Registered number: 07800337

POWER METAL RESOURCES PLC

ANNUAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

POWER METAL RESOURCES PLC

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COMPANY INFORMATION

Directors:	A Bell	*Executive Chairman*
	P Johnson	*Chief Executive Officer*
	S Richardson Brown	*Non-Executive Director*
	Ed Shaw	*Non-Executive Director*
		(Appointed 19 February 2020)
Company secretary:	ONE Advisory Limited	
Company number:	07800337	
Registered office:	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT	
Auditor:	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus London E14 4HD	
Nominated Adviser and broker:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
Joint brokers:	SI Capital Limited 46 Bridge Street Godalming Surrey GU7 1HL	
	First Equity Limited Salisbury House London Wall Finsbury London EC2M 5QQ	
Solicitor:	Druces LLP Salisbury House London Wall London EC2M 5PS	

CHAIRMAN'S REVIEW
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Highlights from the year under review:

Operational

- A strategic Australian gold joint venture was formed with Red Rock Resources plc (LON:RRR), with Power Metal Resources holding 49.9%. By year end the joint venture holding company, Red Rock Resources Australasia (Pty) Limited ("RRAL") had lodged 12 licence applications covering some 2,188 km^2 in the Victoria goldfields region. Various technical work was completed in the year including project reports for 11 of the licence applications and a National Instrument 43-101 report for 8 of the licence applications as a group. A new office was secured in Ballarat town and an exploration manager appointed to the joint venture company;

- Following completion of ground geophysics in 2019 and the delineation of key drill targets, Power Metal Resources elected on 31 December 2019 to earn in to a 40% project holding at the Molopo Farms Complex Project, Botswana by expending US$500,000 on exploration, notably key target drilling in 2020. A maiden drill programme commenced in October 2020;

- A new strategic joint venture was formed between Power Metal Resources and Kavango Resources Plc (LON:KAV) in respect of the Kalahari Copper Belt and Ditau Camp Projects in Botswana, with each party having a 50% interest;

- Review work was undertaken in respect of the exploration and commercialisation options in respect of the Cobalt Blue nickel/cobalt project in Cameroon. No formal conclusions as to the way forward were reached in the financial year, with deliberations continuing post year end and leading to a decision to impair the value of the of the Cameroon project in full (£970,000);

- A new earn in agreement was formed over the Silver Peak Project, including a former working silver mine, in British Columbia, Canada. Due diligence programme sampling demonstrated bonanza grade silver from channel sampling;

- A pitting, sampling and mapping work programme was undertaken successfully at the Kisinka Project in The Democratic Republic of the Congo. X-ray fluorescence testing of the samples confirmed the presence of copper, with samples dispatched to South Africa for analysis and results received post year end. The results announced in November 2020 demonstrated high grade copper and cobalt values;

- Power Metal Resources increased its interest in the Haneti Nickel Project by 10% to 35% in the financial year and worked with joint venture partner AIM Listed Katoro Gold plc (LON:KAT) to plan for commencement of maiden drilling for nickel sulphide and Platinum Group Metals ("PGMs") at the Project;

- An agreement was signed in respect of the Alamo Gold Project in Arizona USA which saw Power Metal Resources acquire an option to earn in to a maximum 75% interest in the project. An initial reconnaissance survey conducted following the acquisition identified additional prospective areas which were pegged and added to existing claims, increasing the project footprint;

- A further strengthening of the Board saw Edmund Shaw, an experienced City finance professional, join the Board as Non-executive Director in February 2020;

- At the year-end 30 September 2020 the Company held a private and listed shares/warrants portfolio worth circa £1,481,000, including a £415,000 fair value uplift in the valuation of the portfolio of listed investments in other junior natural resource companies held by the Company over the course of the year (see note 13);

- At the year end the Company held cash in GBP, USD, AUD and CAD of £913,000 in GBP equivalent.

Financial

- Loss for the year to 30 September 2020 of £1.4 million (2019: £1.6 million);

- Pre non-controlling interest total equity of £3.6 million at the year-end (2019: £1.8 million); and

- Raised £1.7 million (before issue costs) in new equity financing during the financial year, from a combination of new and existing shareholders, including the Directors, and an additional £266,000 of cash received by the Company during the year from exercises of Power Metal share warrants.

Post-year end

Expansion of exploration and activity across the Company's project portfolio including:

- Drilling programme commencement at the Molopo Farms Complex Project in Botswana (announced 15 October 2020), the Silver Peak Project in Canada (announced 10 November 2020) and the Haneti Nickel Project in Tanzania (announced 30 December 2020);

- Next stage exploration programmes commenced at the Kalahari Copper Belt and Ditau Projects in Botswana, the Alamo Gold Project in Arizona, USA and the Kisinka Project in The Democratic Republic of the Congo ("DRC");

- Continuation of corporate activities since the year end with participation in a rights issue for Kalahari Key Mineral Exploration (Pty) Limited and expansion of the Australian Gold Joint Venture with an application to increase the JV footprint by a further 148 km^2 surrounding the Ballarat mine area; and

- Option agreement signed in January 2021 providing 60 business-days for due diligence which if successful would lead to the acquisition of First Development Resources Pty Limited, a private Australian company with copper-gold exploration interests in Paterson Province, Australia.

- Agreement signed by Power Metal Resources in January 2021 to acquire a package of gold exploration properties in Ontario Canada, followed by an option agreement providing 30 days for due diligence which if successful would lead to the acquisition of four additional exploration projects also in Ontario, Canada. In February 2021, the Company announced it had exercised the Option to acquire the McKellar Property by transferring total consideration of CAD$100,000 in cash and shares;

- In February 2021 RRAL received confirmation that three licence applications had been granted enabling the commencement of ground exploration in the Victoria Goldfields, Australia;

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- In February 2021, the Company announced, subject to shareholder approval, a capital reduction to take place in order for distributions to be made to shareholders; and

- Warrant exercises since the year end have raised a further £2,638,470 for the Company.

Introduction

Power Metal Resources advanced considerably during the year with an expansion in its project portfolio across commodities, jurisdictions, and geological environments. The Company commenced the financial year with four largely base metal interests in Africa and ended the year with six African projects of substance, augmented by precious metal interests in North America and Australia. The Company is now, in effect, a global operating company.

The board believe that each of the Company's operational projects is capable of delivering a large scale metal discovery, in line with the Company's primary strategic objective. In the pursuit of this and with our project partners in-country we have designed and where possible implemented a structured exploration programme for each project.

COVID-19 restrictions around the world did impact the Company's operational activities in the year, mainly in respect of any localised restrictions impacting field operations. The Company's structured approach of working with local operating and management teams meant that aside from local restrictions, we have been able to operate effectively managing our global activities from our London headquarters.

During the year we raised £1.7million in equity financings to support our operational activities and providing sufficient working capital for the smooth running of the business overall. The financings were undertaken at the then market price to ensure we protected existing shareholders from heavily discounted financings as is our policy.

Power Metal Resources has continued to build its investment portfolio of listed and private interests and striving towards our objective of financial self-sustainability. At the year end the portfolio was already demonstrating material capital gains, something we trust we can continue to build upon in the 2021 financial year. Our growth in this area will be further emboldened with the corporate activity to spin-out certain interests into their own dedicated listed vehicles.

Operations Review
Projects

Australia

Following a period of planning and preparation in April 2020 Power Metal Resources announced a new joint venture acquiring a 49.9% interest in Red Rock Australasia (Pty) Limited ("RRAL") a private Australian company, with the remaining 50.1% held by Red Rock Resources plc (LON:RRR).

During the financial year RRAL submitted 12 separate gold exploration licence applications in the Victoria Goldfields in the State of Victoria, Australia and covering a total of 2,188km^2. Also, during the year RRAL consultants were engaged to prepare detailed project specific reports for each licence application and a National Instrument 43-101 Technical Report for 8 licence applications, which together formed the BMV Gold Project.

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RRAL also established an enhanced operational office in Ballarat and employed an Exploration Manager and a community relations officer to coordinate and drive exploration programmes.
During the year work was also undertaken with RRAL's tenement management company and Victoria State Mines Department to advance licence applications to granted status. From the 12 licence applications portfolio, 3 priority licence applications were awarded highest ranking status during summer 2020 and advertised locally and regionally in accordance with application requirements (with 7 further licence applications granted highest ranking status to date post year-end). Licenses have been granted post the year end in respect of the 3 priority licence applications.

During the year RRAL noted the potential to list some or all of its interests on a North American Stock Exchange and received multiple approaches from third parties expressing an interest in its business, from the perspective of the potential listing and for separate potential joint ventures with RRAL on some or all of its interests.

Botswana – Molopo Farms Complex Project
Power Metal entered the financial year with an 18.26% stake in Kalahari Key Mineral Exploration (Pty) Limited ("KKME"), the 100% owner of the Molopo Farms Complex Project ("MFC Project"), its only project interest. The Company also held a right to elect to earn-in to a direct 40% interest in the MFC Project, expiring on 31 December 2019, by expending US$500,000 on exploration costs, notably project drilling, by 31 December 2020 (since extended to 30 April 2021).

In December 2019 and given the positive outcome from ground geophysics which identified multiple high impact nickel sulphide/Platinum Group Metal ("PGM") drill targets, the Company exercised its right to earn in to the MFC Project.

The earn in formally commenced in October 2020 with the commencement of drilling at the MFC Project.

Botswana – Ditau Camp Project and Kalahari Copper Belt
In April 2020 Power Metal Resources announced an option to acquire a 51% interest in the Ditau Camp Project (rare earths exploration in Botswana), which was at the time 100% held by Kavango Resources plc (LON:KAV). In parallel Power Metal Resources invested £38,000 into a zero coupon Convertible Loan Note, convertible into 4,750,000 shares in Kavango at 0.80p per share (conversion actioned in July 2020).

As part of this financing, Power Metal Resources on conversion in July 2020 also received 4,750,000 warrants to subscribe for a further 4,750,000 Kavango Resources shares at a fixed price of 1.0p, and with a life to expiry of 2 years. Should Power Metal Resources exercise the 1.0p warrants in full and within one year of their grant, it will receive a further 4,750,000 warrants to subscribe for Kavango Resources shares at a fixed price of 2.5p with the same expiry date as the 1.0p warrants noted above.

After a period of due diligence, project review and discussions with Kavango Resources plc, in September 2020 a new strategic joint venture was announced whereby Power Metal Resources acquired a 50% interest in the Ditau Camp Project and also two licences in the Kalahari Copper Belt (copper/silver exploration in Botswana), also previously owned outright by Kavango.

Consideration for the transaction was the payment of £75,000 cash and the issue of £75,000 of Power Metal Resources shares to Kavango (6 million new ordinary shares of 0.1 pence each in the Company at a price of 1.25p each and 5 million Power Metal Resources warrants at 2.0p with a two year life to expiry and in the event of early exercise of 2.0p warrants (within 12 months of issue), replacement warrants at 5.0p with the same life to expiry as the 2.0p warrants). In addition, Power Metal Resources agreed to sole fund the first US$150,000 (in total) of exploration costs at the strategic joint venture projects in the first two years.

The transaction between Kavango Resources plc and Power Metal Resources envisaged the listing of the joint venture interests on a Canadian or UK stock exchange in 2021, and the first £10,000 of corporate restructuring costs in respect of this were also to be paid by Power Metal Resources.

Initial exploration planning work on both joint venture properties was commenced during the financial year with ground operations commenced prior to the year end. Work in respect of the listing of the joint venture interests has been ongoing since the transaction was announced.

Cameroon

During the course of the financial year a project review was undertaken with Power Metal Resource's consultants to assess the exploration and commercialisation options in respect of 100% owned Cameroon project, held through Cobalt Blue Holdings Inc. ("CBH").

The pace of the review work was impacted by the additional pressures placed on the Company's managerial and technical team managing potential disruptions due to the COVID-19 pandemic and also given the large amount of corporate work underway to assess, negotiate and conclude new commercial acquisitions.

The Cameroon review continued post year and included an assessment of new additional exploration data in respect of the project.

Given the proximity of the Cameroon project to the Nkamouna/Nada cobalt, nickel and manganese deposit, the Company considered that the Cameroon project may hold value and may justify additional exploration work. Notwithstanding this the directors reviewed the likely cost to renew exploration licences and thereafter to undertake sufficient exploration work. The likely cost for renewal and further exploration represented a material proportion of existing Company resources. When comparing this with the other project opportunities now in the Company's expanded portfolio the directors determined a material commitment of financial and managerial resources to the Cameroon project was not in the best interests of the Company.

As a result of the above the directors assessed the carrying value of CBH at the year end and took the decision to impair the asset in its entirety. This impairment was due to the partly disappointing results of the exploration previously conducted, with no definitive additional information received from our review highlighting a clear and cost-effective pathway for further project development.

Furthermore, the effect of COVID-19 inhibited exploration during the year. The project licences were due for renewal in the first quarter of 2021, and the renewal costs were considered likely to be expensive and, given the lack of work recently there was a material risk that the renewals may not be granted.

It was therefore decided, reluctantly, to not undertake further material operations in Cameroon and the asset was written down.

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Note: With respect to Nkamouna, Geovic published an NI 43-101 compliant Mineral Resource[1] on the Nkamouna deposit with a total Measured, Indicated and Inferred Mineral Resource of 323mt of 0.21% cobalt, 0.61% nickel and 1.26% manganese.

[1] Source: NI 43-101 Technical Report, Geovic Mining Corp by SRK Consulting, 02 June 2011 (viewable at Edgar Online)

Canada

In August 2020, a 30-day option agreement was signed in relation to the Silver Peak silver project in British Columbia, Canada. The Silver Peak Project consists of a portfolio of mineral claims (the "claims") over a system of high grade, intrusion related, polymetallic Ag-Pb-Zn-Cu veins, part of the historical Eureka-Victoria Silver Mine, at Silver Peak in southern British Columbia, Canada.

The option fee paid was £26,819 with £12,500 payable through the issue of 1,000,000 Power Metal shares at a price of 1.25p and £14,319 payable in cash.

Due diligence was undertaken, and the option exercised in September 2020 enabling Power Metal Resources to earn in to a 30% interest.

On option exercise Power Metal Resources paid £129,683 to the Vendors comprising CAD$30,000 (£17,183) cash and £112,500 through the issue of 9,000,000 new Ordinary Shares at a price of 1.25p per Option Exercise Share.

In addition, the Vendors were granted 9,000,000 warrants to subscribe for new Ordinary Shares in the Company at a price of 1.75p with a three-year life to expiry.

Power Metal Resources must then spend CAD$250,000 (£143,193) on Project exploration, within 12 months (the "Exploration Spend") and of this amount CAD$25,000 was expended on the due diligence exploration programme, leaving CAD$225,000 (£128,874) outstanding at the year end.

Subject to meeting the Exploration Spend and the receipt of satisfactory findings from exploration work, and by 31 August 2021, Power Metal Resources may elect to acquire a 30% interest in the Project by making a final payment of CAD$200,000 (£114,554 and the "Final Payment") with Power Metal Resources having a choice to pay this in cash, or in Company shares, as follows.

Final Payment payable in cash:

- Power Metal Resources can make a final cash payment of CAD$200,000.
- Should Power Metal Resources make the Final Payment as cash, warrants will also be issued to the Vendors in such volume as equates to CAD$100,000 divided by the 7-trading day volume weighted average price of ("VWAP") of Power Metal Resources shares immediately preceding the day of announcing the acquisition of the Project interest and at a price that equates to a 30% premium to the 7-day VWAP and with a three year life to expiry.

Final Payment payable in shares:

- By payment of CAD$200,000 (£114,554) through the issue of Power Metal Resources shares at a price based on the 7-trading day VWAP preceding the date of announcing the acquisition of the Project interest ("Final Payment Shares");

- Should Power Metal Resources elect to make the Final Payment in Power Metal Resources shares then the Vendors will be granted warrants to subscribe for new Ordinary Shares in such volume as equates to 50% of the Final Payment Shares and at an exercise price equating to a 30% premium of the issue price of the Final Payment Shares and with a three-year life to expiry.

During the course of due diligence conducted in August and September channel sampling was undertaken at the property and assay results included Bonanza silver (Ag) and significant copper (Cu) and lead (Pb) grades returned from two 0.5m long channel samples taken across the Victoria Vein.

A further next stage exploration programme was planned and attempted post year end, including exploration drilling, however this was only partially completed due to weather conditions in the area.

The Democratic Republic of the Congo (DRC)
Following the discovery of a 6.8km copper anomaly at the Company's 70% owned Kisinka Project near Lubumbashi in the DRC, Power Metal Resources conducted a follow-up pitting, sampling and mapping programme in early 2020.

The programme was conducted successfully on the ground with in-country X-ray Fluorescence (XRF) of samples confirming the previously identified copper anomaly. Samples were prepared for assay testing in South Africa, the results from which were received post year-end and which confirmed high grade copper and cobalt.

The licence renewal at Kisinka Project was to be applied for in the year but the decision was taken instead to convert the licence to a Permis d'Exploitation (production licence) with a 25 year life. As part of the process 50% of the less prospective ground is to be surrendered, leaving the Company with 41 carrés miniers (each 84.95 ha).

Tanzania
Power Metal Resources entered the financial year with a 25% interest in the Haneti Project, a polymetallic exploration project covering circa 5,000 km^2 acquired in May 2019 and with the balancing 75% held by London listed Katoro Gold plc (LON:KAT) ('Katoro Gold'). The original agreement in May 2019 allowed Power Metal Resources to increase its holding in the Haneti Project by a further 10%, provided payment of £25,000 was made to Katoro Gold by 18 May 2020.

This agreement was varied in the financial year and the deadline extended until 31 August 2020 and on 20 August 2020 Power Metal Resources elected to increase its holding in the Haneti Project to 35% and made the payment of £25,000 to Katoro Gold.

During the year Katoro Gold received approaches from external third parties with a view to earn-in, joint venture or similar, in respect of the Haneti Project, with a primary focus on the nickel sulphide exploration potential.

In addition, planning and preparations were made for the launch of a maiden drill programme at Haneti Project targeting nickel sulphide and PGM targets with rotary air blast, then diamond drilling. This programme was commenced post year end.

USA
In December 2019 Power Metal Resources signed an agreement with the holders of an option to earn in to a 60% interest in the Alamo Gold Project in Arizona USA (the "Option"). This agreement enabled

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Power Metal Resources to acquire the Alamo Gold Option, in exchange for certain cash and equity-based payments to the Optionees and subject to Power Metal Resources exercising the Option and assuming the financial commitments under the earn in arrangement specified in the Option.

The Alamo Gold Project (the "Project") is a package of mining claims initially covering an area of approximately 766 acres and is situated in west-central Arizona, USA. The Project was originally identified as prospective for gold following the discovery of native gold nuggets (the "*Nuggets")* near surface in numerous locations within the Project boundaries.

The geological environment supports further exploration to investigate the source of the nugget gold and the potential for a large, mineralised gold system. In addition, the region in which the Project is situated is prospective for precious and base metals, with regional mines that have produced silver, lead, gold, zinc and copper.

A due diligence site visit was undertaken in January 2020 and after a period of option acquisition and earn in agreement renegotiation, Power Metal Resources elected to acquire and exercise the Option in July 2020, with amended terms including the right for Power Metal Resources to earn-in up to a 75% interest in the Project.

The Project is currently 100% owned by Frisco Gold Corporation, Bullhead City, Arizona, USA ("Frisco").

Frisco as property owners had agreed an Option over the Project where, in exchange for the coverage of certain annual property payments and costs expended on exploration, the Option holders could earn into a project ownership stake. This was called a Right to Earn-in ("RTEI").

The Option holders in this case were Joe Carrabba, a former board director of Newmont Goldcorp and Murray Nye, the CEO of Winston Gold Corp, (together the "Vendors").

Power Metal Resources acquired the Option from the Vendors. The Option provides a right to earn-in to up to a 75% interest in the Project by covering property payments over a four-year period and exploration expenditure over a three year period as outlined below.

The property payments and exploration spend is detailed below:

Cost Analysis	**Property Payments US$**	**Exploration Spend US$**	**Final 75% Payment US$**	**Annual Total US$**
Year 1	50,000	100,000	-	150,000
Year 2	50,000	250,000	-	300,000
Year 3	50,000	500,000	-	550,000
Year 4	50,000	-	50,000	100,000
Overall Total	200,000	850,000	50,000	1,100,000

Power Metal Resources has agreed to guarantee to pay the Year 1 property payments of U$50,000 and first year exploration spend of US$100,000, in total US$150,000 (circa £119,530). After this commitment, Power Metal Resources is not locked-in to any further payments on the Project.

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To acquire the Option, Power Metal Resources paid the Vendors consideration of £48,000 (circa US$60,132) ("Initial Consideration") payable through the issue of 8,000,000 new shares ("Consideration Shares") at a price of 0.6p per share and to grant a warrant over 8,000,000 new shares at an exercise price of 1.0p per share with a three year life to expiry.

The Consideration Shares were subject to a period of four months and one day where they could not be sold or transferred without the express written approval of the Company. Were Power Metal Resources shares trading at a VWAP of 1.5p or more for seven consecutive trading days, the Consideration Shares were to become freely tradable.

In addition, upon earning into a 75% ownership (as outlined below) Power Metal Resources would pay the Vendors a further US$200,000 (circa £143,000) in cash or, at the Company's sole volition, shares at a volume weighted average price ("VWAP") based on the seven trading days prior to the announcement of a 75% ownership interest ("Final Consideration").

If Power Metal Resources earn-in to a 75% interest in the Project the total effective cost of the Option acquisition from the Vendors will be the Initial Consideration of £48,000 together with the Final Consideration of £160,000, for a total of £208,000.

Upon acquisition of the Option, Power Metal Resources became the operator of the Project, working in conjunction with a newly appointed North American gold advisory committee and forming an operating committee with the current Project owners, Frisco.

Project Pipeline
Power Metal Resources management have an extensive network of contacts in the exploration business and through this network have access to a pipeline of potential new project interests. All material opportunities are reviewed from a technical and commercial perspective and the Company remains open to the acquisition of further new projects if of sufficient merit when set against the Company's existing portfolio of interests.

Corporate Social Responsibility ("CSR")
The Company maintains a focus on CSR through internal policies and our approach to external operational activities.

The priority given to this aspect of our work is shown in the fact that at RRAL we recruited a community relations officer as the second employee engaged, in order to start community engagement even in advance of any license grant.

The Company will continue to prudently invest in the regions we have business activities, in support of the communities where we operate. As an early stage Company, Power Metal Resources is keen to employ workers from the areas in which we operate projects, and to operate in a safe, responsible, and reasonable manner.

As certain projects mature, we would expect our community engagement to become more extensive in line with the level of operational activities.

Financial Review
The Group recorded an audited loss after tax for the year to 30 September 2020 of £1.4 million (2019: £1.6 million). The loss per share from continuing activities was 0.025p (2019: 0.55p).

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The Group's exploration activities during the financial year under review were funded through the issue of shares to either raise cash or in lieu of fees. In aggregate, new ordinary shares were issued during the financial year, raising a total of approximately £1.7 million before placement costs (2019: £1 million). In addition, during the financial year the exercise of warrants brought an additional £0.266m cash into the Company.

We ended the financial year with a cash balance of £0.91 million (2019: £0.17 million), which was enhanced post financial year end by the exercise of warrants bringing an additional £2.6 million into the Company post year end.

Targets for 2021
Our operational targets for the remainder of 2021 are:

- To focus on applying financial resources diligently, with controlled corporate costs and focused investment in exploration of our project portfolio;
- To continue to build working capital, preferably through organic means, and move towards financial self-sufficiently being defined as an ability to fund the Company's operations without absolute reliance on equity financings;
- To continue to build our internal resources and external network and to develop our managerial and operational teams to provide confidence in the market of our abilities to achieve our strategic business objective of large scale metal discoveries;
- To proactively continue corporate work to achieve crystallisation of value from spin-outs of certain project interests into their own listed entities; and
- To continue to review new opportunities and where financially and operationally practical to acquire additional interests.

Board Changes
In February 2020 Edmund Shaw was appointed to the Board as Non-executive Director and in September 2020 Iain Macpherson stepped down from the Board as Non-executive Director.

Outlook
After the restructuring and refinancing of financial year 2019, and the corporate growth of 2020, we now look to 2021 as the year of expansive exploration across the Company's project interests combined with corporate activity related to potential spin-outs and new joint venture partnerships. Our aims are simple, to secure a large scale metal discovery and to build our working capital rapidly and organically, while maintaining the strength of our 'balance sheet'.

Andrew Bell, Executive Chairman
22 February 2021

STRATEGIC REPORT
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Overview of the business

The financial year to 30 September 2020 resulted in a loss for the year of £1.4 million (2019: £1.6million).

Net assets at the year-end stood at £2.4 million (2019: £1.6 million). The Group's cash position of £0.91 million as at 30 September 2020 was supplemented post year end following several warrant exercises, which has raised £2.6 million at the report date. In addition, the Company's asset base is bolstered by listed and unlisted shares and warrants in resource companies valued at circa £1.5 million at 30 September 2020.

Business Strategy

The overriding strategic objective of the Company is to make large scale metal discoveries. Power Metal Resources has been structured with a portfolio model with diversity of interests by commodity, jurisdiction and geology which is considered by the Company to increase the likelihood of a large scale metal discovery.

The Company seeks to minimise fixed financial or operational commitments providing underlying operational flexibility. This enables the financial and managerial resources to be focused forward on the projects with the greatest potential to deliver the discoveries targeted.

Further information on the Group's operations is set out in the Chairman's Review on page 4 to 9.

Principal risks

Exploration risk
The Group's business is mineral exploration and evaluation, which are speculative activities. There is no certainty that Power Metal Resources will proceed to the development of any of its projects or otherwise realise their full value. The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available and where leading exploration consultants believe there is strong evidence of high class mineral deposits.

Resource risk
All mineral projects have risk associated with defined grade and continuity. Mineral Reserves and Resources will be calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and commodity price assumptions. At present Power Metal Resources does not have projects with quantified Mineral Reserves and Resources.

Environmental risk
Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. The Group's environmental risk extends to the Group's corporate and exploration interests in Australia, Botswana, Cameroon, Canada, The DRC, Tanzania and the USA. Power Metal Resources will ensure proper measures are taken to assess environmental risk including appropriate technical submissions to reporting authorities prior to work commencing. Also, any disturbance to the environment during any exploration on any of the licence areas will be rehabilitated in accordance with the prevailing local regulations.

Financing & liquidity risk
The Group has an ongoing requirement to fund its activities through the equity capital markets. There is no certainty such funds will be available when needed. To date the Group has managed to raise the required funds, primarily through equity placements, including placements undertaken during very difficult market conditions of 2019/20 and monies from warrant exercises. However, the Directors have prepared cash flow forecasts for at least the next 12 months from the date of this report and are confident that the Company has sufficient financial resources to fund its operations.

From a wider perspective it is noted that the junior resource sector is cyclical, with peaks and troughs in valuations of companies and generic sector confidence. The ease of financing follows this cyclicity and that means the financing environment for junior companies can switch from challenging to comfortable, and vice versa, quite quickly. The impact of cyclicity can be less significant for well-respected companies with successful business models, and therefore the actual financing experience is different for each company.

Political risk
All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets. The Company has working knowledge of the countries in which it holds exploration licences and has appointed experienced local operators to assist the Company in its activities in order to help reduce possible political risk.

Internal controls & risk management
The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

COVID-19 risk
In the current business climate, the Board acknowledges the COVID-19 pandemic risk and continues to monitor the need to implement any changes to underpin the Group's resilience to COVID-19, with the key focus being on protecting all personnel, minimising the impact on critical workstreams and ensuring business continuity.

Review of business and financial performance
The ongoing performance of the Company is managed and monitored using a number of key financial and non-financial indicators ("KPIs") on a monthly basis:

i. Cash position

Having sufficient cash for business operations is vital for an exploration company and cash must be managed accordingly. The Directors review and manage the Group's cash flow on a monthly basis. The financial strategy is to ensure that, wherever possible, there are sufficient funds to cover corporate overheads and exploration expenditure for as long a period as possible. Power Metal Resources has confidence that financing of the Company can continue as and when required, albeit the board is keen to avoid excessive dilution and will manage the financing process with that objective in mind.

Furthermore, the Company has ensured that where possible it has built operational flexibility in its corporate and exploration portfolio enabling expenditure to be paused should the financing environment prove difficult and cash preservation prove essential.

ii. Exploration expenditure by project

The Company controls its exploration spend by project versus budget and in relation to its available cash resources. If the results of exploration do not meet expectations, then budgeted activities are re-evaluated or even cancelled. Evaluation of early stage projects is approached in a cost effective way. The Group determines whether there are any indicators of impairment of its exploration assets on an annual basis.

iii. Share price

The Company monitors its share price monthly versus a peer group of explorers. Many factors outside the Company's control can affect the share price but the Company appreciates that this KPI is important to shareholders and the market in general in assessing the Company's performance.

Directors' indemnities

The Group maintains directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

S172 Statement

The Board of Power Metal Resources is aware that the decisions we make may affect the lives of many people. The Board makes a conscious effort to try and understand the interests of our stakeholders, and to reflect them in the choices we make in creating long-term sustainable success for the business.

The Board views engagement with our shareholders and wider stakeholder groups as essential work. We are aware that we need to listen to each stakeholder group, so that we can understand specific interests, and foster effective and mutually beneficial relationships. By understanding our stakeholders, we can build their needs into the decisions we take.

Throughout this Annual Report, we provide examples of how we:

- Consider the likely consequences of long-term decisions;
- Foster relationships with stakeholders;
- Understand our impact on our local community and the environment; and
- Demonstrate the importance of behaving responsibly.

This section serves as our section 172 statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement. Section 172 of the Companies Act 2006 requires Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the following factors (among others) listed in S172:

(a) the likely consequences of any decision in the long term,
(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,
(d) the impact of the company's operations on the community and the environment,
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and
(f) the need to act fairly as between members of the company.

The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

Due to the unprecedented global impacts of Governmental responses to COVID-19, the Company has continually re-assessed and analysed its business strategy with the key focus being minimising the impact on critical work streams, ensuring business continuity and conserving cash flows. As such, active stakeholder engagement and open communication have become increasingly important in decision making for the Board. Specific decisions taken during the year following consultations with key stakeholders include:

- An intensification of investment community engagement through social media and through online interaction with shareholders and investors to compensate for the reduced opportunities for face to face engagement;
- The decision to recruit a local community relations officer at the Red Rock Australasia Pty Ltd joint venture at an early stage to engage with local communities, including special interest groups, lobbyists, farmers, and residents, and to address environmental concerns, to compensate for the travel restrictions preventing key management from travel to the area;
- The issue of shares and options to service providers and options to directors in order to create long term incentives, align their interests with those of the members and conserve cash through the period of uncertainty during the earlier part of the accounting period.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves, including shareholder interviews and question and answer sessions with the Chief Executive Officer. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

The table below acts as our s172(1) statement by setting out the key stakeholder groups, their interests and how Power Metal Resources has engaged with them over the reporting period. However, given the importance of stakeholder focus, long-term strategy and reputation, these themes are also discussed throughout this Annual Report.

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Stakeholder	Their interests	How we engage
Investors	Business sustainability High standard of governance Comprehensive review of financial performance of the business Success of the business Ethical behaviour Awareness of long-term strategy and direction Improving market perception of the business Delivering long term value to shareholders	Interim and Annual Report Investor Relations section on the Company website RNS announcements Trading updates Shareholder circulars AGM Press releases Media articles and interviews Board encourages open dialogue with the Company's investors
Regulatory bodies	Compliance with regulations Worker pay and conditions Health and Safety Brand reputation Waste and environment Insurance Environmental protection	Company website Stock exchange announcements Annual Report Direct contact with regulators Compliance updates at Board Meetings Consistent risk review
Environment	Sustainability Energy usage Recycling Waste Management	Oversight of corporate responsibility plans Adhere to local guidelines
Community	Community outreach Human Rights Sustainability	Meeting with key community representatives Partnering with the communities in which we operate – sharing plans/ideas for discussion
Contractors	Terms and conditions of contract Health and safety Human rights and modern slavery	Anti-Bribery Policy

On behalf of the board

Paul Johnson, Chief Executive Officer
22 February 2021

BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Andrew Bell, Executive Chairman
Andrew Bell began his career as a natural resources analyst at Morgan Grenfell & Co. in the 1970s. His business experience encompasses periods in fund management and advisory work at leading financial institutions, international corporate finance work and private equity. Andrew Bell's listed company directorships are Red Rock Resources Plc (AIM), Chairman and Chief Executive Officer, and Jupiter Mines Ltd (ASX), Non-Executive Director. Andrew Bell is also a former Director of various resource sector companies including Resource Star Ltd (now Intiger Group Ltd) (ASX), and a former Non-Executive Chairman of Greatland Gold Plc (AIM).

Andrew Bell has considerable sector experience, and his relevant skills also include financial, business and legal analysis, knowledge of Africa and Asia, as well as experience of public markets.

Paul Johnson, Chief Executive Officer
Paul Johnson holds a degree in Management Science from the University of Manchester Institute of Science and Technology and is a Chartered Accountant, Chartered Loss Adjuster and Associate of the Chartered Insurance Institute. Paul is the Chief Executive Officer of Value Generation Limited, a family investment and advisory company focused on the natural resource and related fintech sectors.

Paul Johnson is an experienced public company director and has previously been Chief Executive Officer of Metal Tiger plc (AIM), Metal NRG plc (Aquis, formerly NEX) and China Africa Resources plc (AIM). He has been Chairman of ECR Minerals plc (AIM) and Non-Executive Director of Greatland Gold plc (AIM), Papua Mining plc (AIM), Thor Mining plc (AIM) and Armadale Capital (AIM).

Scott Richardson Brown, Non-Executive Director
Scott is a Fellow of the Institute of Chartered Accountants in England and Wales. He began his career at Coopers & Lybrand (later PricewaterhouseCoopers) in the banking and capital markets division, he later became a partner in the corporate broking/finance division of Oriel Securities Limited covering a range of sectors.

Since leaving Oriel Securities Limited, Scott has held a number of directorships of AIM-quoted companies operating within the natural resources sector in both CEO, CFO and Non-Executive Director roles and specialises in restructuring and turning around companies in difficulty.

Ed Shaw, Non-Executive Director
Ed started his career 25 years ago at Citibank having studied Chemistry at the University of Bristol. Ed was one of the founding partners of Newpeak Capital LLP in 2007 and has a long history of trading and more recently raising capital for companies in the mining sector including microcap resource stocks, the area of the market in which POW is currently positioned.

Ed complements the existing team and helps strengthen the Board particularly by adding weight to the Company’s financing strategy, a key element of business management for listed microcaps.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors present their report together with the audited consolidated financial statements of Power Metal Resources plc (the "Company"), together with:
- its 100% owned subsidiary, Regent Resources Interest Corp ("RRIC");
- its 100% owned subsidiary, Cobalt Blue Holdings ("CBH"); and
- the 70% owned Power Metal Resources SA (formerly ABM Kobald SAS), ("PMR"), incorporated in the DRC, in which its 70% interest in the Kisinka licence is held.

The Group's focus is metals exploration and development with a focus currently on precious metals exploration in North America and Australia together with base and strategic metals exploration in Africa.

Results
The Group reports a loss after tax of £1.4 million (2019: £1.6 million) for the year ended 30 September 2020.

Major events after the reporting date
For information regarding events after the reporting date, see note 23 to the financial statements.

Dividends
The Directors do not recommend the payment of a dividend for the year ended 30 September 2020 (2019: £nil).

Financial risk management
The Group's operations are exposed to a variety of financial risks and these are detailed in note 21 to these financial statements.

Political donations
There were no political donations during the year ended 30 September 2020 (2019: £nil).

Bribery legislation
The Directors have adopted appropriate procedures to ensure compliance with the Bribery Act 2010.

Directors
The Directors of the Company who served during the year and since the reporting date are as follows:

A Bell, Executive Chairman
P Johnson, Chief Executive Officer
S Richardson Brown, Non-executive Director
I Macpherson, Non-executive Director (resigned 3 September 2020)
E Shaw, Non-executive Director (appointed 19 February 2020)

Directors' interests
The beneficial interests of the Directors holding office on 30 September 2020 in the issued share capital of the Company as at 30 September 2020 were as follows:

	Number of ordinary shares of 0.1p each	Percentage of issued ordinary share capital
A Bell	22,282,403	2.73%
P Johnson*	56,000,000	6.86%
S Richardson Brown	-	-
E Shaw	12,500,000	1.53%

* Includes 750,000 ordinary shares held by his wife, Michelle Johnson, and 27,400,000 held by Value Generation Ltd, a company beneficially owned by Paul Johnson

Details of share options and warrants granted to Directors are disclosed in note 18 to the financial statements.

Directors' remuneration and service contracts

Details of Directors' emoluments including share-based payments are disclosed in note 8 to the financial statements.

	Short-term benefits				
	Salary/fees £'000	Bonus £'000	Share-based payments £'000	Total 2020 £'000	Total 2019 £'000
A Bell	48	22	8	78	28
P Johnson	80	37	14	131	58
I Macpherson (Resigned 3.9.20)	17	-	2	19	21
S Richardson Brown	18	8	5	31	21
E Shaw (Appointed 19.2.20)	11	8	2	21	-
R Murphy (Resigned 15.2.19)	-		-	-	30
M Wood (Resigned 29.3.19)	-		-	-	25
Total	**174**	**75**	**31**	**280**	**183**

There were no employees other than the Directors in the year ended 30 September 2020.

Directors' indemnities

The Group maintains directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

Going concern

The financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group, including current level of resources and the required level of spending on exploration and corporate activities. As part of their assessment, the Directors have also taken into account the potential for continuing warrant exercises and the ability to raise new funding whist maintaining an acceptable level of cash flows for the Group to meet all commitments.

The Directors have stress tested the Group's cash projections, which involves preserving cash flows and adopting a policy of minimal cash spending for a period of at least 12 months from the date of approval of these financial statements. The Directors believe the measures they have available will result in sufficient working capital and cash flows to continue in operational existence. Taking these matters in consideration, the Directors continue to adopt the going concern basis of accounting in the preparation of the financial statements.

The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Group's results for that period.

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as the Directors are aware:
- there is no relevant audit information of which the Company's auditor is unaware; and
- all the Directors have taken the 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 have expressed their willingness to continue in office and a resolution will be proposed at the annual general meeting to reappoint PKF Littlejohn LLP as auditor for the next financial year.

By order of the Board
Paul Johnson, Chief Executive Officer
22 February 2021

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

As Chairman of the Board of Directors of Power Metal Resources plc, it is my responsibility to ensure that POW has both sound corporate governance and an effective Board. As Chair of POW, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner. The Chairman's principal responsibility is to ensure that the Company and its Board are acting in the best interests of shareholders.

This report follows the structure of the Quoted Companies Alliance Corporate Governance ("QCA Code") guidelines and explains how we have applied the guidance. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and areas of non-compliance are disclosed in the text below. Further details of the Company's compliance with the QCA Code can be found on the Company's Corporate Governance page on the website (https://www.powermetalresources.com/p/188/corporate-governance), any areas of non-compliance will be disclosed in the text below.

The Board understands that application of the QCA Code supports the Company's medium to long-term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders.

POW seeks to constantly improve its corporate governance practices, illustrated this year through the appointment of Ed Shaw as a Non-Executive Director on 19 February 2020.

Strategy and Risks

A description of the Company's business model and strategy can be found on page 12, and the key challenges in their execution can be found on page 12 to 13.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks in a timely manner. The Board ensures that corrective action is taken and that risks are identified as early as practically possible, as well as being responsible for reviewing the effectiveness of internal financial controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In addition, members of the Board attend industry conferences and seminars to keep abreast of sector risks and industry changes.

The Audit Committee (as well as the Board as a whole) reviews reports from the Company's auditors relating to the internal control systems in use throughout the Group in order to determine the adequacy and efficiency of internal control and risk management systems. An internal audit function is not yet considered necessary as day to day control is sufficiently exercised by the Company's Executive Directors. However, the Board will continue to monitor the need for an internal audit function.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Shareholder needs and expectations
Power Metal Resources places a great deal of importance on communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders. The Company seeks to provide effective communication through Interim and Annual Reports, along with Regulatory News Service announcements on the Company website, www.powermetalresources.com and active engagement including CEO interviews and Q&A sessions with a range of social and investor-oriented media. The Company also has a News Archive section on the website, enabling investors to easily access a range of archived reports and previous updates, as well as a Shareholder Circulars page which includes key business and corporate governance updates. This year, in order to improve shareholder communications, the Board has provided regular updates to shareholders on the progress of the Company's projects through RNS announcements and on its website.

Power Metal Resources is committed to maintaining a healthy dialogue between the Board and all of its shareholders to enable shareholders to come to informed decisions about the Company. This is achieved through formal meetings such as the AGM, which typically provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend. The Company is open to receiving feedback from key stakeholders and will take action where appropriate. The key contacts for shareholder liaison are Andrew Bell and Paul Johnson, who meet with shareholders as and when requested.

Information on the Investors section of the Company's website is kept updated and contains details of relevant developments, interviews, presentations and key reports.

The Company also engages the services of external media service providers who assist with Power Metal Resources' public and investor relations, ensuring information is accessible to stakeholders and released in a timely and informative manner. These advisers also seek to encourage and facilitate shareholder engagement.

The Board
The Company's Board includes Directors from a range of industries including the accounting and finance, and natural resources sectors. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional capabilities, providing the ability to deliver the Company's strategy for the benefit of shareholders over the medium and long-term.

The Board currently comprises an Executive Chairman, Andrew Bell, one Executive Director, Paul Johnson and two Non-Executive Directors, Scott Richardson Brown and Ed Shaw.

Ed Shaw is employed by the Company's joint broker, First Equity, and, as such, the Company does not consider him to be Independent for the purposes of Corporate Governance. Scott Richardson Brown is considered to be an Independent Director for the purposes of Corporate Governance. As at 30 September 2020, Scott Richardson Brown has an interest in 6,000,000 options. Neither Mr Richardson Brown not the Company believe that his interests are significant in assessing his independence.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Board notes that the QCA recommends that there be two Independent Non-Executive Directors, and that the Chair be Independent. Therefore, the Board acknowledges that, at its current stage of development, it does not comply with Principle 5 of the QCA Code, although the Board notes that the Chairman and Non-Independent Director both have significant experience in building successful businesses and offer key expertise to the Executive Directors thus benefitting the Company as a whole. Furthermore, the Board maintains that its composition will be frequently reviewed as the Company develops.

Mr Paul Johnson works for 240 days per year and Mr Andrew Bell works for 162 days per year. Mr Richardson Brown and Mr Shaw work for not less than 24 days per year. Prior to his departure from the Company, Mr Macpherson worked for a minimum of 36 days per year. Biographical details of the Directors can be found on page 17.

During the financial year but since the business restructuring in 2020, there were 5 routine Board Meetings and 5 non-routine Board Meetings, and the attendance of each director is outlined below:

Director	Routine Board Meetings (5)	Non-Routine Board Meetings (5)
Andrew Bell	5	5
Paul Johnson	5	5
Iain Macpherson*	5	5
Scott Richardson Brown	5	5
Ed Shaw**	3	3

* resigned 3 September 2020
** appointed 19 February 2020

Advisors

ONE Advisory Limited has been contracted by the Company to act as POW's Company Secretary and has been given the responsibility for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, including assistance with Board and shareholder meetings and Market Abuse Regulations ("MAR") compliance. ONE Advisory Limited also supports the Board in its development of the Company's corporate governance responsibilities, assisting with the Company's application of the QCA Code and amendments in relation to AIM Rule 26.

The Company's Nominated Adviser is consulted on all matters. The Company took advice on general corporate plc management, potential & actual acquisitions, changes to board composition and business strategy.

All Directors have access to independent professional advice, if required.

Board Evaluation

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. Therefore, the Board accepts that the Company does not comply with this aspect of the QCA Code, although in the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would be beneficial for the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it intends to expand the Board and, with expansion, re-consider the need for a formal Board evaluation.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Culture
The Board recognises that its 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 aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. 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. The Board also ensures that communities within the regions that the Company operates within continue to be supported, being cognisant of the Company's pledge to CSR.

A large part of the Company's activities is centred upon an open and respectful dialogue with shareholders, contractors, regulators 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 importance 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.

Audit Committee
The Audit Committee comprises Scott Richardson Brown and Paul Johnson and is chaired by Scott Richardson Brown. The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditor and reviewing audit reports relating to the accounts. The Audit Committee is required to report formally to the Board on its proceedings after each meeting on all matters for which it has responsibility.

Remuneration Committee
The Remuneration Committee comprises Scott Richardson Brown and Edmund Shaw, and is chaired by Scott Richardson Brown, a qualified chartered accountant. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of shareholders and the performance of the Company.

The Board notes that additional information supplied by the Audit Committee and by the Remuneration Committee has been disseminated across the whole of this Annual Report, rather than included as separate Committee Reports.

Major events after the reporting date
For information regarding events after the reporting date, see note 23 to the financial statements.

Shareholder Engagement
The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders and other relevant stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations), and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting, where possible. The Board discloses the result of general meetings by way of announcement and additionally discloses the results of proxy votes during the meetings and subsequently on the website. The proxy results of the 2020 Annual General Meeting can be found on the Company's Corporate Governance webpage. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The latest Corporate Documents can be found on the Company's website. Information on the Investors section of the Group's website is kept updated and contains details of relevant developments, interviews, presentations, and other key information.

Andrew Bell
Executive Chairman
22 February 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POWER METAL RESOURCES PLC

Opinion

We have audited the financial statements of Power Metal Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2020 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POWER METAL RESOURCES PLC

Our application of materiality

We apply the concept of materiality in both planning and performing the audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statements areas that are included within the scope of the audit and the extent of the sample sizes during the audit.

The materiality applied to the group financial statements was £72,900, based on 2% of gross assets, as it is from these assets that the group seeks to deliver returns for shareholders, in particular the value of exploration and development projects the group is interested in. Performance materiality has been set at 70% of headline materiality, and the threshold for which we communicate errors to management has been set at 5% of headline materiality. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds. Materiality for the significant components within the group has been set at a level between £72,000 - £3,300, using gross assets as a basis.

Materiality has been reassessed at the closing stages of the audit, taking into consideration new information which arose. No alterations were made to materiality either during or at the conclusion of the audit.

An overview of the scope of our audit

In designing our audit, we looked at areas which deemed to involve significant judgement and estimation by the directors, such as the key audit matters surrounding the carrying value of intangible assets, and the classification and valuation of investment and financial assets balances. Other judgemental areas include the recoverability of receivables from other group entities and the valuation of share-based payments. We also addressed the risk of management override of controls, including consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Work on all significant components of the group has been performed by us as group auditor.

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 the scope of our audit responded to the key audit matter
Carrying value of intangible exploration and evaluation assets (Note 10)	
The Group and Company hold material intangible assets relating to capitalised costs in respect of mineral exploration projects.	Our work in this area included: • Evaluating and corroborating the status of the projects during the year, and

There is a risk impairment indicators exist which would result in an impairment of the year end intangible assets balance. The Directors consider each asset to assess whether there are indicators of impairment by considering the potential resources available from exploration and evaluation work undertaken, together with the availability of finance to further evaluate the exploration rights. As a result of this evaluation, the Directors have recognised an impairment charge of £970,000 in respect of the carrying value of Cobalt Blue Holdings during the year.	subsequent to the year end, to identify any evidence of impairment indicators in accordance with IFRS 6; • Obtaining and reviewing applicable correspondence and license agreements to ensure transactions are accounted for in accordance with the terms therein; • Confirming good title to the projects exists as at the year-end; • Evaluating, and providing challenge to, management's impairment assessment; and • Reviewing the disclosures in the financial statements, including those relating to estimates and judgements used, and evaluating their completeness. We found the judgements used by the Directors in their impairment assessment were reasonable.
Classification and valuation of investments (in subsidiaries, associates, joint ventures and other financial assets) (Notes 11, 12 and 13)	
Investments in subsidiaries (Company), as well as joint ventures, associates and equity investments as financial assets (Group & Company), are the most significant balances in the financial statements. There is a risk that the requirements of IAS 28, IFRS 9, IFRS 10 and IFRS 11 have not been applied correctly, and that investment balances have been inappropriately classified and recorded in the financial statements. Given the early stage exploration activities in these entities, existence of losses and potential delays in advancing developments at the underlying projects depending on the availability of funding to meet minimum	Our work in this area included: • Confirming ownership and good title in respect of all investments within the Group; • Considering the criteria within IAS 28 Investments in Associates and Joint Ventures and determining whether the accounting treatment of the JV entities is in accordance with the standard, including corroboration to relevant supporting documentation and agreements – taking into consideration percentage ownership, Board representation as well as any indications of significant influence, control, or joint control;

expenditure and earn-in commitments, there is a risk that the investment balances are not fully recoverable.	• Agreeing closing fair values of equity investments and derivative financial instruments; • Considering the recoverability of investments by reference to underlying net asset values, including the recoverability potential of the underlying exploration projects by reference to IFRS 6; and • Obtaining and reviewing Board impairment papers in respect of investments, providing appropriate challenge and corroboration for any key assumptions made. We found the judgements used by the Directors in their basis of classification and valuation were reasonable.

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POWER METAL RESOURCES PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POWER METAL RESOURCES PLC

anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

22 February 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2020 £'000	2019 £'000
Revenue		9	-
Gross profit		9	-
Operating expenses	**6**	(835)	(668)
Impairment	**10**	(970)	(954)
Fair value gains through profit or loss	**13**	415	36
Loss from operating activities		(1,390)	(1,586)
Share of post-tax losses of equity accounted joint ventures	**12**	(33)	-
Loss before tax		(1,414)	(1,586)
Taxation	**9**	-	-
Loss for the year from continuing operations		(1,414)	(1,586)
Other comprehensive income			
Items that will or may be reclassified to profit or loss;			
Exchange translation		(2)	63
Total other comprehensive (expense)/income		(2)	63
Total comprehensive expense for the year		(1,416)	(1,523)
Loss for the period attributable to:			
Owners of the parent		(1,381)	(1,539)
Non-controlling interests		(33)	(47)
		(1,414)	(1,586)
Total comprehensive loss attributable to:			
Owners of the parent		(1,349)	(1,466)
Non-controlling interests		(67)	(57)
		(1,416)	(1,523)
Earnings per share from continuing operations attributable to the ordinary equity holder of the parent:			
Basic and diluted loss per share (pence)	**17**	(0.25)	(0.55)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	30 September 2020 £'000	30 September 2019 £'000
Assets			
Intangible assets	**10**	156	1,126
Investments in associates and joint ventures	**12**	284	-
Financial assets at fair value through profit or loss	**13**	1,208	309
Non-current assets		1,648	1,435
Trade and other receivables	**14**	110	32
Cash and cash equivalents	**15**	913	171
Current assets		1,023	203
Total assets		2,671	1,638
Equity			
Share capital	**16**	7,286	6,843
Share premium		14,910	13,228
Shares to be issued		22	-
Capital redemption reserve		5	5
Share based payment reserve	**18**	1,286	1,195
Exchange reserve		71	39
Accumulated losses		(20,911)	(19,530)
Total		2,669	1,780
Non-controlling interests		(275)	(208)
Total equity		2,394	1,572
Liabilities			
Trade and other payables	**19**	161	66
Deferred consideration	**20**	116	-
Current liabilities		277	66
Total liabilities		277	66
Total equity and liabilities		2,671	1, 638

The financial statements of Power Metal Resources plc, company number 07800337, were approved by the board of Directors and authorised for issue on 22 February 2021. They were signed on its behalf by:

Paul Johnson
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Exchange reserve £'000	Accumulated losses £'000	Total £'000	Non-controlling interests £'000	Total Equity £'000
Balance at 1 October 2018	6,606	12,453	5	1,086	(34)	(17,991)	2,125	(151)	1,974
Loss for the year	-	-	-	-	-	(1,539)	(1, 539)	(47)	(1,586)
Total other comprehensive income/(expense)	-	-	-	-	73	-	73	(10)	63
Total comprehensive expense for the year	-	-	-	-	73	(1,539)	(1,466)	(57)	(1,523)
Issue of ordinary shares	237	950	-	-	-	-	1,187	-	1,187
Costs of share issues	-	(93)	-	-	-	-	(93)	-	(93)
Share-based payments	-	(82)	-	109	-	-	27	-	27
Total transactions with owners	237	775	-	109	-	-	1,121	-	1,121
Balance at 30 September 2019	6,843	13,228	5	1,195	39	(19,530)	1,780	(208)	1,572

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Capital Redemption Reserve £'000	Share based payment Reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total £'000	Non-Controlling Interests £'000	Total Equity £'000
Balance at 1 October 2019	6,843	13,228	-	5	1,195	39	(19,530)	1,780	(208)	1,572
Loss for the period	-	-	-	-	-	-	(1,381)	(1,381)	(33)	(1,414)
Total other comprehensive income/(expense)	-	-	-	-	-	32	-	32	(34)	(2)
Total comprehensive income / (expense) for the period	-	-	-	-	-	32	(1,381)	(1,349)	(67)	(1,416)
Issue of ordinary shares	443	1,768	22	-	-	-	-	2,233	-	2,233
Costs of share issues	-	(86)	-	-	-	-	-	(86)	-	(86)
Share-based payments	-	-	-	-	91	-	-	91	-	91
Total transactions with owners	443	1,682	22	-	91	-	-	2,238	-	2,238
Balance at 30 September 2020	7,286	14,910	22	5	1,286	71	(20,911)	2,669	(275)	2,394

The following describes the nature and purpose of each reserve:
Share Capital: Amount subscribed for share capital at nominal value.
Shares to be issued: Amount subscribed for share capital not yet issued at the reporting date.
Share based payment reserve: Amounts recognised for the fair value of share options and warrants granted.
Non-controlling interests: Cumulative net profits/(losses) and exchange differences in relation to non-controlling interests.
Retained profits/(losses): Cumulative net profits/(losses) recognised in the financial statements.
Share Premium: Amount subscribed for share capital in excess of nominal value.
Capital Redemption Reserve: Amounts relating to the purchase of Company's own shares.
Exchange Reserve: Foreign exchange differences in re-translation.

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 SEPTEMBER 2020

	2020 £'000	2019 £'000
Cash flows used in operating activities		
Loss for the year	(1,414)	(1,586)
Adjustments for:		
Fair value adjustments	(415)	(36)
Share of post-tax losses of equity accounted joint ventures	33	-
Impairment	970	954
Expenses settled in shares	267	186
Share-based payment expense	91	27
Foreign exchange differences	(2)	65
	(470)	(390)
Changes in working capital:		
(Increase)/Decrease in trade and other receivables	(78)	8
Increase/(Decrease) in trade and other payables	95	(209)
Net cash used in operating activities	(453)	(591)
Cash flows from investing activities		
Purchase of intangibles	-	(15)
Purchase of financial assets at fair value through profit or loss	(504)	(273)
Investment in joint ventures	(201)	-
Proceeds from investment disposals	20	-
Net cash outflows from investing activities	(685)	(288)
Cash flows from financing activities		
Proceeds from issue of share capital	1,965	1,000
Issue costs	(85)	(93)
Net cash inflows from financing activities	1,880	907
Increase in cash and cash equivalents	742	28
Cash and cash equivalents at beginning of year	171	147
Exchange (loss) on cash and cash equivalents	-	(4)
Cash and cash equivalents at 30 September	913	171

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £'000	2019 £'000
Assets			
Investments in subsidiaries	**11**	156	1,126
Investments in associates & joint ventures	**12**	316	-
Financial assets	**13**	1,208	309
Non-current assets		1,680	1,435
Trade and other receivables	**14**	716	538
Cash and cash equivalents	**15**	913	171
Current assets		1,629	709
Total assets		3,309	2,144
Equity			
Share capital	**16**	7,286	6,843
Share premium		14,910	13,228
Shares to be issued		22	-
Capital redemption reserve		5	5
Share based payment reserve	**18**	1,286	1,195
Accumulated losses		(20,508)	(19,225)
Total Equity		3,001	2,046
Liabilities			
Trade and other payables	**19**	192	98
Deferred consideration	**20**	116	-
Current liabilities		308	98
Total liabilities		308	98
Total equity and liabilities		3,309	2,144

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The loss for the financial year dealt with in the financial statements of the parent Company was £1,283,000 (2019: £1,462,000).

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Accumulated losses £'000	Total Equity £'000
Balance at 1 October 2018	6,606	12,453	5	1,086	(17,682)	2,468
Effect of adoption of IFRS 9	-	-	-	-	(81)	(81)
Balance at 1 October 2018 restated	6,606	12,453	5	1,086	(17,763)	2,387
Loss for the year	-	-	-	-	(1,462)	(1,462)
Total comprehensive expense for the year	-	-	-	-	(1,462)	(1,462)
Issue of ordinary shares	237	950	-	-	-	1,187
Costs of share issues	-	(93)	-	-	-	(93)
Share-based payments	-	(82)	-	109	-	27
	237	775	-	109	-	1,121
Balance at 30 September 2019	6,843	13,228	5	1,195	(19,225)	2,046

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share Capital	Share premium	Shares to be issued	Capital Redemption Reserve	Share based payment reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2019	6,843	13,228	-	5	1,195	(19,225)	2,046
Loss for the period	-	-	-	-	-	(1,283)	(1,283)
Total comprehensive (expense) for the period	-	-	-	-	-	(1,283)	(1,283)
Issue of ordinary shares	443	1,768	22	-	-	-	2,233
Cost of share issues	-	(86)	-	-	-	-	(86)
Share-based payments	-		-	- -	91	-	91
	443	1,682	22	-	91	-	2,238
Balance at 30 September 2020	7,286	14,910	22	5	1,286	(20,508)	3,001

The following describes the nature and purpose of each reserve:
Share Capital: Amount subscribed for share capital at nominal value.
Shares to be issued: Amount subscribed for share capital not yet issued at the reporting date.
Share based payment reserve: Amounts recognised for the fair value of share options and warrants granted.
Share Premium: Amount subscribed for share capital in excess of nominal value.
Capital Redemption Reserve: Amounts relating to the purchase of Company's own shares.
Retained profits/(losses): Cumulative net profits/(losses) recognised in the financial statements.

The notes on pages 41 to 67 are an integral part of these financial statements

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss for the year	(1,283)	(1,462)
Adjustments for:		
Fair value adjustment	(415)	(36)
Impairment	970	1,006
Expenses settled in shares	267	186
Share based payment expense	91	27
	(370)	(279)
Changes in working capital:		
(Increase) in trade and other receivables	(178)	(85)
Increase/(Decrease) in trade and other payables	95	(176)
Net cash used in operating activities	(453)	(540)
Cash flows from investing activities		
Investment in subsidiary undertakings	-	(15)
Investment in joint ventures	(201)	-
Investment in financial assets	(504)	(273)
Proceeds from investment disposals	20	-
Net cash outflows from investing activities	(685)	(288)
Cash flows from financing activities		
Proceeds from issue of share capital	1,965	1,000
Issue costs	(85)	(93)
Net cash inflows from financing activities	1,880	907
Increase in cash and cash equivalents	742	79
Cash and cash equivalents at beginning of year	171	96
Exchange (losses) on cash and cash equivalents	-	(4)
Cash and cash equivalents at 30 September	913	171

The notes on pages 41 to 67 are an integral part of these financial statements

1. Reporting entity

Power Metal Resources plc is a public company limited by shares which is incorporated and domiciled in England and Wales. The address of the Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT. The consolidated financial statements of the Company as at and for the year ended 30 September 2020 include the Company and its subsidiaries. The Group is primarily involved in the exploration and exploitation of mineral resources in Africa, Australia, Canada and the US.

2. Going concern

The financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group, including current level of resources, additional funding raised during the year and post year-end, and the required level of spending on exploration and drilling activities. As part of their assessment, the Directors have also taken into account the ability to raise new funding whist maintaining an acceptable level of cash flows for the Group to meet all commitments.

In the current business climate, the Directors acknowledge the COVID-19 pandemic and has implemented logistical and organisational changes to underpin the Group's resilience to COVID-19, with the key focus being minimising the impact on critical work streams, ensuring business continuity and conserving cash flows. COVID-19 may impact the Group in varying ways leading to the Group reducing all non-essential expenditure, the potential impairment of assets held, the Group's ability to finance exploration and drilling activities and meet commitments relating to its investments, including for transactions entered into after the financial reporting date (note 23) The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons, the preservation of cash flows is a primary focus for the Directors.

The Directors have stress tested the Group's cash projections, which involves preserving cash flows and adopting a policy of minimal cash spending for a period of at least 12 months from the date of approval of these financial statements. The Directors believe the measures they have put in place and will result in sufficient working capital and cash flows to continue in operational existence, assuming that all exploration and drilling activities are managed carefully and curtailed if necessary. For the Group to carry out the desired levels of exploration and drilling activities, the Directors believe that it needs to secure further funding either from a strategic partner or subsequent equity raisings in the next financial year, which the Group has succeeded in completing over recent years. Taking these matters in consideration, the Directors continue to adopt the going concern basis of accounting in the preparation of the financial statements.

The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS") and with those parts of the UK Companies Act 2006 applicable to companies reporting under IFRS as adopted by the European Union. The financial statements are prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets of liabilities has been applied.

(b) (i) New and amended standards, and interpretations issued and effective for the financial year beginning 1 October 2019

There were no new standards, amendments or interpretations effective for the first time for periods beginning on or after 1 October 2019 that had a material effect on the Group or Company financial statements.

(ii) New standards, amendments and interpretations in issue but not yet effective

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the EU):

- Amendments to References to Conceptual Framework in IFRS Standards – effective 1 January 2020
- Definition of Material (Amendments to IAS 1 and IAS 8) – effective 1 January 2020
- Amendment to IFRS 3 Business Combinations – effective 1 January 2020
- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform – effective 1 January 2020
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 – effective 1 January 2021*
- Amendment to IFRS 3 Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022*
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022*
- Annual Improvements to IFRS Standards 2018-2020 Cycle – effective 1 January 2022*
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current *and* Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023*

**subject to EU endorsement*

The Directors do not expect that the adoption of these standards will have a material impact on the financial information of the group or company in future periods.

(c) Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency. All financial information presented has been rounded to the nearest thousand pounds, except where otherwise indicated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Group

Carrying value of intangible assets – Notes 4(f)

In arriving at the carrying value of intangible assets, the Group determines the need for impairment based on the level of geological knowledge and confidence of the mineral resources. Such decisions are taken on the basis of the exploration and research work carried out in the period utilising expert reports.

Classification of investments - Note 4 (a) (ii)

The Group determines the classification of investment in associates based on whether significant influence is held in the entity. The existence of significant influence is evidenced in the following ways:

- Board of directors' representation,
- Management personnel swapping or sharing,
- Material transactions with the investee,
- Policy-making participation,
- Technical information exchanges.

If there is no evidence of any of the above, the Group determines that investments held are classified as financial assets.

Fair value measurement - Note 4 (c)

All assets and liabilities for which fair value is measured and disclosed in the financial statements are categorised within the fair value hierarchy (see note 4 (c) (ii).

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

Parent

Receivables from Group undertakings – Note 14

The Parent Company in applying the expected credit loss (ECL) model under IFRS 9 must make assumptions when implementing the forward-looking ECL model. This model is required to be used to assess the intercompany loans receivable from subsidiaries for impairment.

Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project. The directors make judgements on the expected likelihood and outcome of each of the above scenarios, and these expected values are applied to the loan balances.

4. Significant accounting policies

The accounting policies set out below have been applied consistently throughout the year presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 30 September each year.

Business combinations
On acquisition, the assets and liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in profit and loss.

(i) Subsidiaries and acquisitions
Business combinations are accounted for using the acquisition method as at the acquisition date – i.e., when control is transferred to the Group. Control is when the investor has power over the investee, exposure or rights, to variable returns from its involvements with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent Company. When changes in ownership in a subsidiary do not result in a loss of control, the non-controlling shareholders' interests are initially measured at the non-controlling interests' proportionate share of the subsidiaries net assets. Subsequent to this, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(ii) Equity accounted investees

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not the ability to control or jointly control those policies. Investments in associates are accounted for using the equity method of accounting.

Joint Arrangements

Joint arrangements are where parties are bound by a contractual arrangement and that arrangement gives two or more of those parties joint control of the arrangement. Joint arrangements are accounted for using the equity method of accounting.

Equity method of accounting

Under the equity method of accounting, interests in associates and joint arrangements are initially recognised at cost. The Group's share of associates and joint arrangements post acquisition profit / loss after tax and other comprehensive income/ loss are presented as the 'Share of results of Equity accounted investees' in the Group income statement and Group Statement of other comprehensive income respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment less any impairment in value. Where indicators of impairment arise, the carrying amount of the associate is tested for impairment by comparing its recoverable amount against its carrying value. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are similarly eliminated to the extent that they do not provide evidence of impairment of a transferred asset. When the Group's share of losses in an associate or joint arrangement equal or exceeds its interest in the associate, the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the entity. When the Group ceases to have or significant influence, any retained interest in the entity is re-measured to its fair value at the date when or significant influence is lost with the change in carrying amount recognised in the income statement. The Group also reclassifies any movements previously recognised in other comprehensive income to the income statement.

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on retranslation into an entity's functional currency are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to pounds sterling at exchange rates at the reporting date. The income and expenses of foreign operations are translated to pounds sterling at exchange rates at the dates of the transactions, with differences recognised in other comprehensive income.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income and presented in the exchange reserve in equity.

(c) Financial instruments

(i) Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group’s accounting policy for each category is as follows;

Amortised cost

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

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime ECLs. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents comprise cash and cash at bank balances.

Fair value through profit or loss

Financial assets held at fair value through the profit or loss comprise equity investments held. These are carried in the statement of financial position at fair value. Subsequent to initial recognition, changes in fair value are recognised in the statement of comprehensive income.

(ii) Financial liabilities
The Group's financial liabilities include trade and other payables. All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost, using the effective interest method.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

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).

(d) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(e) Intangible assets

(i) Prospecting and exploration rights
Rights acquired with subsidiaries are recognised at fair value at the date of acquisition. Other rights acquired and development expenditure are recognised at cost.

Exploration and evaluation costs arising following the application for the legal right, are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. When a project is deemed not feasible, related costs are expensed as incurred. Costs incurred include any costs pertaining to technical and administrative overheads. Administration costs that are not directly attributable to a specific exploration area are expensed as incurred, and subsequently capitalised if it is reasonably certain that a resource will be defined.

Capitalised development expenditure will be measured at cost less accumulated amortisation and impairment losses.

(f) Impairment
Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration and evaluation expenditure are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise such as:

- unexpected geological occurrences that render the resource uneconomic;
- title to the asset is compromised;
- variations in mineral prices that render the project uneconomic;
- substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and
- the period for which the Group has the right to explore has expired and is not expected to be renewed.

Impairment losses are recognised in profit or loss. For all assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits – share based payments
The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Market vesting conditions are factored into the fair value of all options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

(h) Finance income and finance expense
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(i) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

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

(j) Segmental information

An operating segment is defined as a component of an entity that engages in business activities from which is may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

The Group disclose reportable segments which are regularly reviewed by the chief operating decision maker, (the CEO) and revenues, expenses and non-current assets in relation to each reporting segment are presented in note 5 to the financial statements.

5. Operating segments

The Group has one single business segment which is the exploration of mineral resources and exploitation.

During the year, the Company acted as the holding company of entities involved in mineral resources exploration and exploitation in both the Democratic Republic of Congo and Cameroon. Therefore, the Group has the following geographical segments, detailed in the tables below. None of the segments generated revenue during the period.

	2020	2019
Non-current Assets	**£'000**	**£'000**
Cameroon	-	970
Democratic Republic of Congo	156	156
Total	156	1,126

6. Operating expenses

Operating expenses include:	2020	2019
	£'000	**£'000**
Staff costs (note 7)	296	184
Foreign exchange loss/(gain)	1	(4)
Share based payment expense	46	28
Auditor's remuneration – audit services	24	27

Auditor's remuneration in respect of the Company amounted to £23,500 (2019: £27,000).

7. Staff costs

	2020	2019
	£'000	**£'000**
Social security contributions	18	1
Directors' salary and fees	249	167
Share based payments	29	16
	296	184

The monthly average number of employees (including Directors) during the period was:

	2020	2019
Directors	5	4
	5	4

There were no employees other than the Directors in the year ended 30 September 2020 or year ended 30 September 2019.

8. Directors' emoluments

2020	**Executive**	**Non-executive**	**Total**
	£'000	**£'000**	**£'000**
Fees	-	17	17
Wages and salaries	187	46	232
Share based payments	22	9	31
Total	209	71	280

2019	**Executive**	**Non-executive**	**Total**
	£'000	**£'000**	**£'000**
Fees	-	17	17
Wages and salaries	137	13	150
Share based payments	8	8	16
Total	145	38	183

Emoluments disclosed above include the following amounts paid to the highest Director:

	2020	**2019**
	£'000	**£'000**
Emoluments for qualifying services	131	58

9. Taxation

Reconciliation of tax expense

	2020	**2019**
	£'000	**£'000**
Losses from operations	(1,414)	(1,586)
Tax using the Company's effective domestic tax rate of 19% (2019: 19%)	(269)	(301)
Effects of:		
Disallowable expenditure	193	-
Current losses with no recognisable deferred tax asset	76	301
	-	-

Factors that may affect future tax charges

At the year end, the UK Company had unused tax losses available for offset against suitable future profits of approximately £4,412,382 (2019: 2,998,303). A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

The main rate of UK corporation tax during the year ended 30 September 2020 was 19.00 per cent (2019: 19.00 per cent).

10. Intangible assets

Group

	Prospecting and exploration rights £'000
Cost	
As at 1 October 2018	7,795
Effect of movements in exchange rate	(2)
Balance at 30 September 2019	7,793
As at 1 October 2019	7,793
Disposals	(6,667)
Balance at 30 September 2020	1,126
Impairment	
As at 1 October 2018	5,713
Charge	954
Balance at 30 September 2019	6,667
As at 1 October 2019	6,667
Impairment	970
Disposals	(6,667)
Balance at 30 September 2020	970
Net book value	
At 30 September 2019	1,126
At 30 September 2020	156

The opening balance of intangible assets was initially recognised on the acquisition of the three subsidiaries, Power Metal Resources SA (formerly ABM Kobald SAS), (PMR), Cobalt Blue Holdings (CBH) and Regent Resources Interests Corporation (RRIC), which was impaired in full at 30 September 2019, and subsequently written off.

	2020 £'000	2019 £'000
Intangible assets		
PMR	156	156
CBH	-	970
Total	156	1,126

The Directors regularly assess the carrying value of the Group's assets, including its prospecting and exploitation rights, and write off any exploration expenditure that they believe to be unrecoverable.

PMR
Following the discovery of a 6.8km copper anomaly at the Company's 70% owned Kisinka Project near Lubumbashi in the DRC, Power Metal conducted a follow pitting, sampling, and mapping programme in early 2020. The programme was conducted successfully on the ground with in-country X-ray Fluorescence (XRF) of samples confirming the previously identified copper anomaly. Samples were prepared for assay testing in South Africa, the results from which were received post year-end, but which confirmed high grade copper and cobalt.

The licence renewal at Kisinka Project was to be commenced in the year but the decision was taken instead to convert the licence to a Permis d'Exploitation (production licence) with a 25 year life. As part of the process 50% of the less prospective ground is to be surrendered, leaving the Company with 41 carrés miniers (each 84.95 ha).

As a licence in a prospective area and close to existing discoveries, with a significant apparent discovery awaiting confirmation, this license in the Board's view is likely to have a value greatly in excess of sums expended, and the carrying value is not subject to any impairment.

CBH
At the reporting date, the Group held four Cameroon-based nickel-cobalt exploration licences through two 100% owned subsidiaries of CBH. These licences expire in the first quarter of 2021, unless renewed. The locations of the four licences held and the Ntam Est licence applied for are either adjacent to, or within 50km of the Nkamouna/Mada Cobalt Project ("Nkamouna/Mada") in Cameroon, formerly owned by ex-TSX-listed Geovic Mining Corp ("Geovic"), where in 2011 SRK Consulting (US) Inc. reported a giant NI 43-101 compliant cobalt/nickel resource.

The directors assessed the carrying value of CBH at the year end and took the decision to impair the asset in its entirety. This was due to the disappointing results of the exploration during the year, combined with the effect of COVID-19 inhibiting exploration and lacklustre cobalt prices at a time when other prices were performing strongly. Additionally, the licences are due for renewal in the first quarter of 2021 which would be expensive and, given the lack of work may not be granted, therefore it was decided not to conduct further operations in Cameroon and the asset was written down.

11. Investments in subsidiaries

Company	**Investment in subsidiary undertakings £'000**
As at 1 October 2018	5,819
Additions	-
Balance at 30 September 2019	5,819
As at 1 October 2019	5,819
Disposals	(1,006)
Balance at 30 September 2020	4,813
Impairment	
As at 1 October 2018	3,687
Charge	1,006
Balance at 30 September 2019	4,693
As at 1 October 2019	4,693
Impairment	970
Disposal	(1,006)
Balance at 30 September 2020	4,657
Net book value	
At 30 September 2019	1,126
At 30 September 2020	156

Non-current investments	**2020 £'000**	**2019 £'000**
Investment in PMR	156	156
Investment in CBH	-	970
Total Investment in subsidiaries	156	1,126

At the date of this report, all subsidiaries are still owned by the Company.

Directly	Activity	Country of incorporation	Ownership interest	Registered office
Power Metal Resources SA (formerly ABM Kobald SAS)	Mining and exploration	Democratic Republic of Congo	70%	No. 1022, Avenue of the Congolese Armed Forces, Gombe River Gallery, Kinshasa, DRC
Regent Resources Interests Corporation	Mining and exploration	British Virgin Islands	100%	P.O. Box 2283, ABM Chambers, Columbus Centre, Road Town, Tortola, British Virgin Islands
Cobalt Blue Holdings Inc	Mining and exploration	British Virgin Islands	100%	Intershore Chambers, Road Town, Tortola, British Virgin Islands
Loxcroft Cameroon Holdings Ltd	Mining and exploration	Cameroon	100% indirectly	P.O. Box 25647, Bastos, Yaoundé, Republic of Cameroon
LC Minerals Ltd	Mining and exploration	Cameroon	100% indirectly	P.O. Box 25647, Bastos, Yaoundé, Republic of Cameroon
LC Exploration Ltd	Mining and exploration	Cameroon	100% indirectly	P.O. Box 25647, Bastos, Yaoundé, Republic of Cameroon

For the year ended 30 September 2020, the subsidiary Power Metals SA incurred a loss of £109,000 (2019: £155,000). There were no other material losses in the subsidiaries.

12. Investments in associates and joint ventures

Group

	2020 Total £'000	2019 Total £'000
Opening balance	-	-
Additions	317	-
Share of losses	(33)	-
Closing balance	284	-

In April 2020, the company acquired 49.9% of Red Rock Australasia Pty Ltd (RRAL), with Red Rock Resources Plc holding 50.1%. The joint venture was set up to build a strategic gold exploration portfolio in Australia. Power Metal Resources Plc contributed £44,320 to acquire 49.9% of the share capital of the joint venture company. At the year ended 30 September 2020, RRAL had incurred a loss of approximately AUD $121,338. Power Metal Resources Plc included its share of the loss in the financial statements for the year ended 30 September 2020. This amounted to £32,795.

In September 2020, the Company acquired 50% of four prospecting licences in Botswana, from Kavango Resources Plc, with a view to creating a new joint venture based in Botswana. During the year, the Company transferred £272,402 towards the joint venture, including £116,000 of deferred consideration. At the year-end date, the joint venture company had not yet been set up and therefore there was no profit or loss attributable to the Company.

Company

	2020 Total £'000	**2019 Total £'000**
Opening balance	-	-
Additions	317	-
Closing balance	317	-

13. Financial assets with fair value through profit & loss

Group & Company

	Listed £'000	**Unlisted £'000**	**2020 Total £'000**	**2019 Total £'000**
Opening balance	132	177	309	-
Additions	114	390	504	273
Fair value adjustment – equity investment	214	-	214	28
Fair value adjustment – derivative assets	201	-	201	8
Disposals	(20)	-	(20)	-
Closing balance	641	567	1,208	309

14. Trade and other receivables

Group	**2020 £'000**	**2019 £'000**
Accounts receivable	10	-
Other receivables	65	11
Prepayments	35	21
	110	32

Company	**2020 £'000**	**2019 £'000**
Receivables due from group undertakings	606	507
Accounts receivable	10	-
Other receivables	65	11
Prepayments	35	20
	716	538

15. Cash and cash equivalents

Group & Company

	2020	2019
	£'000	£'000
Bank balances	913	171
Cash and cash equivalents	913	171

16. Share capital

	Number of ordinary shares	
	2020	2019
Ordinary shares in issue at 1 October	372,838,101	136,579,143
Issued for cash	416,626,316	200,000,000
Issued in settlement for expenses	28,852,125	36,258,958
In issue at 30 September – fully paid (par value 0.1p)	818,316,542	372,838,101

	Number of deferred shares	
	2020	2019
Deferred shares in issue at 1 October	3,628,594,957	3,628,594,957
In issue at 30 September	3,628,594,957	3,628,594,957

	Ordinary share capital	
	2020	2019
	£'000	£'000
Balance at beginning of year	6,843	6,606
Share issues	443	237
Balance at 30 September	7,286	6,843

All ordinary shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Both classes of deferred shares (Deferred and Deferred A), do not entitle the holders thereof to receive notice of or attend and vote at any general meeting of the Company or to receive dividends or other distributions or to participate in any return on capital on a winding up unless the assets of the Company are in excess of £1,000,000,000,000. The Company retains the right to purchase the deferred shares from any shareholder for a consideration of one penny in aggregate for all that shareholder's deferred shares. As such, the deferred shares effectively have no value. Share certificates will not be issued in respect of the deferred shares.

Issue of ordinary shares

In October 2019, the Company issued 4,852,125 new ordinary shares to enter into a due diligence period to enable inspection, verification and sampling in respect of the Alamo project.

In December 2019, the Company announced a share placing of 175,000,000 new ordinary shares of 0.1 pence each, at a price of 0.40 pence per share, raising £700,000.

In July 2020, the Company announced it had raised £1,000,000 through a subscription of 210,526,316 new ordinary shares of 0.1 pence each at a price of 0.475 pence per share.

In July 2020, the Company acquired an option providing a right to earn-in up to a 75% interest in the Alamo Gold project. The Company paid the vendors a total consideration of £48,000 for the option, through the issue of 8,000,000 new ordinary shares at a price of 0.60 pence per share.

On 17 August 2020, the Company paid for a 30-day exclusivity period for due diligence in respect of the Silver Peak project, for £14,319 in cash and £12,500 payable through the issue of 1,000,000 shares in the Company at a price of 1.25 pence per share.

In August and September 2020, 31,100,000 were issued in relation to warrant exercises; 16,100,000 were exercised at a price of 1.0 pence per share, and 15,000,000 were exercised at a price of 0.70 pence per share.

On 14 September 2020, the Company exercised the option over the Silver Peak project, enabling the Company to earn-in to a 30% interest. The Company acquired the option for total consideration of £129,683, comprising £17,183 in cash and £112,500 through the issue of 9,000,000 new ordinary shares at a price of 1.25 pence per share.

In September 2020, the Company acquired a 50% interest in four Botswana prospecting licences with a view to holding them in a Botswana private holding company as a joint venture with Kavango Resources plc. Consideration for the acquisition consisted of £75,000 cash and the issue of 6,000,000 shares in the Company to Kavango Resources plc, at a price of 1.25 pence each, totalling £75,000.

17. Earnings per share

Basic and diluted loss per share
The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of £1,381,290 (2019: £1,539,176), and a weighted average number of ordinary shares in issue of 558,893,170 (2019: 278,814,166).

18. Share options and warrants

Reconciliation of outstanding share options:

2020	**Number of options**	**Weighted average exercise price (£'s)**
Outstanding at 1 October 2019	28,375,358	0.04
Granted during the year	35,000,000	0.02
Lapsed during the year	(50,000)	0.20
Outstanding at 30 September 2020	63,325,358	0.26
Exercisable at 30 September 2020	58,375,358	0.24

The weighted average contractual life of the options outstanding at the reporting date is 2 years and 191 days.

Exercise prices of share options outstanding at the end of the period:

97,500	£6.000
1,000,000	£0.050
27,227,858	£0.015
15,000,000	£0.010
20,000,000	£0.020

2019	**Number of options**	**Weighted average exercise price (£'s)**
Outstanding at 1 October 2018	1,147,500	0.749
Granted during the year	27,227,858	0.015
Outstanding at 30 September 2019	28,375,358	0.764
Exercisable at 30 September 2019	27,875,358	0.546

Directors Options

Included within the options issued in the year ended 30 September 2020 were 30,000,000 options issued to directors (2019: 27,227,858).

2020	**Exercise price (£'s)**	**Number of Options**
Andrew Bell	0.020	7,500,000
Paul Johnson	0.020	12,500,000
Scott Richardson Brown	0.010	5,000,000
Ed Shaw	0.010	5,000,000
		30,000,000

2019

	Exercise price (£'s)	Number of Options
Andrew Bell	0.015	13,613,929
Paul Johnson	0.015	13,613,929
		27,227,858

The fair values of the options granted during the year were calculated using the Black Scholes Model with the following assumptions:

Risk free interest rate	0.460% & 0.133%
Expected volatility	70%
Expected dividend yield	0.00%
Life of the option	1.5 years & 2 years
Share price at measurement date	£0.0038 & £0.0093

Reconciliation of outstanding warrants

2020	**Number of warrants**	**Weighted average exercise price (£'s)**
Outstanding at 1 October 2019	218,431,480	0.02
Granted during the year	432,526,316	0.01
Lapsed during the year	(1,672,735)	0.01
Exercised during the year	(31,100,000)	0.38
Outstanding and exercisable at 30 September 2020	618,185,061	0.34

The weighted average contractual life of the options outstanding at the reporting date is 1 year and 83 days.

2019	**Number of warrants**	**Weighted average exercise price (£'s)**
Outstanding at 1 October 2018	8,298,050	0.274
Lapsed during the year	(866,570)	0.068
Granted during the year	211,000,000	0.011
Outstanding and exercisable at 30 September 2019	218,431,480	0.019

Directors Warrants

No warrants were issued to directors in the year ended 30 September 2020 (2019:Nil).

The fair values of the warrants granted during the year were calculated using the Black Scholes Model with the following assumptions:

Risk free interest rate	0.132%, 0.139% & 0.167%
Expected volatility	70%
Expected dividend yield	0.00%
Life of the option	1 year, 1.5 years & 2 years
Share price at measurement date	£0.007, £0.0125 & £0.0115

£46,000 has been recognised as a share based payment expense in the Statement of Comprehensive Income related to the issue of share options and warrants and £45,000 has been included in non-current assets as it relates to the acquisition of certain financial assets.

19. Trade and other payables

Group

	2020	**2019**
	£'000	**£'000**
Trade payables	24	20
Accrued expenses	137	46
	161	66

Company

	2020	**2019**
	£'000	**£'000**
Trade payables	24	20
Accrued expenses	137	46
Payable to group undertakings	31	32
	192	98

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21.

20. Deferred consideration

Group & Company

	2020	**2019**
	£'000	**£'000**
Deferred consideration	116	-

The deferred consideration relates to $150,000 which the Company has committed to transfer to the joint venture held with Kavango Resources Plc over two years from September 2020. The Directors expect that this amount will be paid in the 12 months from the year end.

21. Financial instruments

Financial risk management

Overview
The Group has exposure to the following risks arising from financial instruments.

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework
The Company's board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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. Other indicators include insufficient recent information , Wide range of possible fair values and cost represents the best estimate.

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).

Group & Company
30 September 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets at fair value through profit or loss				
Financial assets (fair value through the profit or loss)	641	-	567	1,208
	641	-	567	1,208

30 September 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets at fair value through profit or loss				
Financial assets (fair value through the profit or loss)	133	-	176	309
	133	-	176	309

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Group	**Carrying amount**	
	2020 £'000	**2019 £'000**
Trade and other receivables	110	11
Cash and cash equivalents	913	171
	1,023	182

Company	**Carrying amount**	
	2020 £'000	**2019 £'000**
Trade and other receivables	716	506
Cash and cash equivalents	913	171
	1,629	677

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient

liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group

30 September 2020	**Carrying amount £'000**	**2 months or less £'000**	**2-12 months £'000**	**More than 1 year £'000**
Non-derivative financial liabilities				
Trade and other payables	161	161	-	-
Deferred consideration	116	-	116	
	277	161	116	-

30 September 2019	**Carrying amount £'000**	**2 months or less £'000**	**2-12 months £'000**	**More than 1 year £'000**
Non-derivative financial liabilities				
Trade and other payables	66	66	-	-
	66	66	-	-

Company

30 September 2020	**Carrying amount £'000**	**2 months or less £'000**	**2-12 months £'000**	**More than 1 year £'000**
Non-derivative financial liabilities				
Trade and other payables	192	192	-	-
Deferred consideration	116	-	116	
	308	192	116	-

30 September 2019	**Carrying amount £'000**	**2 months or less £'000**	**2-12 months £'000**	**More than 1 year £'000**
Non-derivative financial liabilities				
Trade and other payables	98	98	-	-
	98	98	-	-

The Group reviews its facilities regularly to ensure that it has adequate funds for operations and expansion plans.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the nature of the Group's operations, it will be mainly exposed to fluctuations in the price of iron and gold. The Group, where able, will look to hedge its foreign currency exposure.

Currency risk
The Group operates internationally and is exposed to foreign currency risk arising on cash and cash equivalents and receivables denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are US Dollar (USD), Canadian Dollar (CAD) and Australian Dollar (AUD). The following balances were held in foreign currency at the reporting date are:

	Group		**Company**	
Net foreign currency financial (liabilities)/assets	**2020**	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
USD	354	-	354	-
CAD	38	-	38	-
AUD	42	-	42	-
Total net exposure	434	-	434	-

Sensitivity analysis
A 10 per cent strengthening of sterling against the respective currencies at 30 September 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below;

Group	**Profit and loss**		**Equity**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
USD	(35)	-	(35)	-
CAD	(4)	-	(4)	-
AUD	(4)	-	(4)	-
Total net exposure	(43)	-	(43)	-

Company	**Profit and loss**		**Equity**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
USD	(35)	-	(35)	-
CAD	(4)	-	(4)	-
AUD	(4)	-	(4)	-
Total net exposure	(43)	-	(43)	-

A 10 per cent weakening of the sterling against the respective currencies would have an equal but opposite effect.

Capital management
The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of equity which at 30 September 2020 for the Group totalled £2,394,000 (2019: £1,572,000) and for the Company totalled £3,001,000 (2019: £2,046,000).

Accounting classifications and fair values

Fair values and carrying amounts
The carrying values of financial assets and liabilities are all approximate to their fair values per the statement of financial position.

22. Related parties

In addition to matters reported in note 8, the following related party transactions took place during the year ended 30 September 2020:

Andrew Bell, a Director who served during the year is also director of Red Rock Resources plc, providing consultancy services to the Company. Further details on the joint venture arrangement with Red Rock Resources plc is disclosed in the Chairman's Statement and note 12 to the financial statements. The total fees invoiced to the Company for the year ended 30 September 2020 was £52,572 (2019: £30,000), of which nil was outstanding at the year end.

Paul Johnson, a Director who served during the year is also director of Value Generation Limited, a management consultancy business. The total fees invoiced to the Company for the year ended 30 September 2020 were £18,084 (2019: £30,780) which was settled in full prior to the year end.

During the year, the Company advanced funds to Power Metal Resources SA, totalling £108,884 (2019: £92,133). The loan is repayable on demand and on 30 September 2020, £687,372 was outstanding. An expected credit loss of £16,333 was recognised at the year-end in respect of the intercompany receivable (2019: £86,773).

The Company advanced £5,790 to its subsidiary, Cobalt Blue Holdings during the year, (2019: £25,333). The loan is repayable on demand and £31,123 remains outstanding at the year end. An expected credit loss of £1,853 was recognised at the year-end in relation to the intercompany receivable (2019: £8,107).

The Company advanced £1,796 to its subsidiary, Regent Resources Interests Corp during the year (2019: Received £44,994). The £30,271 remains repayable to the subsidiary at the year end.

23. Subsequent events

Drilling programme commencement at the Molopo Farms Complex Project in Botswana (announced October 2020), the Silver Peak Project in Canada (November 2020) and the Haneti Nickel Project in Tanzania (December 2020);

Next stage exploration programmes commenced at the Kalahari Copper Belt and Ditau Projects in Botswana, the Alamo Gold Project in Arizona, USA and the Kisinka Project in The Democratic Republic of the Congo ("DRC");

Continuation of corporate activities since the year end with participation in a rights issue for Kalahari Key Mineral Exploration (Pty) Limited and expansion of the Australian Gold Joint Venture with an application to increase the JV footprint by a further 148 km^2 surrounding the Ballarat mine area;

Option agreement signed in January 2021 providing 60 business days for due diligence which if successful would lead to the acquisition of First Development Resources Pty Limited, a private Australian company with copper-gold exploration interests in Paterson Province, Australia;

Agreement signed by Power Metal Resources in January 2021 to acquire a package of gold exploration properties in Ontario Canada, followed by an option agreement providing 30 days for due diligence which if successful would lead to the acquisition of four additional exploration projects also in Ontario, Canada. In February 2021, the Company announced it had exercised the Option to acquire the McKellar Property by transferring total consideration of CAD$100,000 in cash and shares;

In February 2021 RRAL received confirmation that three licence applications had been granted enabling the commencement of ground exploration in the Victoria Goldfields, Australia;

In February 2021, the Company announced, subject to shareholder approval, a capital reduction to take place in order for distributions to be made to shareholders; and

Warrant exercises since the financial year end have raised a further £2,638,470 for the Company.