

Registered number: 1570939

EMPIRE METALS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

EMPIRE METALS LIMITED

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EMPIRE METALS LIMITED

COMPANY INFORMATION

Directors	Neil O'Brien (Non-Executive Chairman) Shaun Bunn (Executive Director) Gregory Kuenzel (Finance Director) Peter Damouni (Non-Executive Director)
Registered Office	Craigmuir Chambers PO Box 71 Road Town Tortola British Virgin Islands VG1110
Company Number	1570939
Bankers	HSBC Bank plc 70 Pall Mall London SW1Y 5EZ
Nominated Adviser and Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
Independent Auditor	PKF Littlejohn LLP Registered Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Hill Dickinson LLP 105 Jermyn Street St James's London SW1Y 6EE
Solicitors (BVI)	Harney Westwood & Riegels Craigmuir Chambers PO Box 71 Road Town, Tortola British Virgin Islands VG1110

EMPIRE METALS LTD

CHAIRMAN'S REPORT

Our objective for 2022 was to establish a portfolio of high-quality exploration assets through which to deliver value to our shareholders by making new discoveries, and by developing known deposits. We had a strong first project in the Eclipse-Gindalbie Project, however our exploration aspirations were truly realised in April of last year when we acquired majority interests in three large new project areas, Pitfield, Walton and Stavely. Pitfield and Walton are located in mining regions of Western Australia, and in the Stavely Arc region of Victoria in the case of the Stavely project, and all are known for world class and significant copper and/or gold discoveries. These new projects opened up prospective new geological terranes for us, and importantly, increased our exploration area from 3.1km² to 2,155km², instantly transforming Empire into an explorer and potential developer with substantial scope and scale.

Our immediate priority has been the Pitfield Project, which has demonstrated all the hallmarks of a "Giant" mineral system with the potential to contain multiple giant metal deposits across its huge regional extent. Given the many historic copper prospects and small mines in the district our focus has been on locating the parts of this giant mineral system most favourable for hosting economic copper deposits. On our very first reconnaissance drill program this giant mineral system has delivered to us a globally significant primary titanium discovery. Copper values are also strongly anomalous which tells us that other parts of this giant mineral system may host significant copper deposits as well.

Pitfield lies within the Neoproterozoic Yandanooka intracratonic sedimentary basin; the Neoproterozoic being one of the major copper mineralisation epochs globally. Pitfield is located immediately adjacent to the historic Baxters copper mine at Arrino which produced 106 tonnes of copper at a grade between 20-30% which, along with numerous other prospects, demonstrates high regional prospectivity for copper. We embarked on our exploration efforts confident in our ability to demonstrate a new copper discovery but realizing that giant mineral systems are special and can surprise.

Our work began with an airborne magnetic survey, carried out in June 2022, which identified a significant structure along the western boundary of the magnetic anomaly that closely aligns with a surface copper anomaly stretching over 7km, previously identified by Conzinc Riotinto of Australia (which became part of Rio Tinto Group) when conducting surface sampling in the early 1990s. This airborne magnetic survey was quickly followed with an airborne electro-magnetic survey, and an evaluation of the historical exploration database, which, following an expert review undertaken by Ed Baltis, confirmed the presence of an exceptionally large magnetic anomaly extending over 40km in length.

Field work began in November 2022, with the first phase of activity comprised of mapping surface geology and soil sampling. This surface mapping resulted in a number of rock samples being collected which confirmed copper enrichment along with quartz and magnetite hosted by sandstones –key elements of certain types of sediment-hosted stratabound copper deposits such as Udokan in Russia. The following month, a contract geophysical survey crew was mobilised and they completed five traverses of Dipole-Dipole Induced Polarisation (DD-IP) for a total of 8,450-line metres. The aim of the DD-IP survey was to identify drillable targets of sufficient scale within the prospective Mt. Scratch Formation sandstones, as supported by existing geological mapping and surface sampling results. Although the lines were wide-spaced the DD-IP programme successfully outlined a number of extensive, strong IP/resistivity anomalies, many coinciding with the regional gravity and magnetics anomalies, copper-in-soil geochemical anomalies and the prospective sedimentary host rocks.

Armed with this information, Empire launched its maiden drill programme post period end in March 2023, completing 21 holes for a total of 3,206m. The results of this programme, announced in May 2023, were both expected and unexpected. As expected the holes confirmed the presence of a regionally significant and robust, giant (~40km by 8km) metal-rich hydrothermal mineral system formed by a fluid(s) that carried a lot of copper but unexpectedly where the Company has drilled widespread and high-grade concentrations of titanium were found which were nonetheless extremely exciting. Titanium rich mineralisation (between 4% and 10% TiO₂) was identified in all but one of the 21 holes drilled, starting at or very near surface and with nearly a quarter of the holes still ending in high TiO₂ values of up to 154 metres depth. Given the scale and extent of the known mineral system, as defined by combined geological-geophysical-geochemical datasets, the Company believes it has discovered a new high-grade, titanium deposit with the potential to be among the most significant primary titanium orebodies globally. The Company also maintains that other parts of this giant mineral system are more prospective for the formation and preservation of significant copper deposits and perhaps other metals as well. This is a complex but rich mineral system that clearly will reward our continued exploration.

Only 2% of this highly prospective, giant mineral system has been drilled to date demonstrating enormous potential for additional discoveries through future drilling currently being planned. In order to fully realise the Company's exploration ambitions at Pitfield, in mid-December, Empire took the decision to expand our exploration licence area through the addition of two new Exploration Licence Applications, covering extensions to the north and south of the massive alteration footprint previously identified by us. These new Exploration Licences increase our Pitfield exploration camp from 615km² to over 1,041km².

Looking to the wider portfolio, our work at Eclipse-Gindalbie continues to generate positive results for us. The period started with news that Empire had negotiated a tribute agreement to access the highly prospective Gindalbie Gold Project, which is contiguous with the Eclipse licence, therefore consolidating the mineralised footprint around our foundation asset. This move increased Empire's exploration land package in the area by over 200%, to a total of 943ha.

Empire has conducted multiple drilling campaigns at Eclipse-Gindalbie during 2022, which has confirmed that the mineralised system at Eclipse is much larger than originally thought. Drilling identified high-grade parallel veins to the Eclipse lode and wide strike extensions at Jack's Dream, confirming the presence of exceptional gold mineralisation and also a thick layer of kaolin around the South Gippsland #3 shaft at Gindalbie.

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CHAIRMAN'S REPORT

Drilling at the Homeward Bound prospect, located toward the western extent of the Gindalbie project, reported stellar grade intercepts including 5m @ 8.99 g/t Au from 31m downhole (including 1m at 40.90 g/t Au), 3m @ 8.96 g/t Au from 98m downhole (including 2m at 13.28 g/t Au), and 3m @ 9.88 g/t Au from 46m downhole (including 1m at 26.20 g/t Au).

Eclipse-Gindalbie continues to merit further exploration efforts, particularly with regard to the kaolin discovery. Kaolin could provide Empire with a new industrial mineral dimension to its commodity focus, with kaolin used extensively in a number of industries including paper, plastics, adhesives, rubber, paint, refractories, cement, bricks and ceramics, and is considered to be a desirable feedstock for the production of high-purity aluminium oxide, an essential component in lithium-ion batteries. Further work to assess the commercial potential of this discovery is ongoing and will be reported in due course.

Financial Results

As an exploration and development group which has no revenue we are reporting a loss for the 12 months ended 31 December 2022 of £1,162,720 (31 December 2021: loss of £589,254).

The Group's cash position at the date of signing this report is £1.8 million.

Outlook

2023 is looking like a particularly promising and productive year for Empire, as we push forward determinedly with exploration programmes across multiple projects; most notably Pitfield and Eclipse-Gindalbie, but also the Stavely and Walton Projects. Following our spectacular drilling results from our maiden programme at Pitfield, the team is keen to keep up the forward momentum and undertake additional work to better define and test this giant mineral system for additional discoveries including copper, and begin to prove up the titanium find which we believe will become an asset of globally significant magnitude. Across our wider portfolio, we are also awaiting the metallurgical testwork and evaluation of the kaolin mineralisation at Eclipse-Gindalbie, and we are eager to commence maiden exploration at Stavely and Walton using airborne geophysical surveys at Stavely and geological mapping and rock/soil sampling at Walton.

Under the experienced leadership of Managing Director Shaun Bunn, and Andrew Faragher, our new Exploration Manager, I believe Empire is very well positioned to make significant new discoveries and bring new exploration success stories to our shareholders.

As ever, I am extremely grateful to our shareholders for their continued support and I look forward to sharing more news with you from across our portfolio of assets during the course of 2023.

Neil O'Brien
Non-Executive Chairman
16 June 2023

EMPIRE METALS LIMITED

DIRECTORS' REPORT

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

Principal Activities and Business Review

The principal activity of the Group is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production.

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 8.

Results and Dividends

The loss of the Group for the year ended 31 December 2022 from continued and discontinued operations amounts to £1,162,720 (31 December 2021: loss of £589,254).

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	As at 14 June 2023		31 December 2022		31 December 2021	
	Ordinary Shares	Options	Ordinary Shares	Options	Ordinary Shares	Options
Shaun Bunn*	2,111,111	17,500,000	1,000,000	7,500,000	-	-
Gregory Kuenzel	3,708,578	12,650,000	2,597,467	6,150,000	1,597,467	7,650,000
Peter Damouni	1,209,614	7,075,000	1,209,614	3,075,000	1,209,614	4,075,000
Neil O'Brien	2,094,444	8,075,000	1,650,000	3,075,000	1,650,000	3,575,000
Michael Struthers**	950,000	9,700,000	950,000	9,700,000	950,000	9,700,000

* Appointed 1 June 2021

** Resigned 9 June 2022

Further details on options can be found in Note 16 to the Financial Statements. Directors' remuneration is disclosed in Note 19.

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	£1,467,769	£2,210,371
Administrative expenses as a percentage of total assets	21.4%	45.0%
Exploration costs capitalised	£1,278,933	£1,512,430

This is the tenth complete year of corporate and exploration activity.

Corporate Responsibility

Environmental

Empire Metals undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. At present, Empire Metals is a mineral explorer and developer, not a mining company. Hence, the environmental impact associated with its activities is minimal. To ensure proper environmental stewardship on its projects, Empire Metals conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

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Health and safety

Empire Metals operates a comprehensive health and safety programme to ensure the wellbeing and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly 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 results in 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.

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.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The principal business risks affecting the Group are set out below.

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.

Environmental risk

The Group's operations are, and will be, subject to environmental regulation (with regular environmental impact assessments and evaluation of operations required before any permits are granted to the Group) in the jurisdiction in which it operates. Further, the Group may fail to obtain the required approval from the relevant authorities necessary for it to undertake activities which are likely to impact the environment. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area.

While the Group believes that its operations and future projects are currently, and will be, in substantial compliance with all relevant material environmental and health and safety laws and regulations, including relevant international standards, there can be no assurance that new laws and regulations, or amendments to, or stringent enforcement of, existing laws and regulations will not be introduced.

Nevertheless, the Group will continue to vigorously apply international standards to the design and execution of any and all of its activities, including engagement and consultation with local communities, and non-governmental and Governmental organisations to ensure any impacts of current and future activities are minimised and appropriately managed. The Group has established a comprehensive suite of health, safety, environmental and community policies which will underpin all future activities.

Exploration and mining risks

Whilst the Directors endeavour to apply what they consider to be the latest technology to assess potential projects, the business of exploration for and identification of minerals and metals, in particular gold, is speculative and involves a high degree of risk. The mineral and metal deposits of any projects acquired by the Group may not contain economically recoverable volumes of minerals, base metals, precious metals or hydrocarbons of sufficient quality or quantity. Even if there are economically recoverable deposits, delays in the construction and commissioning of mining projects, risks of non-renewal or extensions of the licences or other technical difficulties may make the deposits difficult to exploit.

The exploration and development of any project may be disrupted, damaged or delayed by a variety of risks and hazards which are beyond the control of the Group. These include (without limitation) geological, geotechnical and seismic factors, environmental hazards, technical failures, adverse weather conditions, acts of God and government regulations or delays.

Exploration is also subject to general industrial operating risks, such as equipment failure, explosions, fires and industrial accidents, which may result in potential delays or liabilities, loss of life, injury, environmental damage, damage to or destruction of property and regulatory investigations. The Group may also be liable for the mining activities of previous miners and previous exploration works. Although the Group intends, itself or through its operators, to maintain insurance in accordance with industry practice, no assurance can be given that the Group or the operator of an exploration project will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims. The Group may elect not to become insured because of high premium costs or may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

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DIRECTORS' REPORT

Reserve and resource estimates

The Group's reported reserves and resources are only estimates. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral and metal reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral and metal reserve and resource estimates may require revision (either up or down) based on actual production experience.

Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Group may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover.

In the preparations of resources and reserves the Group uses recognised international estimation methods and reporting standards, such as the Australian JORC Code (2012).

Volatility of gold, copper and other commodity prices

Historically, commodity prices (including in particular the price of gold and copper) have fluctuated and are affected by numerous factors beyond the Group's control, including global demand and supply, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices, over the long term, may adversely impact the returns of the Group's exploration projects.

A significant reduction in global demand for gold, leading to a fall in gold or copper prices, could lead to a significant fall in the cash flow of the Group and/or a delay in exploration and production or even abandonment of a project should it prove uneconomical to develop, which may have a material adverse impact on the operating results and financial condition of the Group.

Financing/ liquidity risk

The successful exploration or exploitation of natural resources on any project will require significant capital investment. The only sources of financing currently available to the Group are through the issue of additional equity capital in the Company or through bringing in partners to fund exploration and development costs. The Group's ability to raise further funds will depend on the success of their investment strategy and acquired operations. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its investments or anticipated expansion.

Political, economic and regulatory regime

The licences and operations of the Group are in jurisdictions outside the United Kingdom and accordingly there will be a number of risks which the Group will be unable to control. Whilst the Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences and changes to the laws governing mineral exploration and operations.

The Group's activities will be dependent upon the grant of appropriate licences, concessions, leases, permits, and regulatory consents that may be withdrawn or made subject to limitations. There can be no assurance that they will be granted or renewed or if so, on what terms. There is also the possibility that the terms of any licence may be changed other than as represented or expected.

Dependence on key personnel

The Group is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Nevertheless, through programmes of incentivising staff, appropriate succession planning, and good management these risks can be largely mitigated.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in foreign currency exchange rates, funding risk, credit risk, liquidity risk and interest rate risk. The Group has a risk management programme in place that

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seeks to limit the adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments to manage foreign currency risk and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

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

The Directors have a reasonable expectation that the Group has and will have future access to adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern in Note 2.4 of the Financial Statements.

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 has signified its willingness to continue in office as auditor.

This report was approved by the Board on 16 June 2023 and signed on its behalf.

Peter Damouni
Non-Executive Director

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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 International Financial Reporting Standards as adopted by the European Union ("IFRS"). 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 IFRSs 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, www.empiremetals.co.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.

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CORPORATE GOVERNANCE REPORT

The Board of Empire Metals Limited have adopted the QCA Corporate Governance Code ("the Code") as its code of corporate governance. The Code is published by the Quoted Companies Alliance ("QCA") and is available at www.theqca.com.

Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Group and Company applies each of the principles:

Principle One

Business Model and Strategy

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of a single strategy for the Group. Towards the end of 2021, the Group streamlined its strategy to focus on the Pitfield Project in Western Australia. On an ongoing basis, the Board will evaluate existing and new mineral resource opportunities with a view to potential joint venture arrangements and/or other corporate activities. The Board implements this by focusing investment into the exploration of world-class mineralised domains, establishing strict criteria for project selection, utilising industry recognised methods of exploration and resource development, applying a results-driven approach, actively monitoring operational and financial performance, measured against deliverable targets and budgets and considering alternative commercial options for projects which no longer meet the established criteria of the Group.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, www.empiremetals.co.uk.

Principle Three

Considering wider stakeholder and social responsibilities

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, all employees of the Company participate in a structured Company-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to help ensure successful two way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Principle Four

Risk Management

In addition to its other roles and responsibilities, the Audit Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The following principal risks and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Environmental Risk	Negative environmental impact of operations.	The ultimate development of any project into a mining operation will inevitably impact considerably on the local landscape and communities.	Vigorously apply international standards to the design and execution of any and all of its activities, including engagement and consultation with local communities, and non-governmental and Governmental organisations to ensure any impacts of current and future activities are minimised and appropriately managed.
Exploration and Mining Risk	The mineral and metal deposits of any projects	The ongoing economic viability of the Company.	Ongoing monitoring of results, assessment by

CORPORATE GOVERNANCE REPORT

	acquired by the Group may not contain economically recoverable volumes of minerals, base metals, precious metals or hydrocarbons of sufficient quality or quantity.		independent experts on recoverable volumes, geological, geotechnical and seismic factors, environmental hazards, technical failures, adverse weather conditions, acts of God and government regulations or delays.
Exploration Permit Renewal	The Company's Exploration permits are not all renewed.	The loss of the right to explore the key assets could affect the ability of the Group to continue as a going concern.	Proactive engagement with Government at all levels.
Reserve and resource estimates	Mineral and metal reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative.	Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or can be brought into profitable production.	In the preparations of resources and reserves the Group uses recognised international estimation methods and reporting standards, such as the Australian JORC Code (2012) and CIM (2010).
Volatility of gold, copper and other commodity prices	Fluctuations in commodity prices, over the long term, may adversely impact the returns of the Group's exploration projects.	A significant reduction in global demand for gold, leading to a fall in gold or copper prices, could lead to a significant fall in the cash flow of the Group and/or a delay in exploration and production or even abandonment of a project should it prove uneconomical to develop, which may have a material adverse impact on the operating results and financial condition of the Group.	Ongoing monitoring of economic events and markets.
Strategic	Market downturn. Failure to deliver commerciality.	Change in Macro economic conditions. Inability to secure offtake agreements.	Ongoing monitoring of economic events and markets. Active marketing and experienced management.
Financial/ liquidity	Misappropriation of funds. IT Security. Ability to raise further capital.	Fraudulent activity and loss of funds. Loss of critical financial data. The Group may be required to reduce the scope of its investments or anticipated expansion.	Robust financial controls and split of duties. Regular back up of data online and locally. Ongoing monitoring of economic events and markets.

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CORPORATE GOVERNANCE REPORT

Political, economic and regulatory regime	The licences and operations of the Group are in jurisdictions outside the United Kingdom and accordingly there will be a number of risks which the Group will be unable to control.	The Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences and changes to the laws governing mineral exploration and operations.	Proactive engagement with Government at all levels.
Operational	COVID-19 outbreak. Russia's invasion of Ukraine.	Change in Macro economic conditions. Ability of key staff and contractors to undertake their duties safely and effectively.	Ongoing monitoring of economic events and markets. Business continuity plans.

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Finance Director and the outsourced finance function and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

Principle Five

A Well Functioning Board of Directors

As at the date hereof the Board comprised, the Chairman Neil O'Brien, Managing Director Shaun Bunn, Finance Director Gregory Kuenzel and Non-Executive Director Peter Damouni. Details of the current Directors are set out within Principle Six below. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least twice per annum. It has established an Audit Committee, Remuneration Committee and AIM Compliance Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. Peter Damouni and Neil O'Brien are considered to be Independent Directors. The Board shall review further appointments as scale and complexity grows.

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. In order to be efficient, the Directors meet formally and informally both in person and by telephone. To date there have been at least bi-monthly meetings of the Board, and the volume and frequency of such meetings is expected to continue at this rate. The formal board meetings held and attended during the year are detailed below:

	Meetings Attended	Meetings eligible to attend
Michael Struthers*	5	5
Neil O'Brien	8	8
Gregory Kuenzel	8	8
Peter Damouni	8	8
Shaun Bunn	8	8

*Resigned 8 June 2022

Principle Six

Appropriate Skills and Experience of the Directors

The Board consists of four Directors and, in addition, the Company has employed the services of Gregory Kuenzel to act as the Company Secretary. The Company is satisfied that given its size and stage of development, between the Directors, it has an effective and appropriate balance of skills and experience across technical, commercial and financial disciplines. The Director's experience and skills are listed on the Company's website, www.empiremetals.co.uk.

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CORPORATE GOVERNANCE REPORT

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Neil O'Brien

Non-executive Chairman

Member of the Audit, Remuneration and AIM Compliance Committees.

Shaun Bunn

Managing Director

Gregory Kuenzel

Finance Director and Company Secretary

Peter Damouni

Non-executive Director

Chairman of the Remuneration Committee, AIM Compliance Committee and the Audit Committee.

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committees and individual Directors is to be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance of the various governance components, as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders.

Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Managing Director.

Audit Committee

The Audit Committee comprises Neil O'Brien and Peter Damouni who chairs this committee. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

There was one Audit Committee meeting held during the year.

EMPIRE METALS LTD

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee comprises Neil O'Brien and Peter Damouni chairs this committee. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

There was one Remuneration Committee meeting held during the year.

AIM Compliance Committee

The AIM Compliance Committee comprises Neil O'Brien and Peter Damouni who chairs this committee. The AIM Compliance Committee is responsible for the coordinating and monitoring the Company's regulatory responsibilities including liaising with the Nomad and the London Stock Exchange as necessary. The purpose of the AIM compliance committee is to designate responsibility of ensuring best practice and application of the defined corporate governance procedures. No AIM Compliance Committee meetings were held during the year due to no significant changes to AIM Rules and no significant events requiring consideration by the committee.

Nominations Committee

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

Non-Executive Directors

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a Non-Executive Director before commencing a first term as Chairman.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its website, www.empiremetals.co.uk.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

Neil O'Brien

Non-Executive Chairman

16 June 2023

EMPIRE METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Empire Metals Limited (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 Shareholders' Equity, the Consolidated Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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 the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's assessment of going concern and associated cash flow forecasts for a period of 18 months from the date of approval of the financial statements, to 31 December 2024;
- Reviewing the cash flow forecasts to confirm mathematical accuracy;
- Discussing significant assumptions with management, comparing these with post year end performance, as well as reviewing the expenditure forecast to historic spend and known commitments; and
- Reviewing the latest available post year general ledgers, bank statements, regulatory announcements and board minutes.

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

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

Our 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. The materiality applied to the Group financial statements was set at £92,000 (2021: £91,000), with performance materiality set at £73,600 (2021: £72,800).

Materiality has been calculated as 2% of the benchmark of net assets at the year-end (2021: 2% of net assets), which we have determined, in our professional judgement, to be the principal benchmark within the financial statements in assessing financial performance as intangible exploration and evaluation assets are the primary assets of the business.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures. Performance

EMPIRE METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

materiality was set at 80% of materiality and applied during our audit of the Group as we believed this would give sufficient coverage of significant and residual risks within the financial statements.

For each component in the scope of our Group audit, we allocated a materiality that was less than our overall Group materiality. Materiality applied to components ranged between £44,000 to £91,000 with performance materiality set at 80% of the headline materiality. We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £4,600 at Group level (2021: £4,550).

We applied the concept of materiality both in planning and performing the audit, and in evaluating the effect of misstatement.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. These areas of estimate and judgement included the impairment assessment of intangible exploration assets and valuation of share based payments. 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.

Of the six reporting components of the Group, a full scope audit was performed on the complete financial information of two components and, for the other components, a limited scope review was performed because they were not material or risk significant to the Group.

The audit of the of the Group was performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing listed exploration groups.

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.

Key Audit Matter	How our scope addressed this matter
Accuracy and carrying value of intangible exploration assets and investments (refer to note 9)	
The Group has intangible assets totalling £3,337,598 (2021: £1,952,419) at the year end in relation to capitalised exploration costs in respect of its projects. During the year, the Group acquired several new tenements in Australia through a sale and purchase agreement with Century Metals Pty Ltd and a tribute agreement with Maher Mining Contractors Pty Ltd. Following these acquisitions, the Group decided that the Central Menzies Project would no longer be a core focus of the Group and the option over this project was allowed to lapse. There is a risk that these additions and disposals have been incorrectly treated in accordance with IFRS 6 or that there are indicators of impairment as at 31 December 2022. Particularly for early-stage exploration projects, where the calculation of recoverable amount via	Our audit work included: ■ Confirming that the Group has good title to the applicable licences; ■ Reviewing the sale and purchase and tribute agreements for the new licenses to ensure the terms of the license acquisitions are in line with management's assessment; ■ Substantive testing of additions in the year to supporting documentation and ensuring appropriateness of capitalisation under IFRS 6. ■ Reviewing management's assessment of the carrying value of the exploration projects and

EMPIRE METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

value in use calculations is not possible, management's assessment of impairment under IFRS 6 requires estimation and judgement and as a result the accuracy and recoverability of the carrying value is considered to be a key audit matter.

discussing their impairment assessments on each of the projects;

- Obtaining copies of third-party documents (where available) to challenge or corroborate management's impairment assessment;
- Challenging all key assumptions and sensitivities in management's impairment assessment to ensure reasonable; and
- Ensuring the disclosures in the financial statements are in accordance with the underlying documentation and IFRS 6.

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 Group financial statements does not cover the other information and, 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 any 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.

Responsibilities of directors

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

In preparing the Group financial statements, the directors are responsible for assessing the Group's 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 they operate 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 discussions with management about potential instances of non-compliance with laws and regulations both in the UK and in overseas subsidiaries. We also selected a specific audit team based on experience with auditing entities within this industry and of a similar size.

EMPIRE METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

- We determined the principal laws and regulations relevant to the Group in this regard to be those arising from:
 - The AIM Rules;
 - British Virgin Islands law and Group reporting requirements;
 - Local industry regulations in Austria and Australia where exploration activity took place in the year; and
 - Local tax and employment law.
- 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:
 - Making enquiries of management
 - Review of board minutes
 - Review of RNS announcements
 - Review of relevant accounting ledgers
- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk arising from management override of controls, we did not identify any significant fraud risks.
- 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. We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk arising from management override of controls, we did not identify any significant fraud risks.

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.

Use of our report

This report is made solely to the Group's members, as a body, in accordance with our engagement letter dated 02/02/2023. Our audit work has been undertaken so that we might state to the Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Humphreys (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Registered Auditor
16 June 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

EMPIRE METALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2022

Registered number: 1570939	Note	Group	
		2022 £	2021 £
Non-Current Assets			
Property, plant and equipment	8	1,328	-
Intangible assets	9	3,337,598	1,952,419
Total Non-current assets		3,338,926	1,952,419
Current Assets			
Trade and other receivables	10	69,695	87,198
Financial assets at fair value through profit or loss	11	-	-
Cash and cash equivalents	12	1,467,769	2,210,371
Total current assets		1,537,464	2,297,569
Total Assets		4,876,390	4,249,988
Current Liabilities			
Trade and other payables	13	110,304	124,543
Total Current Liabilities		110,304	124,543
Total Liabilities		110,304	124,543
Net Assets		4,766,086	4,125,445
Equity attributable to owners of the Parent			
Share capital	14	-	-
Share premium	14	45,523,695	43,836,855
Reverse acquisition reserve		(18,845,147)	(18,845,147)
Other reserves	15	448,309	520,293
Accumulated losses		(22,360,771)	(21,386,556)
Total equity attributable to owners of the Parent		4,766,086	4,125,445
Total Equity		4,766,086	4,125,445

The Financial Statements were approved and authorised for issue by the Board of Directors on 16 June 2023 and were signed on its behalf by:

Gregory Kuenzel
Finance Director

The Notes on pages 23 to 44 form part of these Financial Statements.

EMPIRE 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			
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administration expenses	6	(1,046,638)	(1,912,498)
Other losses	17	(114,587)	(417,138)
Operating loss before taxation		(1,161,225)	(2,329,636)
Income tax	7	(1,495)	(11,154)
Loss for the year from continuing operations		(1,162,720)	(2,340,790)
(Loss)/profit from discontinued operations (attributable to equity holders of the Company)		-	1,751,536
Loss for the year		(1,162,720)	(589,254)
Loss attributable to:			
- owners of the Parent		(1,162,720)	(589,254)
		(1,162,720)	(589,254)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		58,301	(8,056)
Total Comprehensive Income		(1,104,419)	(597,310)
Attributable to:			
- owners of the Parent		(1,104,419)	(597,310)
Total Comprehensive Income		(1,104,419)	(597,310)
- Total comprehensive income attributable to discontinued operations		-	1,751,536
- Total comprehensive income attributable to continuing operations		(1,104,419)	(2,349,326)
Earnings per share (pence) from continuing operations attributable to owners of the Parent – Basic & Diluted	20	(0.292)	(0.706)
Earnings per share (pence) from discontinued operations attributable to owners of the Parent – Basic & Diluted	20	-	0.528

The Notes on pages 23 to 44 form part of these Financial Statements.

EMPIRE METALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For the year ended 31 December 2022

	Share premium £	Reverse acquisition reserve £	Other reserves £	Retained losses £	Total equity £
As at 1 January 2021	43,065,981	(18,845,147)	152,793	(20,985,991)	3,387,636
Loss for the year	-	-	-	(589,254)	(589,254)
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	(8,056)	-	(8,056)
Total comprehensive income for the year	-	-	(8,056)	(589,254)	(597,310)
Transactions with owners					
Issue of ordinary shares	770,874	-	-	-	770,874
Share option charge	-	-	564,245	-	564,245
Expiry of Share Options	-	-	(188,689)	188,689	-
Total transactions with owners	770,874	-	375,556	188,689	1,335,119
As at 31 December 2021	43,836,855	(18,845,147)	520,293	(21,386,556)	4,125,445
As at 1 January 2022	43,836,855	(18,845,147)	520,293	(21,386,556)	4,125,445
Loss for the year	-	-	-	(1,162,720)	(1,162,720)
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	58,301	-	58,301
Total comprehensive income for the year	-	-	58,301	(1,162,720)	(1,104,419)
Transactions with owners					
Issue of ordinary shares	1,775,760	-	-	-	1,775,760
Cost of capital	(88,920)	-	-	-	(88,920)
Share option charge	-	-	58,220	-	58,220
Expiry of Share Options	-	-	(188,505)	188,505	-
Total transactions with owners	1,686,840	-	(130,285)	188,505	1,745,060
As at 31 December 2022	45,523,695	(18,845,147)	448,309	(22,360,771)	4,766,086

The Notes on pages 23 to 44 form part of these Financial Statements.

EMPIRE METALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2022

	Note	Group	
		2022 £	2021 £
Cash flows from operating activities			
Loss after taxation including discontinued operations		(1,162,720)	(589,254)
Adjustments for:			
Services satisfied by issue of shares		27,500	438,059
Share based payment		58,220	473,336
Share of loss/ (profit) on joint venture – discontinued operations		-	23,593
Net finance income		(2,795)	(71)
Impairment of investments in joint venture		-	417,138
Impairment of intangible assets		114,587	-
Gain on sale of investment – discontinued operations		-	(1,775,129)
Tax expense		1,495	11,154
Depreciation and amortisation		300	1,423
Decrease/ (increase) in trade and other receivables		17,506	(22,071)
Increase/(Decrease) in trade and other payables		(26,490)	31,281
Net cash used in operating activities		(972,397)	(990,541)
Cash flows from investing activities			
Loans granted to subsidiaries and joint venture partners – discontinued operations		-	(22,240)
Purchase of property, plant and equipment		(1,628)	-
Additions to exploration and evaluation intangible asset		(1,339,952)	(1,512,430)
Sale of investment in joint venture – discontinued operations		-	2,327,944
Net cash used in investing activities		(1,341,580)	793,274
Cash flows from financing activities			
Proceeds from issue of shares, less shares issued in lieu of fees		1,657,500	118,000
Cost of share issue		(88,920)	-
Interest received		2,795	-
Net cash generated from financing activities		1,571,375	118,000
Net decrease in cash and cash equivalents		(742,602)	(79,267)
Cash and cash equivalents at beginning of year		2,210,371	2,289,638
Cash and cash equivalents at end of year	12	1,467,769	2,210,371
Non-cash investing and financing activities			
Acquisition of exploration license – share based payment ^{1/2}	9	78,227	332,185
Advisory fees settled in shares ³		-	438,059
Share options and warrants issued in respect of services	16	58,220	473,336
Acquisition of exploration license – issue of warrants	16	-	90,909

¹ Comprised of 5,611,863 shares at 1.35p in respect of consideration payable to acquire the Pitfield Copper-Gold Project License from Century Minerals Pty Ltd

² Comprised of 7,095,512 shares at 3.91p in respect of consideration payable to acquire the remaining 75% of the Eclipse Option and 1,921,068 shares at 2.85p in respect of consideration payable to acquire the Central Menzies Option.

³ Comprised of 3,995,238 shares at 2.65p to settle invoices for advisory services, 7,095,512 shares at 3.91p in respect of finders' fees related to the Eclipse Option and 1,921,068 shares at 2.85p in respect of finders' fees related to the Central Menzies Option.

The Notes on pages 23 to 44 form part of these Financial Statements.

EMPIRE METALS LIMITED

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

ACCOUNTING POLICIES

1. General Information

The principal activity of Empire Metals Limited ("the Company") and its subsidiaries (together "the Group") is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production.

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 Company changed its name to Empire Metals Limited on 10 February 2020.

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 Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union. The Group Financial Statements have been prepared under the historical cost convention, unless stated otherwise.

The Financial Statements are presented in UK Pounds Sterling rounded to the nearest pound.

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

2.2 Changes in accounting policy and disclosures

(a) New and amended standards mandatory for the first time for the financial periods beginning on or after 1 January 2022

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 31 December 2022 but 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
IAS 12	Income taxes	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 1	Presentation of Financial Statements	1 January 2023

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on future Group Financial Statements.

EMPIRE METALS LIMITED

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

2.3 Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Empire 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.

Below is a summary of subsidiaries of the Group:

Name of subsidiary	Place of business	Parent company	Registered capital	Share capital held	Principal activities
Kibe Investments No.2 Limited	British Virgin Islands	Empire Metals Ltd	Ordinary shares US\$12	100%	Dormant
Noricum Gold AT GmbH	Austria	Kibe Investments No.2 Limited	Ordinary shares €35,000	100%	Exploration
GMC Investments Limited	British Virgin Islands	Empire Metals Ltd	Ordinary shares US\$1	100%	Dormant
European Mining Services Limited	United Kingdom	Empire Metals Ltd	Ordinary shares £1	100%	Mining Services
Eclipse Exploration Pty Ltd	Australia	Empire Metals Ltd	Ordinary Shares AUD\$1	100%	Exploration

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. 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

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 Report from page 3. In addition, Note 3 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and details of its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating steady revenue streams, an operating loss has been reported and an operating loss is expected in the 12 months to 31 December 2023, the Directors believe that the Group will have sufficient funds to meet its immediate working capital requirements and undertake its targeted operating activities over the next 12 months from the date of approval of these Financial Statements. As at the balance sheet date, the Group has cash and cash equivalents of £1,467,769 and a further £1.25 million was raised via the issue of new ordinary shares in March 2023. These amounts combined are expected to adequately cover forecast working capital requirements.

The Directors have, in the light of all the above circumstances, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Group Financial Statements.

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.

EMPIRE METALS LIMITED

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

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 Sterling, the functional currency of the BVI subsidiaries is US Dollars, the functional currency of the Austrian subsidiary is Euros and the functional currency of the Australian subsidiary is AUD Dollars. The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound.

(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 Income Statement.

(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 assessed for impairment annually or when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas. IFRS 6 permits impairments of exploration and evaluation expenditure to be reversed should the conditions which led to the impairment improve. The Group continually monitors the position of the projects capitalised and impaired.

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 Income Statement.

EMPIRE METALS LIMITED

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

2.8 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Computer equipment – 20 to 50% straight line

Field equipment - 20 to 50% straight line

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 Income Statement 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 gains / (losses)' in the income statement.

2.9 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.

2.10 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell. An impairment loss is recognised for any subsequent write-down of the asset to fair value less costs to sell.

2.11 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.

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

(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 EIR. 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.

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 FVTPL.

2.12 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.

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 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 statement of profit or loss and other 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.

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

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).

2.13 Cash and Cash Equivalents

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

2.14 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.

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.

2.15 Share Capital, share premium 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 there is sufficient premium available. Should sufficient premium not be available placing costs are recognised in the Income Statement.

Other reserves consist of the share option reserve and the foreign exchange translation reserve. See Notes 15 and 16 for further detail.

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

2.16 Reverse acquisition reserve

The reverse acquisition reserve arose on the acquisition of Kibe Investments No. 2 Limited in 2010. There has been no movement in the reserve since that date.

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 income statement 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 to the share premium account 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 entity revises its 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 income statement or equity as appropriate, with a corresponding adjustment to another 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) and share premium when the warrants or options are exercised.

2.18 Operating Leases

Leases of assets under which the short-term exemption under IFRS 16 has been taken and which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

2.19 Revenue Recognition

Revenue is recognised in respect of amounts recharged to project strategic partners in accordance with their contractual terms. Revenue is also generated from management and consulting services to third parties.

The Group derives revenue from the transfer of services overtime and at a point in time in the service lines detailed below. Revenues from external customers come from consulting services.

The Group provides management services to subsidiary undertakings and joint venture entities for a fixed monthly fee. Revenue from providing services is recognised in the accounting period in which the services are rendered. Efforts to satisfy the performance obligation are expended evenly throughout the performance period and so the performance obligation is considered to be satisfied evenly over time.

2.20 Finance Income

Finance income consists of bank interest on cash and cash equivalents which is recognised using the effective interest rate method.

EMPIRE METALS LIMITED

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

2.21 Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year.

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

(a) Foreign currency risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and Euros against the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group negotiates all material contracts for activities in relation to its subsidiary in USD and Euros. The Directors will continue to assess the effect of movements in exchange rates on the Group's financial operations and initiate suitable risk management measures where necessary.

(b) Price risk

The Group is not exposed to commodity price risk as a result of its operations, which are still in the exploration phase. Other than insignificant consulting revenue, there is no revenue. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

The Group has no exposure to equity securities price risk, as it has no listed equity investments.

(c) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit, which is not significant.

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

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed. In March 2023, the Company raised net proceeds of £1.25m. See note 2.4 for further details on going concern and liquidity.

EMPIRE METALS LIMITED

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

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities. The Group has no debt at 31 December 2022 and defines capital based on the total equity of the Company being £4.6m. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

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:

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2022 of £3,337,598 (2021: £1,952,419): refer to 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.

Towards the end of 2021, management had doubts over the viability of Central Menzies. These were confirmed shortly after the year end with the publication of the results of a second phase of RC drilling which focused on testing the Nugget Patch gold trend to confirm if there was higher grade mineralisation sitting at depth below a supergene gold enriched zone and to confirm historic high grade gold intersections closely associated with the main workings at Teglio. The results were generally inconclusive, with no obvious continuity along strike and no significant high-grade intercepts. In February 2022, the Directors formally announced that it would not take up the Option over the Central Menzies Gold Project. As such, management believe there were conditions at the year end to suggest that Central Menzies exploration asset was impaired and it was written off in full.

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 16.

EMPIRE METALS LIMITED

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

5. Segmental Information

As at 31 December 2022, the Group operates in three geographical areas, the UK, Austria and Australia. The Company operates in one geographical area, the UK. Activities in the UK are mainly administrative in nature whilst activities in Austria and Australia 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: £nil (2021: £nil).

2022	Australia	Austria £	UK £	Total £
Revenue	-	-	-	-
Administrative expenses	(143,454)	(13,151)	(890,033)	(1,046,638)
Other gains/(losses)	(114,587)	-	-	(114,587)
Operating loss from continued operations per reportable segment	(258,041)	(13,151)	(890,033)	(1,161,225)
Additions to non-current assets	1,410,026	6,778	1,375	1,418,179
Reportable segment assets	3,416,905	76,126	1,383,359	4,876,390
Reportable segment liabilities	34,196	3,239	72,869	110,304

Segment assets and liabilities are allocated based on geographical location.

2021	Australia	Austria £	UK £	Total £
Revenue	-	-	-	-
Administrative expenses	(493,695)	(16,090)	(1,402,713)	(1,912,498)
Other gains/(losses)	(417,138)	-	-	(417,138)
Operating loss from continued operations per reportable segment	(910,833)	(16,090)	(1,402,713)	(2,329,636)
Additions to non-current assets	1,915,069	24,675	-	1,939,744
Reportable segment assets	1,959,947	61,506	2,228,535	4,249,988
Reportable segment liabilities	77,538	3,207	43,798	124,543

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

6. Expenses by Nature

	2022 £	2021 £
Directors' fees (note 19)	342,095	233,849
Employee Expenses	40,882	23,522
Fees payable to the Company's auditors for the audit of the Parent Company and group financial statements	39,000	30,955
Professional, legal and consulting fees	142,507	362,808
Accounting related services	36,226	26,471
Insurance	32,270	19,830
Office and administrative expenses	71,585	89,985
Depreciation	300	1,423
Travel and subsistence	84,556	19,354
AIM related costs including investor relations	188,703	182,446
Share option expense	58,220	473,336
Fees paid in shares	-	438,059
Other expenses	10,294	10,460
Total administrative expenses	1,046,638	1,912,498

7. Taxation

The tax on the Group's loss differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	Group	
	2022 £	2021 £
Profit/Loss before tax from continued operations	(1,162,720)	(2,340,790)
Tax at the weighted average rate of 23% (2021: 23.3%)	(267,082)	(545,404)
Expenditure not deductible for tax purposes	45,863	111,184
Effect of differing tax rates across jurisdictions	78,186	26,984
Net tax effect of losses carried forward on which no deferred tax asset is recognised	144,528	418,390
Income tax for the year	1,495	11,154

No charge to taxation arises due to the losses incurred.

The weighted average applicable tax rate of 23% (2021: 23.3%) used is a combination of the 19% standard rate of corporation tax in the UK, 25% Austrian corporation tax and 25% Australian corporation tax.

The Group has accumulated tax losses of approximately £7,110,000 (2021: £6,965,000) available to carry forward against future taxable profits. A deferred tax asset has not been recognised because of uncertainty over future taxable profits against which the losses may be utilised.

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

8. Property, Plant and Equipment

	Field equipment £	Computer equipment £	Total £
Cost			
As at 31 December 2021	10,229	25,545	35,774
As at 1 January 2022	10,229	25,545	35,774
Additions	-	1,628	1,628
Exchange differences	-	-	-
As at 31 December 2022	10,229	27,173	37,402
Depreciation			
As at 31 December 2021	10,229	25,545	35,774
Charge for the year	-	300	300
As at 31 December 2022	10,229	25,845	36,074
Net book value as at 31 December 2021	-	-	-
Net book value as at 31 December 2022	-	1,328	1,328

9. Intangible Assets

	2022 £	2021 £
Exploration & Evaluation Assets at Cost and Net Book Value		
Balance as at 1 January	1,952,419	31,673
Additions	1,418,179	1,512,430
Transfer from financial assets	-	427,314
Impairments	(114,587)	-
Foreign exchange differences	81,587	(18,998)
As at 31 December	3,337,598	1,952,419

The additions in the year relate to two of the Group's main project areas; the Eclipse-Gindalbie Project and the Pitfield Project.

Eclipse-Gindalbie Project

In 2020 the Group acquired an option to purchase 75% of the Eclipse Gold license. The option was exercised in February 2021 for a consideration of AUD\$1,000,000 (approximately £550,000) in cash and AUD\$500,000 (£277,750) settled via the issue of 7,095,510 new ordinary shares of no-par value at a price of 3.91p.

In January 2022, the Group entered into a Tribute Agreement for the Gindalbie license. The cost to enter into the Tribute Agreement was AUD\$250,000 for an initial 6-month exploration term. An additional A\$250,000 was paid in August 2022 to extend the exploration period by a further 18 months.

In February 2022, 1,676m of Reverse Circulation ("RC") drilling was completed, focused mainly on the Homeward Bound, Laurel-Bulletin, South Gippsland #3, Golden Puzzle and Bud's Find areas. Of the four RC holes drilled at the Homeward Bound target, three reported very high-grade intercepts.

Following from this, a further six Diamond Drill ("DD") holes for a total of 999m were completed at Eclipse during the year to test for continuity between Eclipse and Jack's Dream and to the north-west of Jack's Dream. Five of the six DD holes intercepted the mineralised shear reporting significant gold intercepts.

Following on from successful drilling campaigns in February 2022 and June 2022, the Company decided to carry out a small RC campaign consisting of nine RC drill holes for 770m. The Company found evidence of kaolinite-rich clays within the intensely leached upper part of the weathering profile. The next phase of the exploration programme will focus on the metallurgical quality of the white kaolin samples collected from this drill programme.

EMPIRE METALS LIMITED

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

Pitfield Project

During 2022, work was focussed on the reinterpretation of historic geochemical and geophysical work undertaken by previous explorers as well as some first phase mapping and sampling.

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.

10. Trade and Other Receivables

	2022	2021
	£	£
Trade receivables	-	2,862
VAT receivable	15,796	59,523
Prepayments	18,230	11,481
Other receivables	35,669	13,332
	69,695	87,198

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	58,308	67,049
Euros	626	304
Australian Dollars	10,761	19,845
	69,695	87,198

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.

11. Financial Assets At Fair Value Through Profit or Loss

	2022	2021
	£	£
Balance as at 1 January	-	427,314
Additions	-	416,547
Impairment	-	(416,547)
Transferred to Exploration and Evaluation assets	-	(427,314)
As at 31 December	-	-

EMPIRE METALS LIMITED

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

On 22 February 2021, the Company announced that it had successfully completed the Eclipse acquisition and owned 75% of the project and license. The cost of the option was transferred to Exploration and Evaluation assets in line with IFRS 6.

In May 2021, the Group purchased an option to acquire a 75% interest in four exploration licences which comprise the Central Menzies Gold project. The Group committed to spend AUD\$500,000 on exploration at Central Menzies within the 9-month option period.

At the year-end management did not have plans to spend further funds on the Central Menzies license area and the minimum spend commitment had been met. Shortly after the period end, the Company announced that it would not exercise the option to acquire the 75% interest in the project. Given the existence of impairment indicators at the year end, management took the view to impair the Central Menzies exploration asset in full.

12. Cash and Cash Equivalents

	2022 £	2021 £
Cash at bank and in hand	1,467,769	2,210,371

The Group's cash is held with facilities with AA and A credit ratings.

The carrying amounts of the Group and Company's cash and cash equivalents are denominated in the following currencies:

	2022 £	2021 £
UK Pounds	1,200,351	1,607,045
Euros	11,469	6,939
US Dollars	185,458	554,436
Australian Dollars	70,491	41,951
Cash at bank and in hand	1,467,769	2,210,371

13. Trade and Other Payables

	2022 £	2021 £
Trade payables	67,298	86,665
Other payables	6,422	4,478
Accrued expenses	36,584	33,400
	110,304	124,543

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

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

	2022 £	2021 £
UK Pounds	72,869	44,516
Euros	3,239	5,441
Australian Dollars	34,196	74,586
	110,304	124,543

14. Share Capital and Share Premium

On 15 December 2010 the shareholders approved the removal of the Company's authorised share capital and so there is no limit on the number of shares the Company is authorised to issue. On that date the shareholders also approved the removal of the nominal value of the shares, as permitted under local company legislation. As such all amounts raised are considered to be share premium.

Issued share capital

Group	Number of shares	Share premium £	Total £
At 1 January 2021	314,683,361	43,065,981	43,065,981
Issue of Ordinary Shares – 22 February 2021	7,095,510	277,434	277,434
Issue of Ordinary Shares – 22 February 2021	7,095,510	277,434	277,434
Issue of Ordinary Shares – 20 May 2021	1,921,068	54,750	54,750
Issue of Ordinary Shares – 20 May 2021	1,921,068	54,750	54,750
Issue of Ordinary Shares – 10 June 2021	3,995,238	106,506	106,506
At 31 December 2021	336,711,755	43,836,855	43,836,855
Issue of Ordinary Shares – 13 April 2022	5,611,863	75,760	75,760
Issue of Ordinary Shares – 28 April 2022	85,000,000	1,700,000	1,700,000
Cost of Capital – 28 April 2022	-	(88,920)	(88,920)
At 31 December 2022	427,323,618	45,523,695	45,523,695

On 22 February 2021, the Company issued and allotted 7,095,510 new Ordinary Shares at a price of 3.9 pence per share as consideration for the purchase of 75% of the equity of Eclipse Exploration Pty. The Company issued and allotted a further 7,095,510 new Ordinary Shares at the same price as payment of a finder's fee in respect of the Eclipse transaction.

On 20 May 2021, the Company issued and allotted 1,921,068 new Ordinary Shares at a price of 2.85 pence per share as consideration for the purchase of 75% of the equity of Central Menzies. The Company issued and allotted a further 1,921,068 new Ordinary Shares at the same price as payment of a finder's fee in respect of the Central Menzies transaction.

On 10 June 2021, pursuant to the advisory agreement, a fee of US\$150,000 settled via the issue of 3,995,238 new ordinary shares in the Company at a price of 2.65p were allotted to the Company's Georgian advisor.

On 13 April 2022, following completion on Pitfield Copper Project, the Company issued 5,611,863 consideration shares to Century Minerals Pty Ltd.

On 28 April 2022, the Company announced a placing of 85,000,000 new ordinary shares of no par value, at a price of 0.02p.

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

15. Other reserves

	2022 £	2021 £
Foreign currency translation reserve	(180,776)	(239,077)
Share option Reserve	629,085	759,370
	448,309	520,293

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 presentation currency.

Share option reserve – the share option reserve represents the fair value of share options and warrants in issue. The amounts included are recycled to share premium on exercise or recycled to retained earnings on expiry. Note 16 outlines the share based payments made in the year.

16. Share Based Payments

Warrants and options outstanding at 31 December 2022 have the following expiry dates and exercise prices, and were valued using the Black Scholes model using the assumptions below:

Grant date	Expiry date	Exercise price in £ per share	Number	
			2022	2021
30 January 2017	3 March 2022	0.1200	-	1,900,000
22 June 2017	21 July 2022	0.1825	-	3,300,000
30 July 2018	26 July 2023	0.1400	1,000,000	1,000,000
30 July 2018	26 July 2023	0.2000	1,000,000	1,000,000
1 July 2019	30 June 2024	0.0130	3,376,553	3,376,553
12 August 2020	12 August 2022	0.0300	-	9,387,908
1 February 2021	31 January 2025	0.0400	10,500,000	10,500,000
1 February 2021	31 January 2025	0.0550	10,500,000	10,500,000
18 February 2021	22 February 2023	0.0470	14,191,020	14,191,020
20 April 2022	20 April 2026	0.0250	2,500,000	-
20 April 2022	20 April 2026	0.0350	2,500,000	-
20 April 2022	20 April 2026	0.0500	2,500,000	-
28 July 2022	29 July 2024	0.0300	1,600,000	-
			49,667,573	55,155,481

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	2018 Warrants	2018 Warrants	2019 Warrants
Granted on:	30/07/2018	30/07/2018	1/7/2019
Life (years)	5 years	5 years	5 years
Share price on grant date	9.35p	9.35p	1.05p
Risk free rate	0.75%	0.75%	0.42%
Expected volatility	27.06%	27.06%	40.97%
Expected dividend yield	-	-	-
Exercise price	20p	14p	1.3p
Marketability discount	20%	20%	20%
Total fair value (£)	3,575	8,871	8,292

	2021 Options	2021 Options	2021 Warrants
Granted on:	01/02/2021	01/02/2021	18/02/2021
Life (years)	4 years	4 years	2 years
Share price on grant date	3.45p	3.45p	3.7p
Risk free rate	1.75%	1.75%	1.75%
Expected volatility	98.49%	98.49%	92.17%
Expected dividend yield	-	-	-
Exercise price	4p	5.5p	4.7p
Marketability discount	20%	20%	20%
Total fair value (£)	192,016	176,292	181,818

	2022 Options	2022 Options	2022 Options
Granted on:	20/04/2022	20/04/2022	20/04/2022
Life (years)	4 years	4 years	4 years
Share price on grant date	1.7p	1.7p	1.7p
Risk free rate	1.75%	1.75%	1.75%
Expected volatility	94.08%	94.08%	94.08%
Expected dividend yield	-	-	-
Exercise price	2.5p	3.5p	5p
Marketability discount	20%	20%	20%
Total fair value (£)	20,289	18,149	15,829

	2022 Warrants
Granted on:	28/07/2022
Life (years)	2 years
Share price on grant date	1.125p
Risk free rate	1.75%
Expected volatility	95.86%
Expected dividend yield	-
Exercise price	3p
Marketability discount	20%
Total fair value (£)	3,953

The risk free rate of return is based on zero yield government bonds for a term consistent with the warrant and option life. Volatility is calculated using an average of the Company's share price 6 months prior to the granted date.

EMPIRE METALS LIMITED

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

The movement of options and 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	55,155,481	0.06	24,964,461	0.09
Granted	9,100,000	0.04	35,191,020	0.04
Exercised	-	-	-	-
Expired	(14,587,908)	(0.02)	(5,000,000)	(0.14)
Outstanding as at 31 December	49,667,573	0.05	55,155,481	0.06
Exercisable at 31 December	49,667,573	0.05	55,155,481	0.06

	2022				2021			
Range of exercise prices (£)	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0.013-0.2	0.05	49,667,573	3	3	0.06	55,155,481	3	3

The total fair value charged to the statement of comprehensive income for the year ended 31 December 2022 and included in administrative expenses was £58,220 (2021: £473,059).

17. Other losses

	Group	
	2022 £	2021 £
Impairments of financial assets	-	(417,138)
Impairment of intangible assets	(114,587)	-
	(114,587)	(417,138)

18. Employees

	Group	
	2022 £	2021 £
Salaries and wages	27,030	11,937
Pensions	2,737	1,194
	29,767	13,131

The average monthly number of employees during the year was 1 (2021: 1).

EMPIRE METALS LIMITED

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

19. Directors' Remuneration

For the year ended 31 December 2022				
	Short term benefits £	Post-Employment benefits £	Share based payment £	Total £
Executive Directors				
Shaun Bunn	156,250	-	54,267	210,517
Michael Struthers*	57,625	-	-	57,625
Gregory Kuenzel	74,000	2,220	-	76,220
Non-executive Directors				
Neil O'Brien	30,000	-	-	30,000
Peter Damouni	22,000	-	-	22,000
	339,875	2,220	54,267	396,362

*Resigned 8 June 2022

For the year ended 31 December 2021				
	Short term benefits £	Post-Employment benefits £	Share based payment £	Total £
Executive Directors				
Shaun Bunn	43,750	-	-	43,750
Michael Struthers	65,000	-	135,045	200,046
Gregory Kuenzel	68,000	2,040	107,862	177,902
Non-executive Directors				
Neil O'Brien	30,000	-	53,931	83,931
Peter Damouni	24,000	44	53,931	77,975
David Ajemian	1,000	14	-	1,014
	231,750	2,099	350,769	584,618

20. Earnings per Share

Continuing operations

The calculation of the total basic losses per share of 0.292 pence (2021: loss 0.706 pence) is based on the losses attributable to equity owners of the group of £1,162,720 (2021: £2,340,790) and on the weighted average number of ordinary shares of 398,508,796 (2021: 331,475,515) in issue during the period.

Discontinued operations

The calculation of the total basic and diluted earnings per share of nil pence (2021: 0.528 pence) is based on the profit attributable to equity owners of the group of £nil (2021: £1,751,536) and on the weighted average number of ordinary shares of 398,508,796 (2021: 331,475,515) in issue during the period.

In accordance with IAS 33, basic and diluted earnings per share are identical in 2022 as the effect of the exercise of share options or warrants would be to decrease the loss per share as the entity is loss making, these instruments are anti-dilutive.

EMPIRE METALS LIMITED

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

21. Commitments

(a) Work programme commitment

The Eclipse Mining Licence has an annual minimum expenditure commitment of AUD\$30,300.

Pitfield/Walton/Stavelly – Eclipse has a commitment to spend AUD\$1.4 mill in total across these three licence areas within 3 years of first completion being 6 April 2025

Gindalbie – under the tribute agreement we are obliged to spend a total of AUD\$250,000 between 24th August 2022 and 24th Feb 2024

(b) Royalty agreements

As part of the contractual arrangement with Kibe No.1 Investments Limited the Group has agreed to pay a royalty on revenue from gold sales arising from gold mines developed by Noricum Gold AT GmbH and covered by licenses acquired by Kibe No.1 Investments Limited. Under the terms of the Royalty Agreement between Kibe No.1 Investments Limited and Noricum Gold AT GmbH, the Group shall pay royalties, based on total ounces of gold sold, equal to US\$1 for every US\$250 of the sale price per ounce.

(c) Lease agreements

During the period Eclipse Exploration Pty Ltd, a wholly owned subsidiary of Empire Metals Limited, entered into a 12 month office lease of AUD\$17,160 per annum. At the year end the commitment amounted to AUD\$3,900. Additionally, Empire entered into a 12 month office lease of £18,000 per annum. The year end commitment amounted to £12,000.

The lease payments in respect of the two leases have been expensed to the Consolidated Statement of Comprehensive Income in line with IFRS 16 for commitments spanning less than 12 months from the year end date.

22. Financial instruments

Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Cost may be an appropriate estimation of fair value at the measurement date only in limited circumstances, such as for a pre-revenue entity when there is no catalyst for change in fair value, or the transaction date is relatively close to the measurement date. The financial asset relates to costs incurred with the acquisition of an option to invest in a 75% holding of Eclipse Exploration PTY. Further detail can be found in note 12.

Group

There were no assets held at fair value as at 31 December 2022.

There were no assets held at fair value as at 31 December 2021.

EMPIRE METALS LIMITED

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

	31 December 2022		31 December 2021	
Assets per Statement of Financial Position	At amortised cost	Total	At amortised cost	Total
Trade and other receivables (excluding prepayments)	51,465	51,465	75,717	75,717
Cash and cash equivalents	1,467,769	1,467,769	2,210,371	2,210,371
Total	1,519,234	1,519,234	2,286,088	2,286,088
Liabilities per Statement of Financial Position				
Trade and other payables (excluding accruals)	73,720	73,720	88,080	88,080
Total	73,720	73,720	88,080	88,080

23. Related Party Transactions

Loans provided by Parent Company

As at 31 December 2022 there were amounts receivable of £10,933 (2021: £8,958) from Kibe No.2 Investments Limited. No interest was charged on the loans.

As at 31 December 2022 there were amounts receivable of £696,186 (2021: £694,186) from European Mining Services Limited.

As at 31 December 2022 there were amounts receivable of £4,376,213 (2021: £2,737,475) from Eclipse Exploration Pty Ltd.

As at 31 December 2022 there were amounts receivable of £145,325 (2021: £119,704) from Noricum AT GmbH.

As at 31 December 2022 there were amounts receivable of £51,602 (2021: £50,062) from GMC Investments Limited.

Loans provided by Kibe No.2 Investments Limited

As at 31 December 2022 there were amounts receivable of £754,517 (2021: £754,517) from Noricum AT GmbH.

All intra-group transactions are eliminated on consolidation.

Other Transactions

Westend Corporate LLP, an entity in which Gregory Kuenzel is a partner, was paid a fee of £84,040 (2021: £69,640) for accounting and corporate services to the Group. At the year-end there was an outstanding balance of £7,124 (2021: £7,053).

Michael Struthers received £57,625 (2021: £65,000) through his service company, MS Mining Consulting LDA, as disclosed in Note 19.

24. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

EMPIRE METALS LIMITED

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

25. Events after the Reporting Date

On 13 March 2023 the Company completed a placing to raise £1.25 million before expenses by way of a placing of 55,555,554 new ordinary shares of no par value in the capital.

On 23 March 2023 the Company agreed to issue options over a total of 28,500,00 ordinary shares of no-par value in the capital to Directors and an employee of the Group.

On 26 April 2023 the Company announced the granting of the exploration licence for the Walton Copper-Gold-Lithium Project, in which a 70% interest is held.

On 27 April 2023 the Company received notification from a warrant holder to exercise warrants over 1,500,000 new ordinary shares of no par value in the share capital of the Company at a price of 1.3 pence per share.