-	-	554,000
Exercise of options & warrants	-	(437,000)	(17,000)	-	-	454,000	-
Expiry of warrants & options	-	(111,000)	(8,000)	-	-	119,000	-
Expiry of options in prior year	-	-	(575,000)	-	-	575,000	-
Total transactions with owners	9,164,000	(126,000)	(408,000)	-	-	1,148,000	9,778,000
As at 31 December 2022	79,586,000	739,000	771,000	-	694,000	(63,647,000)	18,143,000

The Notes on pages 30 to 53 form part of these Financial Statements

ALIEN METALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2022

	Note	Group	
		2022 \$	2021 \$
Cash flows from operating activities			
Loss before taxation from continuing operations		(2,375,000)	(2,258,000)
Adjustments for:			
Issue of share options	17	192,000	166,000
Exchange difference		(42,000)	174,000
Finance charges		(7,000)	3,000
Depreciation and amortisation	6	102,000	-
(Increase) in trade and other receivables		(53,000)	(129,000)
(Decrease)/Increase in trade and other payables		(209,000)	351,000
Net cash used in operating activities		(2,392,000)	(1,692,000)
Cash flows from investing activities			
Net interest expense		-	(3,000)
Acquisition of intangibles	9	(432,000)	-
Additions of intangibles	8	(3,029,000)	(2,432,000)
Expenditure on assets under construction	10	(164,000)	(291,000)
Proceeds from sale of financial assets		-	40,000
Net cash used in investing activities		(3,625,000)	(2,686,000)
Cash flows from financing activities			
Proceeds from issue of shares	15	2,452,000	5,503,000
Cost of share issue	15	(141,000)	(303,000)
Lease payments	11	(102,000)	-
Exercise of options and warrants		-	40,000
Net cash generated from financing activities		2,209,000	5,240,000
Net Increase/(decrease) in cash and cash equivalents		(3,808,000)	862,000
Cash and cash equivalents at beginning of year		6,431,000	5,627,000
Effect of exchange rate fluctuations on translation		(446,000)	(59,000)
Cash and cash equivalents at end of year	13	2,177,000	6,431,000

Major non-cash transactions

On 23 February 2022, 50,000,000 Ordinary Shares of no par value were issued for 0.78 pence each as part of the consideration due to Windfield Metals Pty Ltd for total consideration of \$468,000

On 22 March 2022, 138,703,396 Ordinary Shares of no par value were issued at 0.7935 pence per share as part of the consideration for the acquisition of Munni Munni for total consideration of \$1,383,000

On 22 March 2022, 358,617,818 Ordinary Shares of no par value were issued for 0.699 pence per share as part of the consideration for the acquisition of Munni Munni for total consideration of \$3,576,000

On 20 June 2022, 7,827,883 Ordinary Shares of no par value were issued for 0.73 pence per share as part of the consideration for the acquisition of Vivash Gorge for total consideration of \$68,000

On 20 December 2022, 260,000,000 Ordinary Shares of no par value were issued for 0.7935 pence per Ordinary Share as part of the consideration for the acquisition of Hancock and Brockman for total consideration of \$1,414,000

On 20 December 2022, 100,000,000 Warrants were issued exercisable at 1 pence on or before 31 December 2025 for the acquisition of Hancock and Brockman valued at \$347,000 USD

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

ACCOUNTING POLICIES

1. General Information

The principal activity of Alien Metals Limited (“the Company”) and its subsidiaries (together “the Group”) is the acquisition and development of mineral resource assets.

The Company’s shares are traded on AIM, a market operated by the London Stock Exchange. The Company is incorporated in the British Virgin Islands and domiciled in the United Kingdom.

The address of its registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, BVI.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

The Group and Company Financial Statements have been prepared in accordance with UK-adopted international accounting standards, IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the United Kingdom applicable to companies under IFRS. The Group and Company Financial Statements have also been prepared under the historical cost convention, except as modified for assets and liabilities recognised at fair value on an asset acquisition.

The Financial Statements are presented in US dollars rounded to the nearest thousand.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group and Company Financial Statements are disclosed in Note 4.

2.2 Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Group and Company

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions applicable for the period ended 31 December 2022 did not result in any material changes to the financial statements of the Group.

b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS 17 (Amendments)	Insurance contracts	1 January 2023
IAS 1 (Amendments) and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendments)	Definition of Accounting Estimate	1 January 2023
IAS 12 Income Taxes (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024

None are expected to have a material effect on the Group Financial Statements.

2.3 Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Alien Metals Limited and the Financial Statements of all of its subsidiary undertakings made up to 31 December 2022.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where an entity does not have returns, the Group’s power over the investee is assessed as to whether control is held. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

Below is a summary of subsidiaries of the Group:

Name of subsidiary	Place of business	Parent company	Share capital held	Principal activities
Compañía Minera Estrella de Plata S.A. de C.V.	Mexico	Alien Metals Ltd	100%	Exploration
Arian Silver Corporation (UK) Ltd	England and Wales	Alien Metals Ltd	100%	Holding
Arian Silver (Holdings) Limited	England and Wales	Alien Metals Ltd	100%	Holding
A.C.N. 643 478 371 Pty Ltd	Australia	Alien Metals Ltd	100%	Exploration
Iron Ore Company of Australia Pty Ltd	Australia	Alien Metals Ltd	100%	Exploration
Alien Metals Australia Pty Ltd	Australia	Alien Metals Ltd	100%	Exploration

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated on consolidation. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Going Concern

These financial statements have been prepared on the going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report.

As at 31 December 2022, the Group had cash and cash equivalents of \$2,177,000. The Directors have prepared cash flow forecasts to 30 June 2024 which take account of the cost and operational structure of the Group and Parent Company, planned exploration and evaluation expenditure, licence commitments and working capital requirements. These forecasts indicate that the Group and Parent Company's cash resources are not sufficient to cover the projected expenditure for the period for a period of 12 months from the date of approval of these financial statements.

In common with many exploration and evaluation entities, the Company will need to raise further funds within the next 12 months in order to meet its expected liabilities as they fall due and progress the Group into construction and eventual production of revenues. The Directors are confident in the Company's ability to raise additional funds as required, from existing and/or new investors, within the next 12 months.

Given the Group and Parent Company's current cash position and its demonstrated ability to raise capital, the Directors have a reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for the foreseeable future.

Notwithstanding the above, these circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern and, therefore, that the Group and Parent Company may be unable to realise their assets or settle their liabilities in the ordinary course of business. As a result of their review, and despite the aforementioned material uncertainty, the Directors have confidence in the Group and Parent Company's forecasts and have a reasonable expectation that the Group and Parent Company will continue in operational existence for the going concern assessment period and have therefore used the going concern basis in preparing these consolidated financial statements. The auditors make reference to going concern by way of a material uncertainty in their report.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

2.5 Segment 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, has been identified as the Board of Directors that makes strategic decisions.

Segment results, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. 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.

2.6 Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Pounds Sterling, the functional currency of the Australian subsidiaries is Australian Dollars and Mexican subsidiary Mexican pesos. The Financial Statements are presented in US dollar, rounded to the nearest thousand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income where material.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.7 Intangible Assets

Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost

Exploration and evaluation assets are not subject to amortisation but are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units ("CGU's"), which are based on specific projects or geographical areas. The CGU's are then assessed for impairment using a variety of methods including those specified in IFRS 6.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Consolidated Statement of Comprehensive Income.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

Exploration and evaluation assets recorded at fair-value on acquisition

Exploration assets which are acquired are recognised at fair value. When an acquisition of an entity whose only significant assets are its exploration asset and/or rights to explore, the Directors consider that the fair value of the exploration assets is equal to the consideration. Any excess of the consideration over the capitalised exploration asset is attributed to the fair value of the exploration asset.

During the year, the Company made several acquisitions of which the Directors have treated as asset acquisitions as explained in Note 9 to these financial statements. Per IFRS 3, an entity shall determine whether a transaction or other event is a business combination by applying the definition in this IFRS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. As the acquisitions were not considered to meet the definition of a business combination under IFRS 3, the Group Financial Statements are prepared as though the group has acquired an asset. The fair value of the assets were determined by management and the assets were classified as intangible assets given that they represent exploration and evaluation assets.

2.8 Investment in Subsidiaries

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

2.9 Assets Under Construction

Assets under construction are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Assets under construction are not depreciated until they are completed and brought into use.

All assets are subject to annual impairment reviews. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

The asset's residual value and useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains / (losses)' in the Consolidated Statement of Comprehensive Income.

2.10 Right of Use Assets and Leases

The Group leases certain property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognised at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in lease liabilities, split between current and non-current depending on when the liabilities are due. The interest element of the finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over their useful lives. The lease liabilities are shown in Note 11.

Exemptions are applied for short life leases and low value assets, with payment made under operating leases charged to the Consolidated Statement of Comprehensive Income on a straight-line basis of the period of the lease.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

2.11 Impairment of Non-Financial Assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment (except goodwill) are reviewed for possible reversal of the impairment at each reporting date.

2.12 Financial Assets

(a) Classification

The Group classifies its financial assets in the following categories: at amortised cost including trade receivables and other financial assets at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(b) Recognition and measurement

Amortised cost

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade and other receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principle and interest.

(c) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(d) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. This is the same treatment for a financial asset measured at fair value through profit and loss.

2.13 Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables. 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.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest rate ('EIR method'). Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Comprehensive Income.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Fair value

All assets and liabilities for which fair value is measured or disclosed in the consolidated Financial Statements are categorised within the fair value hierarchy. The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments and other assets and liabilities for which the fair value was used:

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

2.15 Taxation

Tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

There has been no tax credit or expense for the period relating to current or deferred tax.

2.16 Share Capital, and other reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of tax, from the proceeds provided

Other reserves consist of the share option reserve and the foreign exchange translation reserve. See Note 16 for further detail.

2.17 Share Based Payments

The Group operates a number of equity-settled share-based schemes, under which the entity receives services from employees or third-party suppliers as consideration for equity instruments (shares, options and warrants) of the Group. The Group may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised as an expense in the Consolidated Statement of Comprehensive Income or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged in the case of options is determined by reference to the fair value of the options or warrants granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of shares and warrants the amount charged is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable the shares are valued by reference to the market price and the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the directors revise their estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income or equity as appropriate, with a corresponding adjustment to the share based payment reserve or warrant reserve in equity.

When the warrants or options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) when the warrants or options are exercised.

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2.18 Finance Income and Cost

Finance income and finance costs are recognised using the effective interest rate method.

3. Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks being market risk (including, interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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: foreign currency risk and price risk.

(a) Foreign currency risks

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	
	2022	2021	2022	2021
Pounds sterling	148,000	542,000	2,256,000	6,436,000
United States dollars	37,000	-	2,000	20,000
Australian dollars	246,000	102,000	166,000	96,000
Canadian dollars	-	-	-	1,000
Mexican pesos	15,000	11,000	70,000	3,000

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	(280,000)
15% weakening in the United States dollar	280,000

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

(b) 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. Given the Group has yet to enter production it is not possible to quantify this impact at this stage.

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(c) 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 as there are no interest bearing loans and interest income is only from cash held with banks.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

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 2022, the Company had cash of \$2.1m to settle accounts payable and lease liabilities of \$500k. 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.

3.2 Capital Risk 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.

4. Critical Accounting Estimates and Judgements

The preparation of the Group Financial Statements in conformity with IFRSs requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

Recognition and Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2022 of \$15,639,000 (2021: \$5,939,000): refer to Note 8 for more information. During the year asset acquisitions with a carrying value of \$7,688,000 were recognised, refer to

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Note 9 for more information. The Group has a right to renew exploration permits and the asset is only depreciated once extraction of the resource commences. Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration the expected costs of extraction, long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration.

Fair value of assets acquired

During the year the group acquired a number of interests in different projects and these acquisitions did not fall within the scope of IFRS 3 but rather IFRS 6. As a result, these assets acquired were required to initially be recognised as fair value. The Directors assessed the fair value of all project interests acquired as being equal to the fair value of the consideration to acquire said interests in projects. See note 9 for further details

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and to suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 17.

5. Segmental Information

As at 31 December 2022, the Group operates in three geographical areas, the UK, Mexico and Australia. The Company operates in one geographical area, the UK. Activities in the UK are mainly administrative in nature whilst activities in Australia and Mexico relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

The Group generated no revenue during the year ended 31 December 2022 (2021: \$Nil).

2022	Australia	Mexico \$	UK \$	Total \$
Administrative expenses	(171,000)	(98,000)	(2,083,000)	(2,352,000)
Other gains/(losses)	-	-	(30,000)	(30,000)
Finance income	-	-	7,000	7,000
Operating loss from continued operations per reportable segment	(171,000)	(98,000)	(2,106,000)	(2,375,000)
Reportable segment assets	15,660,000	783,000	2,163,000	18,606,000
Reportable segment liabilities	(291,000)	(15,000)	(157,000)	(463,000)
Reportable segment net assets	15,369,000	768,000	2,006,000	18,143,000

Segment assets and liabilities are allocated based on geographical location.

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2021	Australia \$	Mexico \$	UK \$	Total \$
Administrative expenses	(95,000)	(107,000)	(2,053,000)	(2,255,000)
Operating loss	(95,000)	(107,000)	(2,053,000)	(2,255,000)
Net finance charges	-	-	(3,000)	(3,000)
Loss for the year attributable to equity shareholders of the parent	(95,000)	(107,000)	(2,056,000)	(2,258,000)
Reportable segment assets	3,650,000	71,000	9,336,000	13,057,000
Reportable segment liabilities	(102,000)	(11,000)	(673,000)	(786,000)
Reportable segment net assets	3,548,000	60,000	8,663,000	12,271,000

6. Expenses by Nature

	2022 \$	2021 \$
Directors' fees (Note 20)	438,000	382,000
Employee wages and salaries	307,000	261,000
Fees payable to the Company's auditors for the audit of the consolidated financial statements	59,000	35,000
Professional, legal and consulting fees	962,000	922,000
Insurance	82,000	52,000
Office and administrative expenses	90,000	90,000
Depreciation	102,000	-
Travel and subsistence	133,000	14,000
Share option expense	192,000	166,000
Other expenses	42,000	159,000
Foreign exchange movement	(55,000)	174,000
Total administrative expenses	2,352,000	2,255,000

7. Taxation

	Group	
	2022 \$	2021 \$
Loss before tax from continued operations	(2,375,000)	(2,258,000)
Income tax using the weighted corporation tax rate 18.6% (2021: 19%)	(442,000)	(429,000)
Expenditure not deductible for tax purposes	57,000	-
Effect of differing tax rates across jurisdictions	-	122,000
Net tax effect of losses carried forward on which no deferred tax asset is recognised	385,000	307,000
Income tax for the year	-	-

No charge to taxation arises due to the losses incurred.

The weighted average applicable tax rate of 18.6% (2021: 19%) used is a combination of the 19% standard rate of corporation tax in the UK, 25% Australian corporation tax and 30% Mexican tax rate. The Group has accumulated tax losses of approximately \$30,459,000 (2021: \$28,389,000) available to carry forward against future taxable profits.

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Under IFRS, a net deferred tax asset 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.

8. Intangible Assets

	2022	2021
Exploration & Evaluation Assets at Cost and Net Book Value	\$	\$
Balance as at 1 January	5,939,000	3,641,000
Additions	3,029,000	2,432,000
Asset acquisitions (Note 9)	7,688,000	-
Foreign exchange differences	(1,017,000)	(134,000)
As at 31 December	15,639,000	5,939,000

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

The additions in the year relate to the following license/project acquisitions:

- Acquisition of 100% of Munni Munni Platinum Group Metals and Gold Project in the West Pilbara, Western Australia
- Acquisition of 100% of the Vivash Gorge Iron Ore Project in the Pilbara region of Western Australia from ASX-listed Zenith Minerals Ltd
- Acquisition 90% of the Hancock and Brockman iron ore projects in the Pilbara region of Western Australia from Windfield Metals Pty Ltd

In accordance with IFRS 6, the Directors undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value may not be fully recovered from future development and production.

The Directors do not consider the assets to be impaired.

9. Acquisition of Exploration and Evaluation Assets

During the year, the Company acquired the following projects (together the "Projects"):

- Munni Munni Platinum Group Metals and Gold Project
- Vivash Gorge Iron Ore Project
- Hancock and Brockman iron ore projects

The Directors have treated the Projects as asset acquisitions. As the acquisitions were not considered to meet the definition of a business combination under IFRS 3 and therefore they judged the fair value of the assets acquired to be equal to the fair value of the consideration.

In accordance with IFRS 3, "Business Combinations," a business combination is defined as a transaction or event where an acquirer obtains control over one or more businesses. Control is typically achieved through the acquisition of shares or other forms of ownership interest. On the other hand, an asset acquisition refers to a transaction where the acquirer obtains control over a set of identifiable assets and liabilities that do not constitute a business.

As per the above it is deemed that the Projects are all asset acquisitions due to the following reasons:

- These acquisitions were of exploration licenses rather than businesses.
- There were no processes in place to generate outputs independently.
- There was no workforce acquired as part of the acquisitions.
- There was no market relationships or presence as these are license tenements.
- The fair value of the assets is deemed to be the value paid by Alien Metals which was done at arms length

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Munni Munni

On 22 March 2022, the Company announced that it had entered into an acquisition agreement to acquire 100% of Munni Munni Platinum Group Metals and Gold Project in the West Pilbara, Western Australia. The total consideration of \$5,318,000 was satisfied as follows:

- by the issue of 138,703,396 new Ordinary Shares to the sellers at a price of 0.7935 pence per Ordinary Share for a total of USD \$1,383,000.
- by the issue of 358,617,818 new Ordinary Shares to the sellers at a price of 0.699 pence per Ordinary Share for a total of USD \$3,576,000.
- \$500,000 AUD in cash consideration (USD \$359,000)

The consideration was based on an agreed price between the Company and vendor. The fair value assigned to the intangible assets is equal to the fair value of the consideration being \$5,318,000

Vivash Gorge

On 20 June 2022, the Company announced that it had entered into an acquisition agreement to acquire 100% of the Vivash Gorge Iron Ore Project in the Pilbara region of Western Australia from ASX-listed Zenith Minerals Ltd. The total consideration of \$68,000 USD was satisfied by the issue of 7,827,883 Ordinary Shares of no par value were issued for 0.7272 pence per share.

The Directors conclusion was that the transaction was an asset acquisition. The fair value assigned to the intangible assets is equal to the fair value of the consideration being \$68,000.

In addition, Zenith Minerals Ltd is entitled to performance shares contingent on certain milestones, and a royalty of US\$1.00/dwt (Dry Weight Tonnes) of the quantity of shipped ore derived from the area within the boundaries of the Vivash Gorge license area. The milestones are as follows:

- that number of Shares equal to the value of A\$50,000 at a deemed price equal to the VWAP of Shares in the 10 trading days prior to the release of an announcement on the London Stock Exchange (LSE) confirming an initial, economic direct shipping ore (DSO) resource being defined at the area covered by the Licence, reported in accordance with the JORC Code and estimated (or based on documentation prepared) by a Competent Person as defined by the JORC Code.
- that number of Shares equal to the value of A\$100,000 at a deemed price equal to the VWAP of the Shares in the 10 trading days prior to the release of an announcement on the LSE confirming the conversion of the Licence from an exploration licence to a mining licence; and
- that number of Shares equal to the value of A\$200,000 at a deemed price equal to the VWAP of the Shares in the 10 trading days prior to the release of an announcement on the LSE confirming an economic, > 10Mt DSO resource, reported in accordance with the JORC Code and estimated (or based on documentation prepared) by a Competent Person as defined by the JORC Code.

Hancock and Brockman

On 20 December 2022, the Company announced that it had entered into an acquisition agreement to acquire 90% of the Hancock and Brockman iron ore projects in the Pilbara region of Western Australia from Windfield Metals Pty Ltd. The total consideration of \$1,834,000 USD was satisfied as follows:

- by the issue of 260,000,000 new Ordinary Shares to the sellers at a price of 0.7935 pence per Ordinary Share for a total of USD \$1,414,000
- by the issue of 100,000,000 Warrants exercisable at 1 pence on or before 31 December 2025 valued at \$347,000 USD
- £60,000 GBP in cash consideration (USD \$73,000)

The consideration was based on an agreed price between the Company and vendor. The fair value assigned to the intangible assets is equal to the fair value of the consideration being \$1,834,000.

Prior to the above, on 18 February 2022, the Company was required to issue certain securities to Windfield as agreed on 26 February 2020 as part of the consideration for the acquisition of a 51% interest in the Hamersley Project from Windfield. The agreed consideration includes the issuance of 100,000,000 performance shares to be issued at a Deemed Issue Price of 0.11p per share in two equal tranches convertible on a 1-for-1 basis into ordinary shares of the Company upon achievement of the following performance hurdles:

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- 10,000,000 tonne JORC inferred resource at greater than 54% Iron “Fe” (“Hurdle 1”); and
- 20,000,000 JORC inferred resource at greater than 54% Iron “Fe” (“Hurdle 2”).

The first hurdle was achieved in September 2021, Windfield has requested conversion of 50,000,000 performance shares into Ordinary Shares for a total value of \$468,000 USD. The directors did not consider the second performance hurdle to be satisfied as a 20,000,000 JORC resource has not yet been confirmed.

Further, as part of the acquisition agreement, a contingent performance payment will be payable on certain conditions being met as follows:

- In the event of a Tenement Sale: 50% of the value uplift attributable to the project;
- In the event of an IPO/Spin-out event on a recognised stock exchange: 50% of the value uplift attributable to the project; or
- In the event a decision to mine is made: 50% of the project valuation uplift attributable to the projects.

In each case, the uplift payments are reduced by 50% of the incurred project expenditure.

10. Assets under Construction

	2022	2021
	\$	\$
Balance as at 1 January	291,000	-
Additions	164,000	291,000
As at 31 December	455,000	291,000

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.

11. 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

	2022	2021
	\$	\$
Balance as at 1 January	131,000	-
Additions	-	209,000
Depreciation	(102,000)	(76,000)
Foreign exchange differences	(12,000)	(2,000)
As at 31 December	17,000	131,000

The depreciation charge of \$102,000 (2021: \$76,000) is recognised under Administration Expenses.

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Lease liability

	2022	2021
	\$	\$
Balance as at 1 January	131,000	-
Additions	-	209,000
Rental payments in the reporting period	(102,000)	(76,000)
Foreign exchange differences	(12,000)	(2,000)
As at 31 December	17,000	131,000

A maturity analysis of the undiscounted minimum lease payments due are as follows:

	\$
No later than one year	17,000
As at 31 December	17,000

12. Trade and Other Receivables

	2022	2021
	\$	\$
VAT receivable	133,000	-
Prepayments	95,000	80,000
Other receivables	90,000	185,000
As at 31 December	318,000	265,000

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above. These assets, excluding prepayments, are the only form of financial asset within the Group, together with cash and cash equivalents.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2022	2021
	\$	\$
UK Pounds	173,000	167,000
US Dollars	-	-
Australian Dollars	75,000	61,000
Mexican Peso	70,000	37,000
As at 31 December	318,000	265,000

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. All trade and other receivables are considered fully recoverable and performing.

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13. Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	2,177,000	6,431,000

14. Trade and Other Payables

	2022	2021
	\$	\$
Trade payables	272,000	451,000
Other payables	69,000	-
Accrued expenses	105,000	204,000
As at 31 December	446,000	655,000

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2022	2021
	\$	\$
UK Pounds	148,000	542,000
US Dollars	37,000	-
Mexican Peso	15,000	11,000
Australian Dollars	246,000	102,000
As at 31 December	446,000	655,000

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15. Share Capital and Share Premium

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

Issued share capital

Group	Number of shares	Total \$
At 1 January 2021	3,420,791,048	65,181,000
Issue of Ordinary Shares on exercise of warrants – 15 January 2021	2,000,000	8,000
Issue of Ordinary Shares on project acquisition – 10 February 2021	100,000	1,000
Issue of Ordinary Shares on exercise of warrants – 23 March 2021	2,222,222	9,000
Issue of Ordinary Shares on exercise of warrants – 13 May 2021	4,200	-
Issue of Ordinary Shares on exercise of warrants – 20 August 2021	35,332	-
Issue of Ordinary Shares on exercise of options – 10 September 2021	5,000,000	17,000
Issue of Ordinary Shares on exercise of warrants – 20 September 2021	40,600	1,000
Issue of Ordinary Shares on exercise of warrants – 19 November 2021	1,400,000	5,000
Issue of Ordinary Shares for cash – 22 November 2021	470,588,223	5,502,000
Issue Costs – 22 November 2021	-	(302,000)
At 31 December 2021	3,902,181,625	70,422,000
Share issue costs – 1 January 2022	-	(60,000)
Issue of Ordinary Shares on exercise of warrants – 21 January 2022	202,247,000	367,000
Issue of Ordinary Shares on exercise of options – 21 January 2022	1,100,000	4,000
Issue of Ordinary Shares on exercise of warrants – 10 February 2022	1,111,111	5,000
Issue of Ordinary Shares on exercise of warrants – 10 February 2022	816,666	3,000
Issue of Ordinary Shares as consideration for asset acquisition – 23 February 2022 (Note 9)	50,000,000	467,000
Issue of Ordinary Shares on exercise of warrants – 14 March 2022	3,333,333	12,000
Issue of Ordinary Shares as consideration for asset acquisition – 22 March 2022 (Note 9)	138,703,396	1,384,000
Issue of Ordinary Shares as consideration for asset acquisition – 22 March 2022 (Note 9)	358,617,818	3,577,000
Issue of Ordinary Shares on exercise of warrants – 22 March 2022	66,666,666	153,000
Issue of Ordinary Shares on exercise of warrants – 22 March 2022	26,610,661	73,000
Issue of Ordinary Shares on exercise of warrants – 13 April 2022	14,000	1,000
Issue of Ordinary Shares on exercise of warrants – 13 April 2022	122,267	1,000
Issue of Ordinary Shares on exercise of warrants – 13 April 2022	984,375	3,000
Issue of Ordinary Shares on exercise of options – 26 April 2022	2,000,000	7,000
Issue of Ordinary Shares as consideration for asset acquisition – 20 June 2022 (Note 9)	7,827,883	69,000
Share issue costs – 7 September 2022	-	(12,000)
Issue of Ordinary Shares for cash – 8 September 2022	300,000,000	1,814,000
Share issue costs – 28 September 2022	-	(29,000)
Share issue costs – 28 September 2022	-	(99,000)
Issue of Ordinary Shares on exercise of options – 1 December 2022	2,500,000	8,000
Issue of Ordinary Shares as consideration for asset acquisition – 20 December 2022 (Note 9)	260,000,000	1,416,000
At 31 December 2022	5,324,836,801	79,586,000

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For the year ended 31 December 2022

On 21 January 2022, 202,247,000 Ordinary Shares of no par value were issued for cash at 0.15 pence each for the exercise of warrants. The share price at the time of exercise was 0.68 pence per share.

On 21 January 2022, 1,100,000 Ordinary Shares of no par value were issued for 0.25 pence each for the exercise of options. The share price at the time of exercise was 0.68 pence per share.

On 10 February 2022, 1,111,111 Ordinary Shares of no par value were issued for 0.30 pence each for the exercise of warrants. The share price at the time of exercise was 0.97 pence per share.

On 10 February 2022, 816,666 Ordinary Shares of no par value were issued for 0.25 pence each for the exercise of warrants. The share price at the time of exercise was 0.97 pence per share.

On 23 February 2022, 50,000,000 Ordinary Shares of no par value were issued for 0.78 pence each as part of the consideration due to Winfield Metals Pty Ltd.

On 14 March 2022, 3,333,333 Ordinary Shares of no par value were issued for for 0.3 pence per share for the exercise of warrants. The share price at the time of exercise was 0.82 pence per share.

On 22 March 2022, 138,703,396 Ordinary Shares of no par value were issued at 0.7935 pence per share as part of the consideration for the acquisition of Munni Munni

On 22 March 2022, 358,617,818 Ordinary Shares of no par value were issued for 0.699 pence per share as part of the consideration for the acquisition of Munni Munni

On 22 March 2022, 66,666,666 Ordinary Shares of no par value were issued at 0.19 pence per share for the exercise of warrants. The share price at the time of exercise was 0.82 pence per share.

On 22 March 2022, 26,610,661 Ordinary Shares of no par value were issued for 0.25 pence per share for the exercise of warrants. The share price at the time of exercise was 0.82 pence per share.

On 13 April 2022, 14,000 Ordinary Shares of no par value were issued for 0.25 pence each for the exercise of warrants. The share price at the time of exercise was 0.80 pence per share.

On 13 April 2022, 122,267 Ordinary Shares of no par value were issued for 0.25 pence each for the exercise of warrants. The share price at the time of exercise was 0.80 pence per share.

On 13 April 2022, 984,375 Ordinary Shares of no par value were issued for 0.25 pence each for the exercise of warrants. The share price at the time of exercise was 0.80 pence per share.

On 26 April 2022, 2,000,000 Ordinary Shares of no par value were issued for 0.25 pence each for the exercise of options. The share price at the time of exercise was 0.77 pence per share.

On 20 June 2022, 7,827,883 Ordinary Shares of no par value were issued for for 0.73 pence per share as part of the consideration for the acquisition of Vivash Gorge.

On 8 September 2022, 300,000,000 Ordinary Shares of no par value were issued for 0.5 pence per share for cash.

On 1 December 2022, 2,500,000 Ordinary Shares of no par value were issued for 0.25 pence each for the exercise of options. The share price at the time of exercise was 0.52 pence per share.

On 20 December 2022, 260,000,000 Ordinary Shares of no par value were issued for 0.7935 pence per Ordinary Share as part of the consideration for the acquisition of Hancock and Brockman.

16. Other reserves

	2022	2021
	\$	\$
Foreign currency translation reserve	694,000	2,225,000
Share based payment reserve	771,000	1,179,000
Warrant reserve	739,000	865,000

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

Foreign currency translation reserve – the foreign currency translation reserve represents the effect of changes in exchange rates arising from translating the Financial Statements of subsidiary undertakings into the Company’s presentational currency.

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 to Note 17 for more information.

The warrants reserve arises on the issue of warrants. Refer to Note 17 for further information.

17. Share Based Payments

Share options outstanding at 31 December 2022 have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in £ per share	Number	
			2022	2021
2017	09-Feb-22	0.0100	-	1,250,000
2018	14-May-23	0.0025	10,642,373	15,142,373
2019	28-Mar-24	0.0025	-	1,100,000
2019	28-Mar-24	0.0025	12,342,509	12,342,509
2019	28-Mar-24	0.0022	3,000,000	3,000,000
2019	28-Mar-24	0.0030	3,000,000	3,000,000
2019	28-Mar-24	0.0045	4,000,000	4,000,000
2020	30-Aug-23	0.0045	18,750,000	18,750,000
2020	30-Aug-23	0.0050	18,750,000	18,750,000
2020	30-Aug-23	0.0055	22,500,000	22,500,000
2021	21-Oct-24	0.0100	10,000,000	10,000,000
2021	21-Oct-24	0.0115	10,000,000	10,000,000
2021	21-Oct-24	0.0145	15,000,000	15,000,000
2022	26-Sep-26	0.008 – 0.014	345,000,000	-
Total			472,984,882	134,834,882

Warrants outstanding at 31 December 2022 have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in £ per share	Number	
			2022	2021
2019	31-Jan-22	0.0015	-	202,247,000
2020	10-Mar-22	0.003	-	37,444,444
2020	10-Mar-22	0.0015	-	3,333,333
2020	18-May-23	0.0012	2,625,000	2,625,000
2020	10-Sep-23	0.006	12,000,000	12,000,000
2020	18-May-23	0.015	11,208,125	11,208,125
2020	10-Mar-22	0.0025	-	40,495,680
2020	19-Mar-22	0.0019	-	66,666,666
2020	30-Nov-23	0.013	13,600,000	13,600,000
2021	17-Nov-24	0.085	23,529,401	-
2022	14-Sept-25	0.0025	7,200,000	-
2022	31-Dec-25	0.0025	100,000,000	-
Total			170,162,526	389,620,428

The estimate of the fair value of the share options and warrants is measured based on the Black-Scholes model. The parameters used for options and warrants granted in the year ended 31 December 2022 are detailed below:

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

	2022 Options	2022 Options	2022 Warrants
Granted on:	26/9/2022	26/9/2022	19/12/2022
Life (years)	3 years	3 years	3 years
Exercise price (pence per share)	8p	10p	2.5p
Risk free rate	1.7%	1.7%	3.49%
Expected volatility	12.8%	12.8%	69%
Expected dividend yield	-	-	-
Marketability discount	20%	20%	20%
Total fair value (£000)	5	1	329

	2022 Options	2022 Options
Granted on:	26/9/2022	26/9/2022
Life (years)	3 years	3 years
Exercise price (pence per share)	12p	14p
Risk free rate	1.7%	1.7%
Expected volatility	12.8%	12.8%
Expected dividend yield	-	-
Marketability discount	20%	20%
Total fair value (£000)	1	1

The expected volatility is based on the historical share prices over the prior 6 month period of the Company share price.

The movement of share options for the year to 31 December 2022 is shown below:

	2022		2021	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
As at 1 January	134,834,882	0.0100	104,834,882	0.0041
Granted (not yet vested)	345,000,000	0.0100	35,000,000	0.0124
Exercised	(5,600,000)	0.0100	(5,000,000)	0.0025
Expired	(1,250,000)	0.0100	-	-
Outstanding as at 31 December	472,984,882	0.0100	134,834,882	0.0100
Exercisable at 31 December	127,984,882	0.0100	104,834,882	0.0100

The movement of warrants for the year to 31 December 2022 is shown below:

	2022		2021	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
As at 1 January	389,620,248	0.0024	395,322,602	0.0024
Granted	130,729,411	0.0025	-	-
Exercised	(301,906,079)	0.0024	(5,702,354)	0.0025
Expired	(48,281,064)	0.0024	-	-
Outstanding as at 31 December	170,162,516	0.004	389,620,248	0.0024
Exercisable at 31 December	170,162,516	0.004	389,620,248	0.0024

The weighted price and life for warrants and options for the year end 31 December 2022 is as follows:

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

2022				
Range of exercise prices (\$)	Weighted average exercise price (\$)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0.04-0.6	0.0083	643,174,418	2.29	2.29

The total fair value charged to the statement of comprehensive income for the year ended 31 December 2022 and included in administrative expenses was \$192,000 (2021: \$166,000).

Options and warrants exercised in 2022 resulted in 307,506,073 shares being issued (2021: 10,702,000) at a weighted average price of £0.0025 each (2021: £0.0025).

During the year 178,000,000 incentive options were conditionally granted to certain directors and management and are to be awarded on the basis of certain milestones being met as follows:

- IOCA Offtake
- IOCA Finance Term Sheet
- Mining Licence Approval
- First Ore Mined
- 4 500,000 Fe Tonnes Exported
- 1,000,000 Fe Tonnes Exported

Performance Conditions one through to five have a 24-month vesting period and Performance Condition six has a 36-month vesting period with an exercise price yet to be determined. The estimate of the fair value of the incentive options is measured based on the Black-Scholes model. The parameters used are detailed below:

	2022 Options
Granted on:	14/11/2022
Life (years)	2 years
Exercise price (pence per share)	4.5p
Risk free rate	1.7%
Expected volatility	16.5%
Expected dividend yield	-
Marketability discount	-
Total fair value (£000)	46

Based on the probability of the milestones being reached in 2022 and the fair value derived, the charge for 2022 is deemed to be immaterial and therefore not recognised for the year ended 31 December 2022.

18. Net finance charges

	Group	
	2022	2021
	\$	\$
Finance charges	-	(4,000)
Interest income	7,000	1,000
	7,000	(3,000)

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

19. Employees

	Group	
	2022	2021
Staff costs (excluding Directors)	\$	\$
Salaries and wages	256,000	243,000
Social security costs	13,000	11,000
Pensions	38,000	7,000
	307,000	261,000

The average monthly number of employees during the year was 6 (2021: 5).

20. Directors' Remuneration

2022	Short Term Employment benefits \$	Share based payment \$	Total \$
Executive Directors			
B Brodie Good	210,000	-	210,000
R McIlree	27,000	-	27,000
Non-executive Directors			
D J Smith	74,000	-	74,000
J L Battershill	63,000	192,000	255,000
M C Culbert	32,000	-	32,000
	406,000	192,000	598,000

Employers tax contributions of \$31,000 have not been included in the above. During the year, Jonathan Battershill was issued 35,000,000 options with fair value charged to the statement of comprehensive income for \$192,000.

2021	Short Term Employment benefits \$	Share based payment \$	Total \$
Executive Directors			
B Brodie Good	254,000	22,000	276,000
Non-executive Directors			
D J Smith	67,000	-	67,000
J L Battershill	38,000	136,000	174,000
M C Culbert	23,000	4,000	27,000
	382,000	162,000	544,000

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21. Loss per Share

The calculation of the total basic losses per share of 0.050 cents (2021: loss 0.065 cents) is based on the losses attributable to equity owners of the group of \$2,375,000 (2021: \$2,258,000) and on the weighted average number of ordinary shares of 4,712,310,829 (2021: 3,476,524,868) in issue during the period.

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options or warrants would be to decrease the loss per share.

22. Commitments

(a) Work programme commitment

As at 31 December 2022, Alien Metals owned 16 mineral exploration licenses in Australia and 9 mineral exploration licenses in Mexico. These licences include commitments to pay annual licence fees and minimum spend requirements as follows:

	License fees \$	Minimum spend requirements \$	Total \$
Less than 1 year	152,000	609,000	761,000
1 to 5 years	758,000	3,257,000	4,015,000
Total	910,000	3,866,000	4,776,000

(b) Lease agreements

The Group has 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 lease payments have been treated in line with IFRS 16. As at 31 December 2022, \$19,028 remained payable in respect of this lease.

23. Related Party Transactions

Transactions with key management personnel

During the year ended 31 December 2022 the Company entered into the following transactions involving key management personnel:

During the year Orwellian Investments, a company in which Daniel Smith is a director, charged the Company a total of \$52,000 (2021: \$49,524) for directors' fees. There was \$3,000 outstanding balance at 31 December 2022 (2021: \$5,404).

During the year iLaw, a company in which Mark Culbert is a partner, charged the Company a total of \$4,320 (2021: \$17,498) for legal fees. There was a balance of no outstanding at 31 December 2022 (2021: \$4,451).

During the year JJB Advisory, a company in which Jonathan Battershill is a director, charged the Company a total of \$33,000 (2021: \$28,889) for corporate advisory fees. There was no outstanding balance at 31 December 2022 (2021: nil).

Daniel Smith and Guy Robertson are directors of Artemis Resources Ltd. During the year, Alien acquired 70% of the Munni Munni project from Artemis Resources Ltd.

24. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

25. Events after the Reporting Date

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2022**

On 12 January 2023, following the receipt of an Exercise Notice, the Company issued 2,500,000 ordinary shares of no par value in the capital of the Company at an issue price of 0.25 pence per share.

On 26 April 2023, the Company reported its JORC Mineral Resource Estimate for the Hancock Project of 9.1Mt at 60.3% Fe and JORC Probable Ore Reserve 1.9Mt at 60.2% Fe.

On 5 May 2023, the Company's wholly owned subsidiary, Iron Ore Company of Australia Pty Ltd, acquired Mallina Exploration Pty Ltd for a total consideration of \$30,000 AUD payable with \$10,000 AUD upon the Execution date of the agreement and \$20,000 AUD within 15 days of a Mining licence being granted. At this stage the directors consider the acquisition to be outside the scope of IFRS3, as Mallina Exploration Pty Ltd is not deemed to be a business under IFRS3 and therefore will be classified as an Asset Acquisition.

On 17 May 2023, following the receipt of an Exercise Notice, the Company issued 8,142,373 ordinary shares of no par value in the capital of the Company at an issue price of 0.25 pence per share