ARC MINERALS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

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Corporate Information

Directors

Nicholas von Schirnding	Director, Executive Chairman
Rémy Welschinger	Finance Director
Brian McMaster	Non-Executive Director
Mumena Mushinge	Non-Executive Director

Chief Operations Officer
Vassilios Carellas

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Company Solicitors (UK)
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Channel Islands

Overview

Arc Minerals Limited ("Arc Minerals" or "Arc") is a dynamic junior mining company focused on the exploration and development of its portfolio of copper-cobalt projects located in Africa. Key assets comprise:

- Zamsort Copper Project (66% owned) located in the Zambian Copperbelt, which comprises the following projects:
  - 4km^2 Small Scale Mining License, adjacent to a
  - 4km^2 Small Scale Exploration License, both enclosed by a
  - 400km^2 Large Scale Exploration Licence
  - Soil sampling and airborne geophysics identified 8 large scale copper targets
  - Drilling programme underway

- Zaco Copper Project (72.5% owned) located in the Zambian Copperbelt, which comprises the following projects:
  - 4km^2 Small Scale Exploration License, enclosed by a
  - 382km^2 Large Scale Exploration Licence, and a further
  - 83km^2 Large Scale Exploration Licence
  - Soil sampling and airborne geophysics identified 5 large scale copper targets
  - Drilling programme underway

Coupled with its exciting project portfolio, Arc Minerals has a strong technical and commercial team with extensive experience in Africa and a proven track record of bringing mining projects into production.

2020 Highlights

- Consolidated controlling interest in the Zaco license (72.5%)
- Identified 13 large copper targets
- Commencement of a diamond drilling programme at Zamsort and Zaco
- Discovery of the Muswema prospect
- Appointment of Rémy Welschinger as Finance Director
- Divestment of interest in Šturec Gold project in Slovakia for a consideration of up to US$8 million. Further details are provided in the Directors Report.
- Divestment of interest in Misisi Gold project the DRC for a consideration of up to US$50 million. Further details are provided in the Directors Report
- Exclusivity agreement signed with Anglo American
- Commencement of a diamond drilling programme at Zamsort and Zaco

Business Model and Strategy

The strategic vision of Arc Minerals is to build a leading African focused copper exploration company leveraging off the three core fundamentals it has put in place for delivering on this vision:

- High quality project pipeline;
- Highly qualified and experienced team with a proven team track record of finding resources; and
- Supportive institutional and retail shareholder base.

Chairman’s Statement

The past year was characterised by significant uncertainty in the equity and commodities markets as a result of the ongoing US and China trade talks, Brexit and the outbreak of the coronavirus in China in the last quarter of 2019, which of course has subsequently spread quickly and developed into a pandemic with extensive global consequences.

The copper price remained relatively stable at the onset of the pandemic and has since then staged a formidable recovery over the past two quarters increasing to circa US$6,800/tonne – a price level not seen since 2018. The consensus is that demand will keep recovering as Chinese factories have resumed production and western economies are recovering from the impact of the virus.

Despite this challenging backdrop, the longer-term outlook for copper remains positive driven by industrialisation and urbanisation in Asia and other parts of the developing world, market size, supply constraints and increasing diversity of use in electrical vehicles and renewable energy. This latter sector of the market is expected to grow significantly as legislation is progressively introduced to reduce greenhouse gas emissions.

The first half of 2020 was significantly challenged by the impact of the Covid-19 pandemic and the requirement to modify and align our operations accordingly. Fortunately, the impact of Covid-19 on our projects has been minimised with most of our staff working from home to ensure continuity of our business.

Despite these restrictions we have continued to make good progress on our projects. In May, we acquired a further 20% interest in Zaco Investments Limited (“Zaco”) bringing our interest to 72.50%. The Zaco exploration license is a significant priority, covering 465km² of highly prospective tenement immediately adjacent to the 407km² Zamsort exploration license and holding a number of significant exploration targets including the Fwiji, West Lunga, Nyambwezu, Muswema South as well as the Chihindi targets. In June, we commenced drilling on some of these targets as part of our 2020 programme.

Further, since the beginning of this year we have seen a significant increase in interest from major mining companies that are all seeking to replenish their existing copper resource inventories and/or looking for a new prospective exploration ground for world-class copper discoveries. To that end, we have continued to have a number of discussions with major diversified mining groups. These discussions culminated in us signing a 6-month exclusivity agreement with Anglo American in July. This exclusivity agreement will allow Anglo American to have its team on the ground and conduct an extensive technical review over our assets and, depending on the outcome of this review, Anglo American has the right to either extend the agreement and/or enter into a commercial transaction for the development of certain or all of the targets on our licenses.

As part of our commitment to selling our non-core assets, in November, we divested our interest in the Šturec gold project in Slovakia to MetalsTech Limited (“MetalsTech”), an Australian listed mineral exploration and mining company for a consideration of up to US$8 million.

In March we also announced the sale of our interest in the Missi gold project in the DRC to Golden Square Equity Partners, a private group, for a consideration payable of up to US$50 million. The consideration comprises a loan note of US$5m payable to Arc on 19 March 2021 and a royalty agreement of up to US$45 million.

The proceeds from these two sales include up to US$ 53 million of consideration related to potential future royalties. The Company has elected not to value these royalties in the 2020 accounts which, if valued, would have reduced this year's loss. Further details concerning these sales are provided in the Financial Summary section of Directors Report.

In June, we commenced the second season of exploration activities over the Zamsort and Zaco licenses We plan to undertake c 8,000m of diamond core drilling in the coming months. The exploration effort is initially focussed on the Fwiji Target ('Fwiji') where the Company has already defined the target area through previous exploration campaigns. Follow up work is also planned at a number of the other target areas, including Cheyeza East and Muswema.

At a corporate level, we bolstered our Board, welcoming Rémy Welschinger as finance director. Rémy is a resource professional with significant experience in the metals and mining sector.

Jonathan de Thierry stepped down from the Board on 31 March 2020 and I would like to thank him on behalf of the board for his contributions and wish him well with his future endeavours. In August, Don Bailey announced his intention to retire from the Board on 1 September 2020. Don has made a very significant contribution to the Company and we wish him a well-deserved retirement.

On a final note, I would like to take this opportunity to thank our shareholders and employees for their continued support during this transformative time for the Company. I look forward to reporting on our progress in the months ahead.

Nicholas von Schirnding

Executive Chairman

12 October 2020

Strategic Report

Overview of Operations

Arc Minerals is incorporated in the British Virgin Island and is engaged in the business of acquiring, exploring and developing mineral properties. The Company's stock trades in British Pounds Sterling on the AIM Market in London under the symbol ARCM.

Arc Minerals has two principal areas of interest:

1. The Zamsort copper project (66% interest) in the Copperbelt in Zambia covering c 408km², which is one of the last under-explored areas in the domes region in the copperbelt in northwest Zambia and in close proximity to word-class mines
2. The Zaco copper project (72.5% interest), which lies adjacent to the Zamsort copper project in north west Zambia and covers c. 469km²

During the year, Arc Minerals divested its interest in the Šturec Gold Project in Slovakia. On 19 November 2019, Arc entered into a sale and purchase agreement with MetalsTech Limited ("Metalstech"), an Australian listed exploration and mining company for a consideration of up to US$8.9million.

Arc Minerals also had an 99.43% interest Casa Mining Limited ("Casa") which holds the Misisi gold project in the eastern part of the Democratic Republic of Congo ("DRC"). On 18 March 2020, Arc entered into share and purchase agreements with Golden Square Equity Partners Limited ("Golden Square") for a consideration payable of up to US$50 million.

Zamsort and Zaco Copper Projects

The Zamsort Copper project is located approximately 900km by road from Lusaka, in the North Western Province, and is well within the trending arm of the major geological structure known as the Lufilian Arc (Copperbelt), on the western flank of the Kabompo Dome. The Copperbelt is home to all the major copper mines in Zambia and Zamsort and Zaco copper projects represents one of the last dome-related areas in Zambia yet to be explored in any detail.

Over the last fifteen years, three new major copper mines have been discovered and constructed to exploit the mineral resources in the new western part of the Zambian Copperbelt. This region now accounts for more than 75% of Zambian copper production and Zamsort and Zaco are in close proximity to large operations such as First Quantum Minerals' Sentinel and Kansanshi mines and Barrick Gold's Lumwana mine.

The Zamsort Copper Project consists of three licences - a 4km² small-scale mining license which host the Kalaba copper-cobalt project, adjacent to a 4km² small scale exploration license that hosts the Commercial Scale Demonstration ("CSD") Plant, both enclosed by a large scale exploration license of 400km². The Zaco license which lie adjacent to the Zamsort license and consist of one small scale exploration license of 4km² and two large scale exploration licences covering 382km² and 83km² respectively. The licenses were previously explored by Equinox Minerals Limited ('Equinox') and Anglo American Prospecting Services ('AAPS') by way of the 'Zambezi Joint Venture' ('JV') through AAPS's affiliate Zamanglo Prospecting Ltd ('Anglo American') during the late 1990s as part of the Kabompo Project.

The Kalaba copper-cobalt project benefits from a CSD plant which has been refurbished, however given the relatively small size, the plant requires a higher-grade ore feed. Cheyeza could provide this feed and the plant is on standby while grade modelling and metallurgical testing are in progress at Cheyeza East. In June 2019, the Company commenced a diamond drilling programme focussing initially on the Cheyeza East area. Initial results demonstrated pervasive mineralisation with intersections of 28.5m at 1.32% Cu including 13m grading 2.31% and 18m at 2.35% Cu including 7.60m grading 4.15% Cu. Further drill holes intercepted 1.27% over 32m including 2.05% Cu over 17.50m and 2.79% Cu over 10.50m. The Company identified a mineralised area at Cheyeza East of 650m long and 300m wide.

In June 2020, the Company commenced with a further 8,000 meter diamond drilling programme with hole depth of between 100-250m. The exploration programme is initially focussed on the Fwiji target where the Company has already defined the target area through previous exploratory works. Follow up work at a number of the other target areas, including Cheyeza and Muswema are also underway.

In July 2020, Arc's subsidiaries in Zambia entered into a six month exclusivity agreement with a subsidiary of Anglo American in respect to the Zamsort and Zaco Copper Projects.

At the request of Anglo American, the company sent 2,500 soil samples covering both license areas that were collected during the 2015 - 2019 soil sampling programmes for assay to ALS in South Africa. Whilst the absolute values of the pXRF analyses are sufficient to define the anomalous target areas, the detection limits are not low enough to enable the mapping of the multiple components of a hydrothermal mineral system, which otherwise could be mapped using these assays from the ALS laboratory. The components defined include lithology, stratigraphy and redox boundaries as well as zones of metal depletion and metal enrichment.

Assets Held For Sale

Both Sturec and Casa were designated by the Board for sale in the prior year and both were sold during the year as summarised in the Financial Summary within the Directors Report

Governance

Board of Directors

Nicholas von Schirnding, Director and Executive Chairman

Nick von Schirnding has over 25 years' experience in the mining sector across a number of geographies. Nick was CEO of Asia Resource Minerals plc, a FTSE listed mining company. Prior to this Nick was a senior executive with Anglo American plc and De Beers. Mr von Schirnding is also chairman of Fodere, a private minerals processing business with a plant at Highveld Steel and a non-executive director of Jangada Mines and Edenville Energy, both listed in London.

Rémy Welschinger, Finance Director

Remy Welschinger has over 15 years' experience in finance. He was Head of Commodities Sales at Deutsche Bank in Europe and, prior to that, an Executive Director in the Fixed Income and Commodities division of Morgan Stanley in London. Remy is a non-executive director of ASX-listed Infinity Lithium and a director of Element-46 Ltd and Limehouse Capital Ltd, both private UK companies.

Brian McMaster, Non-Executive Director

Brian McMaster has almost 20 years' experience in the area of corporate reconstruction and turnaround and performance improvement and 20 years in the mining and exploration industry. Brian's recent experience includes founding Harvest Minerals and Jangada Mines, AIM listed companies with Potash and PGM projects in Brazil respectively, as well as numerous reorganisations and the recapitalisation and listing of 12 Australian companies.

Brian's career to date includes significant working periods in the United States, South America, Asia, India and UK. Brian was a founding director in venture capital and advisory firm, Garrison Capital Pty Ltd, and is also currently a director of a number of ASX and AIM listed companies.

Mushinge Mumena, Non-Executive Director

Mumena Mushinge is well known Zambian based entrepreneur with a long-standing history in the mining and minerals industry. Mr Mushinge is a director of a number of privately-owned Zambian based mining and power generation businesses. Mr Mushinge founded Zamsort Limited in 2005 and has been instrumental in developing the Kalaba prospect.

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and Auditor's Report for the year ended 31 March 2020.

Principal activities

The Group is engaged in the business of acquiring, exploring and developing mineral properties in Africa. The review of the business and future strategy is covered in the Chairman's Statement on page 4 and Strategic Review on page 6.

Results and Dividends

During the year cash decreased by £1.072m (2019: increase of £1.050m).
The loss on continuing operations of the Group after taxation amounted to £2.936m (2019: Loss of 6.252m). There were no dividends paid in 2020 (2019: nil).

Financial Summary

The year ended 31 March 2020 has seen several significant corporate developments

On 19 November 2019, Arc entered into a sale and purchase agreement with MetalsTech Limited ("Metalstech"), an Australian listed exploration and mining company for the sale of its interest in the Šturec gold project for a consideration of US$8 million. The consideration comprises an initial option payment of A$30,000 followed by two cash payments aggregating A$750,000 (c. US$500,000).

In addition if before November 2024, the Šturec JORC Indicated and Measured Resource exceeds 1.5 million ounces gold at a grade greater than 2.5g/t (inclusive of recoverable Ag equivalent), MetalsTech will pay Arc a further A$2 royalty per additional ounce of gold. This royalty is capped at 7 million ounces of gold or Australian dollars 11M. Because of the general uncertainty about the size of the Sturec resource the Company has not recorded the royalty in the accounts.

Any consideration due under the Resource Upgrade Royalty may be satisfied in such form of consideration or instrument acceptable to MTC, in its sole discretion (including, but not limited to cash or shares in MTC).

On 18 March 2020, Arc entered into share and purchase agreements with Golden Square Equity Partners Limited ("Golden Square") for the sale of its interest in the Misisi gold project for a consideration payable of up to US$50 million. The transaction closed on 19 March 2020 ("Completion Date"). An amount of US$5 million of the consideration was paid to Arc in the form of a loan note which will mature on 19 March 2021. In the event that the share capital of Casa is acquired by a publicly traded company, the Purchaser may, at its option, discharge the US$5 million liability by delivering shares of the public company with a market value of US$5 million to Arc. Golden Square also assumed all existing Casa group liabilities on the Completion Date, capped at US$3m.

In addition, Golden Square entered into a 3% royalty payment agreement with Arc Minerals of up to US$45 million, based on future gold production from the project(s) held by Casa as at the Completion Date. In the accounts the Company has assigned nil value to the Royalty, because of general uncertainties that surround the future development of any minerals project. The valuation will be reassessed in future years. Further discussion about the accounting for the royalty can be found in notes 1(l)(ii) and 4 (d) (ii).

During the year Arc invested USD 2.58 million into Zamsort to fund exploration and other costs.

Auditor Extension

During the year the audit committee made the executive decision to request the extension of the auditor's Responsible Individual for one additional year beyond the five-year rotation period as set out within the audit industry's ethical standards. During the year, the group acquired Zaco and disposed of both its Casa and Sturec projects and related subsidiaries. The knowledge of the Responsible Individual in relation to these material changes is considered essential in ensuring that these are accurately presented in accordance with IFRS requirements.

Events after the reporting period

In May 2020, Arc further consolidated its interest in the Zaco license from 52.5% to 72.5%. The additional 20% was acquired from Mr Mumena Mushinge, a director of the company, for a consideration of 10 million shares in Arc.

Interest >3%

The following shareholders have a notifiable interest in the Company:

- Karl-Erik von Bahr 7.99%
- Mushinge Mumena and spouse 6.90%
- Lärarnas Riksförbund 6.28%

Directors

The names of Directors who served of the date of this report are set out below:

Directors	Date of Appointment	Date of Resignation
Executive Directors		
Nick von Schirnding	24 January 2017	-
Rémy Welschinger	31 June 2019	-
Non-Executive Directors		
Brian Mc Master	1 August 2017	-
Mumena Mushinge	05 February 2019	-
Don Bailey	1 June 2018	1 September 2020
Jonathan De Thierry	2 January 2018	31 March 2020

Directors' Remuneration

The Group remunerates the Directors at levels commensurate with its size and experience of its Directors. The Remuneration Committee determines and has reviewed the Directors' remuneration and believes the levels are appropriate and in line with industry sector median levels of remuneration.

Further details can be found on discussion about the Remuneration Committee on page 21 within the Corporate Governance Statement. Details of the Directors' emoluments and payments made for professional services rendered are set out in note 7 to the financial statements.

Directors' Interest

The beneficial interest of the Directors in the shares and options of the Company are set out as follows:

Director	**Annual Report 2020**			**Annual Report 2019**		
	Shares	**Options**	**Warrants**	Shares	Options	Warrants
Nicholas von Schirnding	17,080,532	29,620,195	4,555,557	17,080,532	15,620,195	4,555,557
Rémy Welschinger*	14,528,844	15,580,000	7,444,446	13,028,844	1,600,000	7,444,446
Brian McMaster	2,555,557	4,375,000	555,557	2,555,557	2,375,000	555,557
Mumena Mushinge	67,402,463	2,800,000	333,334	57,402,463	800,000	333,334
Don Bailey**	7,697,224	3,700,000	655,557	7,697,224	3,700,000	665,557
Jonathan de Thierry***	13,767,888	2,000,000	266,667	13,767,888	2,000,000	266,667

* Rémy Welschinger was appointed on 31 June 2019

** Don Bailey resigned effective 31 September 2020

*** Jonathan DeThierry resigned effective 31 March 2020

None of the Directors exercised any share options during the year.

Corporate Governance

A statement on Corporate Governance is set out on pages 16 to 23.

Key Performance Indicators

The Board monitors the activities and performance of the Group on a regular basis and uses both financial and non-financial indicators to assess the Group's performance.

The Group underwent significant changes to its asset base in 2020. The Company sold its interest in the Šturec gold project in Slovakia and its interest in the Misisi gold project in the Democratic Republic of Congo ("DRC").

The indicators set out below were used by the Board during the year ended 31 March 2020.

Non-Financial KPIs

The Board established the following goals for management in June 2019:

1. Successful financing of the Company;
2. JORC resource at Misisi;
3. Commissioning of the demonstration plant;
4. Profitable operation at the demonstration plant;
5. Disposal of non-core assets.

All these KPIs have been satisfied except (4) which remains an ongoing process.

Financial KPIs

The current financial KPIs are:

Financial KPIs	Measure	2020	2019
Total funds raised	£ 000's	1,795	6,183
Exploration costs capitalised	£ 000's	1,924	3,181

The Company raised gross funds of £ 1.795m in 2020 versus £6.183m in 2019.

Exploration costs capitalised as intangible assets in the year were £1.934m (2019: £3.181m).

KPIs for 2021 will include:

1. A maiden resource on the Exploration Licenses of Zamsort and Zaco
2. A transaction with a large strategic partner

Health and Safety – number of reported incidents

There were no reportable incidents in the current year or prior year

Risk Management Report

A Risk Management Report is set out on Page 13.

Environmental Policy

The Group is aware of the potential impact that its subsidiaries and associated company may have on the environment. The Group uses its best efforts to ensure that with regard to the environment its subsidiaries and associated company comply with local regulatory requirements and the revised Equator Principles.

Employment Policy

The Group is committed to promoting policies to ensure that high calibre employees are attracted, motivated and retained for the ongoing success of the business. Employees and those who seek to work within the Group are treated equally regardless of sex, martial status, creed, colour, race or ethnic origin.

Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company and the Group. The Group maintains insurance in respect of its exploration and development and operational programmes in Zambia.

Statement of Disclosure to the Auditor

As at the date of this report the serving Directors confirm:

- So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware, and;

- The Directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of such information.

Auditor

PKF Littlejohn LLP has signalled its willingness to continue in office as auditor

Going Concern

The Directors have reviewed a forecast prepared by the executive and have a reasonable expectation that the Group will be able to raise funds to provide adequate resources to continue in operation and satisfy liabilities for the foreseeable future. During the 3 years ended 31 March 2020 Arc raised in excess of £10 million from the sale of equity and in May 2020 announced a further sale of £2.4 million from the sale of shares. These ongoing equity sales are indicative of consistent strong investor support. As well the anticipated proceeds from realisation of the US$5M note related to Casa sale, the Directors expect to deliver further results which will lead to continuing market support albeit that further equity raises will be required to fund delivery. The Directors therefore consider it appropriate, despite the loss incurred during the year, for the Company to continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on the Directors assumptions and their conclusion are included in the statement on going concern included in note1 (f) to the Financial Statements.

The auditors have drawn attention to going concern within their audit report by way of a material uncertainty.

Risk Management Report

The Company's risk exposures and the impact on the Company's financial instruments are summarised as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs. The Company does not invest in money market funds. The Company has no risk exposure to asset backed commercial paper or auction rate securities except for the Loan Note – Casa sale of £ 4.032m which is due in March 2021 and is backed by Casa shares representing 99.43% of Casa equity. (refer Note 15)

Financing Risk

The development of the Group's properties will depend on the Group's ability to obtain financing through the raising of equity capital, joint venture of projects, debt financing, farm outs or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed, some interests may be relinquished, and/or the scope of the operations reduced.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's current financial liabilities are anticipated to mature within the next ninety days.

Exploration and Development Risk

There is no assurance that the Group's exploration and development activities will be successful, and statistically few properties that are explored are ultimately developed into profitable producing mines.

The risk is mitigated by conservatively managing exploration funds such that subsequent exploration expenditures are not committed until results from previous stages have been evaluated. There is regular lab testing during the year's exploration program to minimise unwarranted expenditure.

We have also assembled a talented team of professionals complemented by independent consultants we engage regularly.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's, obligations are not considered significant.

Foreign Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's reporting currency, pound sterling. The Company expects to continue to raise funds in London and Europe in sterling. The Company conducts its primary business in Zambia ("Kwacha") with a significant portion of expenditures in that country, for example drilling expenditure, denominated in USD. As the Company reports in Great British Pounds ("GBP"), it is subject to risk due to fluctuations in the exchange rates between the GBP and each of the USD and Kwacha. During the fiscal year the Kwacha has depreciated approximately 30% against sterling and 35% against USD. Assets in Zambia and most liabilities are denominated in Kwacha but the shareholder loan is denominated in USD. These changes in the currency exchange rates between the Kwacha relative to foreign currencies have had a significant impact on the group accounts. The Company has not hedged its exposure to currency fluctuations.

Commodity Price Risk

While the value of the Company's core mineral resource properties, the Zamsort and Zaco copper projects are related to the price of copper and the outlook for this mineral, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities.

Historically copper prices have fluctuated and are affected by numerous factors outside of the Company's control, including but not limited to: industrial demand; forward sales by producers and speculators; levels of worldwide production; short-term changes in supply and demand because of speculative hedging activities;

Licensing Risk

The Group's exploration and development activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations or performance criteria. Such licences and permits are as a practical matter subject to the discretion of the applicable Government or Government office. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted. The interpretations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition. Whilst the Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms for their own benefit. There is a risk that negotiations with a Government in relation to the grant, renewal or extension of a licence may not result in the grant, renewal or extension taking effect prior to the expiry of the previous licence period, and there can be no assurance of the terms of any extension, renewal or grant.

Political Risk

In conducting operations in Zambia, the Company is subject to considerations and risks related to the political, economic and legal environment in which the Company operates. Among other things, the Company's results may be impacted by changes in the political and social conditions in Zambia and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

COVID-19 outbreak

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The Group is constantly reviewing the potential impact to their operations and implementing measures to mitigate any possible impact as well as possible. The health, safety and well-being of its employees and contractors comes first and will be prioritized over other aspects of the business.

To date, the Group has not seen a significant impact on its business. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the Group. The scale and duration of these developments remain uncertain as at the date of this report however they are not significantly impacting the Company's operations.

This Risk Management Report has been approved by the Board and signed on its behalf by:

Nicholas von Schirnding
Director & Executive Chairman
12 October 2020

Corporate Governance Statement

The Company is committed to maintaining the highest standards in corporate governance throughout its operations and to ensure that all of its practices are conducted transparently, ethically and efficiently. The Company believes that scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value. Therefore, and in accordance with the AIM Rules for Companies (as updated from time to time), the Company has chosen to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

The key challenges facing the company have been set out above in the Chairman’s Statement, the Strategic Report and the Directors’ Report.

The Board currently consists of four Directors: an Executive Chairman, a Finance Director and two Non-Executive Directors (NEDs). The Board considers that appropriate oversight of the Company is provided by the currently constituted Board.

QCA Code

The 10 principles set out in the QCA Code are listed below, with an explanation of how the Company applies each of the principles and the reason for any aspect of non-compliance. There were no key governance related matters that occurred during the year.

Business Model and Strategy

Arc’s strategy is to invest in early stage copper-cobalt assets primarily in Africa and to realise their potential either through sale or development. Our aim is to create value for our shareholders by improving on and expanding existing exploration assets and identifying new exploration targets around existing licence areas. Arc is currently focused primarily on the copper-cobalt projects of Zamsort Limited and Zaco Investments Limited in Zambia.

Arc delivers on its strategic aims by (i) defining additional reserves and resources at its projects and surrounding licence areas; (ii) securing appropriate funding; (iii) developing mineral resources in situ; (v) maintaining good community relationships; and (vi) employing compliant environmental governance practices.

The key challenges facing the company have been set out in the Risk Management report on pages 13 to 15.

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Significant developments are disseminated through the Regulatory News Service (“RNS”) and timely updates to the Company’s website. Additionally, the Company holds Investor update calls when appropriate during which Investors have access to the Chairman and other Officers. Arc has an active and effective investor relations programme, which is the responsibility of the Chairman, that includes institutional road-shows and presentations, effective Annual General Meetings with presentations to shareholders and a high level of disclosure of activity to its shareholders.

Considering Wider Stakeholder and Social Responsibilities

The method used by the Company to obtain feedback from stakeholders is discussed below under the heading Shareholder Communication.

The board has identified the Company’s stakeholders to include staff, suppliers, customers, partners, local government and wider communities. A key part of Arc’s business model is identifying the impact that activities will have on the surrounding communities at Arc’s projects. The Company is always looking for opportunity to develop the wider communities in which it operates and Arc behaves ethically in its recruitment, training and engagements. The environmental impact of Arc's activities is also carefully considered and the maintenance of high environmental standards applied. Arc has established relationships with local and national governments in the territories of its projects.

Risk management

Whilst the Board is ultimately responsible for identifying and managing areas of significant business risk, it has established an Audit and Risk Committee that ensures effective Risk Management systems are in place that identify and manage key Company risks, establish and maintain effective controls, and ensure compliance with risk management policies and the reporting of any non-compliance occurrences.

The Company's risk management systems have identified the key risks applicable to the Company as set out in the Risk Management Report on page 13 and appropriate mitigation controls are in place. These risks are:

- Credit Risk
- Financing Risk
- Liquidity Risk
- Exploration and Development Risk
- Market Risk
- Commodity Price Risk
- Licencing Risk
- Political Risk
- COVID 19

Well-functioning Board of Directors

The Board is comprised of two executive directors (Nick von Schirnding, Executive Chairmen and Rémy Welschinger, Finance Director) and two NEDs (Brian McMaster and Mumena Mushinge). Each Director serves on the Board until the Annual General Meeting following his election or appointment. The Executive Directors work full time for the Company. NEDs are expected to allocate sufficient time to the Company in order to meet their respective responsibilities.

Appropriate Skills and Experience of the Directors

The Board considers the current balance of sector, financial and public market skills and experience which it embodies is appropriate for the size and stage of development of the Company and that the Board has the skills and requisite experience necessary to execute the Company's strategy and business plan whist also enabling each Director to discharge his fiduciary duties effectively. The Board recognises that it currently is limited in diversity and this continues to form part of recruitment consideration. Details of the current Board of Directors biographies is provided on page 8.

The Board reviews annually, and when required, the appropriateness of its mix of skills and experience to ensure that it meets the changing business needs.

The Executive Chairman is assisted by the company secretariat in preparing for and running effective board meetings, including the timely dissemination of appropriate information. The company secretariat provides advice and guidance to the extent required by the board on the legal and regulatory environment.

Evaluating Board Performance

Arc reviews Board, Committee and individual director performance on an ongoing basis in the context of its contribution to the Company's financial performance.

The Remuneration Committee, of which details of the members are provided further down in this report, compares the performance of the Board with the requirements of its Terms of Reference, the Company Vision and KPI's and critically reviews the composition of the Board. The evaluation of the Board is carried out annually and on a three-yearly cycle and the Committee may enlist an independent evaluator as and when it deems it appropriate.

The Review Process, includes the following key considerations:
• Board's mission and goals
• Board composition and effectiveness
• Performance against Strategic Plan
• Board s protocols and processes
• Relationships with Stakeholders
• Continuous professional learning of Board Members

Succession planning is considered by the Board as a whole and reviewed annually.

Corporate Culture

The corporate culture of the Company is promoted throughout its employees and contractors and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies as set out below so that all aspects of the Company are run responsibly.

It is the Board's view that Arc's corporate culture is consistent with its objectives, strategy and business model. A significant part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The board adheres to its group-wide corporate governance policies which include:

• anti-corruption and bribery;
• whistleblowing;
• health and safety;
• environment and community;
• IT, communications and systems; and
• social media.

Maintenance of Governance Structures and Processes

Board of Directors

Arc's key strategic, financial and operational decisions are reserved exclusively for the Board. The Board aims to meet every six to eight weeks or more frequently if activities require and is supplied with appropriate and timely information. The Directors are free to seek any further information that they consider necessary. All Directors have access to advice from the company secretariat and Finance Director as well as independent professionals at the Group's expense. Training is available for new Directors and other Directors as necessary. The directors' biographies can be found on the Company's website at www.arcminerals.com/about-us/board-and-management and on page 8 of this report.

It is important that the Board itself contains the right mix of skills and experience in order to deliver the strategy of the Company. As such, the Board is comprised of:

- an executive chairman, whose responsibility is the delivery of the Company's strategy and governance model and communication with shareholders;
- an executive finance director, whose responsibility is to support the executive chairman in the delivery of the Company's strategy. In particular, the finance director is responsible for the formulation and submission to the Board of the Group's financial strategy and for the financial performance of the Group in line with the Company's strategy;
- one independent, non-executive director;
- one non-independent, non-executive director;

Director	Position	Independent (Y/N)	Remuneration Committee Membership	Nomination Committee Membership	Audit & Risk Committee Membership
Nicholas von Schirnding	Executive Chairman	N	-	Member	Member
Rémy Welschinger	Finance Director	N	Member	-	-
Brian McMaster	Senior Independent Director	Y	Chairman	Chairman	Chairman
Mumena Mushinge	Non-Executive Director	N	-	-	-

A Director is considered independent if he is not a substantial shareholder, has not been an employee within the group and has not had a material business relationship with a Group company.

The board has appointed Mr Brian McMaster as Senior Independent Director. Additionally, the Executive Chairman is assisted by the company secretariat in preparing for and running effective board meetings, including the timely dissemination of appropriate information. The company secretariat provides advice and guidance to the extent required by the Board on the legal and regulatory environment. The Company does not specify any minimum time commitment from Directors and instead reviews their time commitment as part of their individual evaluations. Each director serves on the board until the annual general meeting following his election or appointment, and the board meets at least three times a year.

The following matters are reserved for the Board:

Management Structure and Appointments

- Executive Director responsibilities.
- Board appointments or removals.
- Board and senior management succession, training, development and appraisal.
- Appointment or removal of Company Secretary.
- Appointment or removal of internal auditor.
- Remuneration, contracts, grants of options and incentive arrangements for Executive Directors and senior management, including any plans to be put to shareholders for approval.
- Delegation of the Board's powers.
- Agreeing membership and terms of reference of board committees and task forces.

- Approval of delegated levels of authority.
- Matters referred to the Board by the board committees.

Strategic/Policy Considerations

- Business strategy.
- Diversification/retrenchment policy.
- Ensuring maintenance of a sound system of internal control and risk management, including:
- Group's risk appetite statements.
- Procedures for detection of fraud and the prevention of bribery.
- Approval of the overall levels of insurance for the group, including directors' and officers' liability insurance.
- Agreement of codes of ethics and business practices.
- An on-going assessment of significant risks and effectiveness of internal controls.
- Calling of shareholders' meetings and approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting, plus any circulars, prospectuses and listing particulars.
- Avoidance of wrongful or fraudulent trading.
- Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- Considering the balance of interests between shareholders, employees, customers and the community.
- Reviewing the group's overall corporate governance arrangements.
- Undertaking an annual review of its own performance, that of its committees and individual directors and the division of responsibilities.

Transactions

- Transactions which are notifiable under the AIM Rules.
- Approval of major capital projects.
- Contracts which are material strategically or by reason of size entered into by the Company in the ordinary course of business e.g. bank borrowings over £1 million and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £1 million.
- Major investments (including the acquisition or disposal of interests of more than 3 per cent. in the voting shares of any company or the making of any takeover offer.
- Contracts not in the ordinary course of business.
- Actions or transactions where there may be doubt over propriety.
- Approval of certain announcements, prospectuses, circulars and similar documents.
- Disclosure of directors' interests.
- Transactions with directors or other related parties.

Finance

- Raising new capital and confirmation of major financing facilities.
- Changes relating to the group's capital structure, including the reduction of capital and/or share issues.
- Treasury policies requested to be put in place by the Board.
- Discussion of any proposed emphasis of matter on the accounts.
- Final approval of annual and interim reports and accounts and material changes to accounting policies.
- Appointment/reappointment or removal of the external auditor, to be put to shareholders for approval in general meeting, following the recommendation of the Board or its Committee.
- Charitable and political donations.
- Approval and recommendation of dividends.

- Approval before each year starts of operating and capital expenditure budgets for the year and any material changes to them.

General

- Major changes to the Group's corporate structure.
- Any changes to the Company's listing status and status as a plc.
- Approval of key policy documents including the share dealing code and MAR policy, anti-bribery policy and whistleblowing policy.
- This schedule of matters reserved for board decisions.

The Board is supported by the audit and risk and remuneration and nomination committees as described below.

Audit and Risk Committee

Arc's Audit and Risk Committee is responsible for ensuring that the financial performance of the Company is properly monitored and reported and in this capacity interacts as needed with the Company's External Auditors. The Committee also considers risk management and internal financial controls.

Some of the Audit Committee's duties include:

- reviewing the Company's accounting policies and reports produced by internal and external audit functions.
- considering whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
- reporting its views to the board of directors if it is not satisfied with any aspect of the proposed financial reporting by the Company.
- reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance.
- overseeing the appointment of and the relationship with the external auditor.

The Audit and Risk Committee has two members, each of whom being non-executive directors and at least one member has recent and relevant financial experience and is independent. The current members of the committee are Brian McMaster and Nick von Schirnding. The committee chairman is Brian McMaster.

A copy of the terms of reference of the Audit and Risk Committee can be found on the Company's website.

Remuneration Committee

The purpose of the Remuneration Committee is to determine and agree with the board the framework or broad policy for the remuneration of the Company's chairperson and executive directors. The main duties of the Remuneration Committee include:

- reviewing the pay and employment conditions across the Company, including the board of directors.
- approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements.

The Remuneration Committee has two members, each of whom being non-executive directors and at least one member is independent. The current members of the committee are Brian McMaster and Rémy Welschinger. Brian McMaster is the chairman of the committee.

A copy of the terms of reference of the Nomination Committees can be found on the Company's website.

Nomination Committee

The purpose of the Nomination Committee is to evaluate and determine the composition of the Board itself. The main duties of the Nomination Committee therefore include:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the Board and make recommendations to the Board with regard to any changes, succession planning and vacancies.
- identifying suitable candidates from a wide range of backgrounds to be considered for positions on the Board.

The Nomination Committee has two members, each of whom being non-executive directors and at least one member is independent. The current members of the committee are Brian McMaster and Nick von Schirnding. Brian McMaster is the chairman of the committee.

A copy of the terms of reference of the Nomination Committees can be found on the Company's website.

Given the small number of meetings held by of each of the above-mentioned Committees, neither have produced a separate report, however the Company intends to review this requirement on an annual basis.

Share Dealing Code

The Company has adopted a share dealing code to ensure directors and certain employees do not abuse, and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under the Market Abuse Regulation ("MAR") which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's share dealing code is complaint with the AIM Rules for companies published by the London Stock Exchange (as amended from time to time).

Under the share dealing code, the Company must:

- disclose all inside information to the public as soon as possible by way of market announcement unless certain circumstances exist in which the disclosure of the inside information may be delayed;
- keep a list of each person who is in possession of inside information relating to the Company;
- procure that all persons discharging managerial responsibilities and certain employees are given clearance by the Company before they are allowed to trade in Company securities; and
- procure that all persons discharging managerial responsibilities and persons closely associated to them notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

Key Relationships

There are a number of key relationships and resources that are fundamental to the Company's success, such as maintaining good relationships with local communities and governments where the Company operates as well as with engineering and financing groups to ensure that the company has adequate resources to deliver its strategy.

Shareholder Communication

The Company recognises that maintaining strong communications with its shareholders promotes transparency and will drive value in the medium to long-term. Accordingly, the Company will provide regular updates on the progress of the Company, detailing recent business and strategy developments, in news releases which will be posted on the Company's website. In order to continually improve transparency, the board would be delighted to receive feedback from shareholders. Communications should be directed to info@arcminerals.com. Nicholas von Schirnding has been appointed to manage the relationship between the Company and its shareholders and will review and report to the board on any communications received.

Arc is committed to providing full and transparent disclosure of its activities, via the RNS system of the London Stock Exchange. Historical annual reports and interim accounts are available on the Company's website.

Directors' Responsibility Statement

The Directors are responsible for preparing the Directors' Report, the Risk Management Report, and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") and have elected under company law to prepare the Company Financial Statements in accordance with IFRS.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period.

In preparing the Group and Company Financial Statements, the Directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and accounting estimates that are reasonable and prudent;
3. state whether they have been prepared in accordance with IFRS; and
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Arc Minerals website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARC MINERALS LIMITED

Opinion

We have audited the financial statements of Arc Minerals Limited (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity 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.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2020 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union;

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 1f in the financial statements which identifies conditions that may cast significant doubt on the group's ability to continue as a going concern. The group is not expected to generate positive cash flows from operations in the 12 months from the date at which these financial statements were signed and will need to either raise additional funds or obtain receipt of the loan note due from the disposals throughout the year. As stated in note 1f, these events or conditions, along with the other matters as set forth in note 1f, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our application of materiality

The materiality applied to the group financial statements was £83,400 (2019: £380,000), based on a percentage of gross assets, as it is from these assets that the group seeks to deliver returns for shareholders. The significant decrease being a result of the assets disposed of during the year. Performance materiality has been set at 75% of headline materiality, and the threshold for which we communicate errors to management has been set at £4,170 (2019: £19,000). We apply the concept of materiality in both planning and performing the audit, and 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 sized during the audit. 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, in addition to those material areas of the financial statements, we looked at areas which were deemed to be involving significant accounting estimates and judgements by the director's, such as the carrying value of the receivable relating to the disposal of the Misisi project and the valuation of the Royalty agreement for both the disposals of the Misisi Project and Sturec, including future events that are inherently uncertain such as the carrying value of the exploration assets. We also addressed the risk of management override of internal controls, including amount other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Component auditors were used for the significant component in Zambia, operating under our instruction. The Partner interacted regularly with the component audit team during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with the additional procedures performed such as obtaining documentation for the carrying value of the assets held, gave us sufficient appropriate evidence for our opinion on the group.

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
Sale of the Misisi project and Sturec project (Note 4)	
During the year the group has disposed of its interests in its Misisi Project in the DRC and its Sturec project in Slovakia, of which were both classified as held for sale in the prior period. **Included with in the consideration package relating to the disposals are Royalty agreements of which additional consideration will be become due based on the production levels of each project. As both are currently in the exploration stage, this involves a significant amount of management estimate.** **There is a risk that the accounting for the disposal of subsidiaries and the valuation of the consideration receivable is incorrectly recorded and disclosed in the financial statements.**	Our work in this area included: • Obtaining the Sales and Purchase Agreements' as support for both disposals; • Review and challenge of managements assessment of the Royalty element of the consideration; • Vouching amounts received to cash at bank; • Recalculation of the loss on disposal of both projects; and • Reviewing the recoverability of the loan note receivable relating to the disposal of the Misisi project. The carrying value of the loan note receivable of \$5m (£4,032k) relating to the sale of the Misisi Project is dependent on the ability of the acquirer to settle the amount due on the date this falls due on 19 March 2021. We draw your attention to note 15 of the financial statements which

	discloses the value of said loan note which, if impaired, would likely have a material impact on the financial statements. Our opinion is not modified in this respect.
Carrying value of exploration assets (Note 11)	
The carrying value of intangible assets as at 31 March 2020 was £4,029k which comprises of exploration and evaluation expenditure on the Zambian licence area. There is the risk that the carrying value of this project is impaired and that exploration and development costs capitalised during the year have not been capitalised in accordance with IFRS 6.	Our work in this area included: • Reviewing and considering the impairment indicators in IFRS 6 in relation to the asset held; • Obtaining support for ownership; • Reviewing with management the basis for impairment or non-impairment and challenging any assumptions made; and • Performing substantive testing on capitalised expenditure during the year to ensure it met the capitalisation criteria of IFRS 6

Other information

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Joseph Archer (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory auditor
12 October 2020

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income for the year ended 31 March 2020

	Notes	**Year to 31 March 2020 £ 000s**	Year to 31 March 2019 £ 000s
Administrative expenses	**3**	**(2,234)**	(2,341)
Impairment	**4**	**-**	(582)
Operating loss		**(2,234)**	(2,923)
Interest and finance costs		**(303)**	(318)
Loss on change of ownership status	**13a 14**	**(399)**	(2,809)
Loss on sale of shares of Andiamo Exploration Limited		**-**	(202)
Loss before income tax		**(2,936)**	(6,252)
Income tax expense	**5**	**-**	-
Loss for the year from continuing operations		**(2,936)**	(6,252)
Loss on disposal of assets held for sale, net of tax	**4d**	**(20,671)**	-
Loss from discontinued operations	**4d**	**-**	(188)
Loss for the year		**(23,607)**	(6,440)
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
Increase in ownership in subsidiaries		**-**	(767)
Currency translation differences		**(2,248)**	1,408
Total comprehensive loss for the year, net of tax		**(25,855)**	(5,799)
Loss attributable to:			
Equity holders of the parent		**(23,158)**	(6,003)
Non-controlling interest	20	**(449)**	(249)
		(23,607)	(6,252)
Total comprehensive loss attributable to:			
Equity holders of the parent		**(24,642)**	(6,550)
Non-controlling interest	20	**(1,213)**	(249)
		(25,855)	(6,799)
Earnings per share attributable to owners of the parent during the year			
- Basic (pence per share)	**8**	**(3.57)**	(1.12)
- Diluted (pence per share)	**8**	**(2.81)**	(0.98)
- From continuing operations – Basic	**8**	**(0.72)**	(1.08)
- From continuing operations – Diluted	**8**	**(0.56)**	(0.95)
- From discontinued operations – Basic	**8**	**-**	(0.03)
- From discontinued operations – Diluted	**8**	**-**	(0.03)

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position as at 31 March 2020

	Notes	31 March 2020 £ 000s	31 March 2019 £ 000s
ASSETS			
Non-current assets			
Intangible assets	**10**	**4,029**	2,418
Investment in associate	**13**	**-**	339
Property, plant and equipment	**11**	**3,328**	3,359
Total non-current assets		**7,357**	6,116
Current assets			
Inventory		**44**	268
Assets held for sale	**4**	**-**	27,035
Prepayments and other receivables	**15**	**4,383**	590
Cash and cash equivalents		**169**	1,226
Total current assets		**4,596**	29,119
TOTAL ASSETS		**11,953**	35,235
LIABILITIES			
Current liabilities			
Held for sale liabilities	**4**	**-**	(1,944)
Trade and other payables	**16**	**(3,073)**	(1,443)
Total current liabilities		**(3,073)**	(3,387)
Non-current liabilities			
Long term loan payable	**9**	**(3,198)**	(1,891)
TOTAL LIABILITIES		**(6,271)**	(5,278)
NET ASSETS		**5,682**	29,957
Share Capital	**19**	**-**	-
Share premium	**19**	**51,231**	50,222
Share based payment reserve	**18**	**998**	1,320
Warrant reserve		**84**	-
Foreign exchange reserve		**(91)**	2,157
Retained earnings		**(47,436)**	(24,438)
Equity attributable to equity holders of the parent		**4,786**	29,261
Non-controlling interest	**20**	**896**	696
TOTAL EQUITY		**5,682**	29,957

These financial statements were approved by the Board of Directors on 12 October 2020 and signed on its behalf by:

Nicholas von Schirnding
Executive Chairman

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Notes	Year to 31 March 20 £ 000s	Year to 31 March 19 £ 000s
Cash flows from operating activities			
Loss before income tax and including discontinued operations		**(23,607)**	(6,440)
Loss on disposal of Assets held for sale		**20,561**	-
Interest Expense	**10**	**303**	318
Share based payment and warrants issued	**18**	**287**	337
Loss on disposal of associate		**-**	202
Write-down of inventory		**228**	-
Impairment of Intangible assets and other assets		**-**	582
Fair value loss on change of ownership status	**14**	**399**	2,809
Gain on disposal of fixed assets		**-**	(144)
Foreign exchange		**(17)**	54
Depreciation and amortisation		**(57)**	52
Net cash used in operating activities before changes in working capital		**(1,903)**	(2,230)
Decrease/(increase) in inventories		**208**	(268)
Decrease/(increase) in trade and other receivables	**15**	**1,482**	(253)
(Decrease)/increase in trade and other payables	**16**	**(130)**	374
Net cash generated from / (used in) operating activities		**343**	(2,377)
Cash flows from investing activities			
Purchase of intangible assets		**(1,954)**	(3,181)
Purchase of fixed assets		**(362)**	(1,231)
Proceeds from disposal of assets held for sale		**206**	-
Investment in Zaco Limited		**(78)**	(297)
Net cash used in investing activities		**(2,188)**	(4,709)
Cash flows from financing activities			
Proceeds from issue of ordinary shares – net of share issue costs		**-**	6,183
Proceeds from exercise of warrants		**152**	-
Shareholder loan – Zamsort		**1,307**	1,891
Cash acquired on acquisition of Casa Mining Limited		**-**	62
Net cash from financing activities		**1,459**	8,136
Net (decrease)/increase in cash and cash equivalents		**(1,072)**	1,050
Cash and cash equivalents at beginning of year		**1,241**	191
Cash and cash equivalents at end of the year		**169**	1,241

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity as at 31 March 2020

	Attributable to equity holders of the Company								
	Share capital	Share premium	Foreign exchange reserve	Share based payment reserve	Warrant reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Balance as at 1 April 2018	**-**	**38,324**	**749**	**1,333**	**-**	**(16,257)**	**24,149**	**1,318**	**25,467**
Loss for the year	-	-	-	-	-	(6,440)	(6,440)	-	(6,440)
Other comprehensive income(loss) for the year - currency translation differences	-	-	1,408	-	-	-	1,408	-	1,408
Other comprehensive income(loss) for the year - increase in ownership in subsidiaries	-	-	-	-	-	(767)	(767)	-	(767)
Total comprehensive income (loss) for the year	**-**	**-**	**1,408**	**-**	**-**	**(7,207)**	**(5,799)**	**-**	**(5,799)**
Share capital issued	-	11,898	-	-	-	-	11,898	-	11,898
Share based payments granted	-	-	-	337	-	-	337	-	337
Share based payments expired	-	-	-	(350)	-	350	-	-	-
Acquisition of 99.43% of Casa Mining Limited	-	-	-	-	-	-	-	(1,204)	(1,204)
Acquisition of 66% of Zamsort Limited	-	-	-	-	-	(1,324)	(1,324)	582	(742)
Total transactions with owners, recognised directly in equity	**-**	**11,898**	**-**	**(13)**	**-**	**(974)**	**10,911**	**(622)**	**10,289**
Balance as at 31 March 2019	**-**	**50,222**	**2,157**	**1,320**	**-**	**(24,438)**	**29,261**	**696**	**29,957**

Consolidated Statement of Changes in Equity

Balance as at 1 April 2019	**-**	**50,222**	**2,157**	**1,320**	**-**	**(24,438)**	**29,261**	**696**	**29,957**
Loss for the year	-	-	-	-	-	(23,607)	(23,607)	-	(23,607)
Other comprehensive income(loss) for the year - currency translation differences	-	-	(2,248)	-	-	-	(2,248)	-	(2,248)
Other comprehensive income(loss) for the year - increase in ownership in subsidiaries	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	**-**	**-**	**(2,248)**	**-**	**-**	**(23,607)**	**(25,855)**	**-**	**(25,855)**
Share capital issued	-	1,009	-	-	-	-	1,009	-	1,009
Granted during the year	-	-	-	287	84		371	-	371
Share option expired during the year	-	-	-	(609)	-	609	-	-	-
Disposal of 99.43% of Casa Mining Limited	-	-	-	-	-	-	-	(114)	(114)
Zaco Non-controlling interest	-	-	-	-	-	-	-	5	5
Increase in Zamsort Non-controlling interest	-	-	-	-	-	-	-	309	309
Total transactions with owners, recognised directly in equity	**-**	**1,009**	**-**	**(322)**	**84**	**609**	**1,380**	**200**	**1,580**
Balance as at 31 March 2020	**-**	**51,231**	**(91)**	**998**	**84**	**(47,436)**	**4,786**	**896**	**5,682**

Share capital: This represents the nominal value of equity shares in issue and is nil as the shares have a nil par value.

Share premium: This represents the premium paid above the nominal value of shares in issue.

Foreign exchange reserve: This reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries and the retranslation of monetary items forming part of the net investment in those subsidiaries.

Share-based payments reserve: This represents the value of share-based payments provided to employees and Directors as part of their remuneration and provided to consultants and advisors hired from time to time as part of the consideration paid. The reserve represents the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital and share premium.

Retained earnings: This represents the accumulated profits and losses since inception of the business and adjustments relating to options and warrants.

Non-Controlling Interest: This represents the Non-Controlling Interest element of Casa Mining Limited.

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. General Information and Authorisation of Financial Statements

The Company is registered in the British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1396532 and is located at Craigmuir Chambers, Road Town, Tortola. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange.

The principal activity of the Company during the year was that of a holding company for a group engaged in the identification, evaluation, acquisition and development of natural resource projects.

The Financial Statements of Arc Minerals Limited for the year ended 31 March 2020 were authorised for issue by the Board on 12 October 2020.

b. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union.

The consolidated financial statements have been prepared on the historical convention, as modified by the measurement to fair value of financial assets through profit and loss and held for sale assets and liabilities as described in the accounting policies below.

The financial information is presented in Pounds Sterling (£) and all values are rounded to the nearest thousand Pounds Sterling (£000's) unless otherwise stated.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

c. New and amended standards adopted by the Group

New and amended standards mandatory for the first time for the year beginning 1 April 2019

The following new IFRS standards and/ or amendments are mandatory for the first time of the Company:

- IFRIC Interpretation 23 – Uncertainty over Oncome Tax treatments (effective 1 January 2019)
- IFRS 16 – Leases (effective 1 January 2019)

IFRS 16 became effective for periods commencing on or after 1 January 2019 and as such is relevant for the year ended 31 December 2019. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, Plant and Equipment' and the liability increased for the accretion of interest and reduced by lease payments. The directors have considered the effects on the Group's financial statements and conclude there is no material impact.

Of the other IFRSs and IFRICs, none are expected to have a material effect on future Company financial statements.

ii) New standards and interpretations not yet adopted

The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ending 31 March 2020 and have not been adopted early. The Group is currently assessing the impact of these standards and based on the Group's current operations do not expect them to have a material impact on the financial statements.

standard / interpretation	impact on initial application	effective date
IFRS 3 (Amendments)	Business Combinations	1 January 2020*
IAS 1 (Amendments)	Presentation of Financial Statements	1 January 2020*
IAS 8 (Amendments)	Accounting policies, Changes in Accounting Estimates	1 January 2020*

**Effective dates provided are the IASB effective dates. EU effective dates are yet to be confirmed.*

The Directors do not anticipate the adoption of these standards and interpretations in future reporting periods will have a material impact on the Group's financial statements

d. Basis of Consolidation

The consolidated financial statements consolidate the financial statements of Arc Minerals Limited and the audited financial statements of its subsidiary undertakings made up to 31 March 2020. The audited accounts of Zamsort Limited are consolidated as of 31 December 2019 as it is deemed impractical to consolidate these companies as at 31 March 2020. Any significant transactions between 1 January 2020 and 31 March 2020 have been recognised accordingly in these financial statements.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

e. 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. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes any goodwill identified on acquisition.

Where the ownership interest in an existing investment is increased whereby significant influence is obtained, the Group re-measures the existing investment immediately prior to obtaining significant influence with resulting gains/losses recognised immediately in profit or loss. The fair value of the existing investment added to the fair value of the consideration of the additional investment is treated as the deemed cost and is continued to be accounted for under the equity method.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements is recognised in the other comprehensive income section of the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate and its carrying value and recognises the amount adjacent to 'share of profit/loss of associate' in the group statement of comprehensive income.

When the Group loses significant influence over an associate, it derecognises that associate and recognises a profit or loss being the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate at the date significant influence is lost.

Gains and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

When the Group gains control of an associate the fair value of the associate undertaking is then assessed with any gain or loss arising being recognised within the income statement.

f. Going Concern

The financial statements have been prepared on a going concern basis. The Group's assets are not generating revenues, operating cash outflows have been incurred in the year and an operating loss and cash outflow from operations is expected in the 12 months subsequent to the date of these financial statements being signed and, as a result, the Group will need to receive the funds related to the loan note received on sale of Casa and/or raise funding to finance their ongoing activities and non-discretionary expenditures.

Based on the Board's review of a forecast for the next 12 months the Directors have a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 March 2020.

Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

The auditors make reference to a material uncertainty in relation to going concern within their audit report.

g. Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of the subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis; either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net asset.

Acquisition related costs are expensed as incurred.

If a business combination is achieved in stages, the acquisition date carrying value of the acquiree's previously held interest in the acquire is re-measured to fair value at the acquisition date; any gain or loss arising from such a re-measurement are recognised in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss in the Income Statement.

Any interest of non-controlling interests in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. There are no non- controlling shareholders of subsidiaries.

h. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board, being the Group's chief operating decision-maker ("CODM").

i. Foreign currencies

The Group presentational currency is Pounds Sterling. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. At present the functional currency for Zamsort Limited it is the Zambian Kwacha.

The presentation currency (Pounds Sterling - GBP) is used primarily because the Parent Company Arc Minerals Limited is listed on the Alternative Investment Market (AIM) of the London Stock Exchange and raises its funding in GBP.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- monetary assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates during the accounting year; and
- all resulting exchange differences are recognised in other comprehensive income where material.

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

j. Taxation

Tax is recognised in the consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities are not discounted.

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

k. Intangible assets

Exploration and evaluation assets

Exploration and development costs are carried forward in respect of areas of interest where the consolidated entity’s rights to tenure are current and where these costs are expected to be recouped through successful development and exploration, or by sale. Alternatively, these costs are carried forward while active and significant operations are continuing in relation to the areas of interest and it is too early to make reasonable assessment of the existence or otherwise of economically recoverable reserves. When the area of interest is abandoned, exploration and evaluation costs previously capitalised are impaired.

Costs incurred by the Company on behalf of its subsidiaries and associated with mining development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining development project is successful, the related expenditures will be written-off over the estimated life (useful economic life) of the commercial ore reserves on a unit of production basis. Impairment reviews are carried out regularly by the Directors of the Company. Where a project is abandoned, or is considered to be of no further commercial value, the related costs will be written off to the Statement of Comprehensive Income.

The recoverability of these costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposal of recoverable reserves.

l. Significant accounting judgements, estimates and assumptions

Critical Accounting Estimates and Judgements

The preparation of financial statements using accounting policies consistent with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of income and expenses. The preparation of financial statements also requires the Directors to exercise judgement in the process of applying the accounting policies. Changes in estimates, assumptions and judgements can have a significant impact on the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

(i) Valuation of exploration, evaluation and development expenditure

The value of the Group's exploration, evaluation and development expenditure is dependent upon the success of the Group in discovering economic and recoverable mineral resources, especially in countries of operation where political, economic, legal, regulatory and social uncertainties are potential risk factors.

The future revenue flows relating to these assets are uncertain and will also be affected by competition, relative exchange rates and potential new legislation and related environmental requirements.

The Group's ability to continue its exploration programmes and develop its projects is dependent on future fundraising, the outcome of which is uncertain. The ability of the Group to continue operating within its jurisdiction is dependent on a stable political environment which is uncertain. This may also impact the Group's legal title to assets held which would affect the valuation of their assets.

The Group therefore makes estimates in relation to the valuation of these assets with consideration of these factors.

There have been no changes to any past valuations.

(ii) Valuation of Casa Royalty

There are a number of key factors which affect the valuation of the Casa Royalty which has a face value of US$ 45m (GBP 40m). These include (a) development and construction timeframe; (b) appropriate discount factor; (c) availability of construction financing; (d) political stability (e) gold price and (f) ability to control timing of receipt.

Given these uncertainties the Company has elected to assign nil value to the Royalty. The Company will reassess this carrying value in future as the Misisi Project progresses along the development curve.

Further information can be found in Note 4 (d)(ii)

(iii) Sturec Resource Royalty

As disclosed in Note 4(d)(ii) Sturec was sold in February 2020. As part of the transaction if before November 2024, the Šturec JORC Indicated and Measured Resource exceeds 1.5 million ounces gold at a grade greater than 2.5g/t (inclusive of recoverable Ag equivalent), MetalsTech will pay Arc a further A$2 royalty per additional ounce of gold . This royalty is capped at 7 million ounces of gold or Australian dollars 11M. Because of the general uncertainty about the size of the Sturec resource and the difficulties of operating in Slovakia the Company has not recorded the royalty in the accounts.

(iv) Receipt of the US$ 5 million receivable in respect of the Casa Sale

The Casa asset was sold during the period with the consideration being a mixture of cash and royalty. The cash element was not due on sale but falls for payment on 19 March 2021. Management have made a judgement about the recoverability of this receivable and their estimation is that will be settled in accordance with the due dates stated within the sale and purchase agreement.

m. Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all of costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Mining inventory includes run of mine stockpiles, minerals in circuit and consumables. Stockpiles and minerals in circuit are valued at the cost of production to their point in process using a weighted average cost of production, or net realisable value, whichever is lower. Low grade stockpiles are only recognised as an asset when there is evidence to support the fact that some economic benefit will flow to the Group on the sale of such inventory. Consumables are valued at their cost of acquisition, or net realisable value, whichever is lower.

n. Cash and cash equivalents

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

o. Trade and other receivables

Receivables are recognised initially at cost, being their initial fair value. These are classified as loans and receivables, and so are subsequently carried at cost using the effective interest method. The Directors are of the view that such items are collectible and no provisions are required.

p. Financial instruments

The Group's financial instruments are classified as loans and receivables. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and comprise trade and other receivables and cash and cash equivalents (see separate accounting policies for these items).

Trade and other payables are classified as financial liabilities, and are initially recognised a cost, being their fair value, and subsequently measured at amortised cost using the effective interest method. Any interest is recognised as a finance cost within the statement of comprehensive income.

There is no material difference between the carrying values and fair value of the Group's financial instruments.

q. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset at 25% on a straight-line basis.

All assets are subject to annual impairment reviews.

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

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

An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

r. Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and is written down to its recoverable amount.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset, unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

s. Trade and other payables

Trade and other payables are carried at amortised cost under the effective interest method and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

t. Assets held for sale

Assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

The Group classifies an asset (or disposal groups) as held for sale if their carrying amount is to be recovered through a sale transaction rather than through continued use. The Group considers this to be the case when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the Board of Directors is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated and is expected to complete within one year of classification.

Assets held for sale are no longer depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal group continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities classified as held for sale are presented separately from other liabilities in the statement of financial position.

u. Share-based payments

The Group provides benefits to senior personnel, consultants and advisors of the Group in the form of share-based payments, whereby such parties render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with such parties is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Arc Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant party become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired and;

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is included in the determination of fair value at grant date. The charge to the Income Statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/ (loss) per share.

v. Earnings per share

Basic EPS is calculated as profit attributable to equity holders of the parent for the period, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. Fully-diluted EPS adjusts Basic EPS to reflect the impact if all share purchase warrants and options were exercised.

w. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services, and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

x. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

y. COVID-19

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Company at this time.

The financial statements have been prepared based upon conditions existing at 31 March 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred in the last quarter of the financial year and its impact mostly happened subsequent to the financial year, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 March 2020 for the impacts of COVID-19.

2. Segmental analysis

Segment information has been determined based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. No revenue is currently being generated.

Head office activities are mainly administrative in nature whilst the activities in Zambia relate to exploration and development work.

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

31 March 2020	BVI	Zambia	**Total**
	£ 000's	£ 000's	**£ 000's**
Result			
Loss from continuing operations	(1,471)	(763)	**(2,234)**
Interest and finance costs	(303)	-	**(303)**
Loss on change of ownership status (Zaco)	(399)	-	**(399)**
Loss from discontinued operations	(20,671)	-	**(20,671)**
(Loss) Profit before Income Tax	**(22,844)**	**(763)**	**(23,607)**
Other information			
Capital additions	-	2,353	**2,353**
Non-controlling interest	-	896	**896**
		3,249	**3,249**
Assets			
Non-current Assets	0	7,357	**7,357**
Inventory	-	44	**44**
Current assets excluding cash and cash equivalents	4,263	120	**4,383**
Cash and equivalents	169	-	**169**

Consolidated total assets	4,432	7,521	**11,953**
Liabilities			
Non-current liabilities	-	3,198	**3,198**
Current liabilities	2,247	826	**3,073**
Consolidated total liabilities	2,247	4,024	**6,271**

Slovakia and the DRC are no longer considered reportable segments following the sale of the Company's assets in these countries.

31 March 2019	UK/BVI £ 000's	Slovakia £ 000's	Zambia £ 000's	DRC £ 000's	**Total** **£ 000's**
Result					
Operating (loss)/gain	(1,320)	(92)	(1,511)	-	**(2,923)**
Loss on sale of shares of Andiamo Exploration Ltd	(202)	-	-	-	(202)
Loss on change of ownership status (Zamsort)	(2,809)	-	-	-	(2,809)
Interest and finance costs	(318)	-	-	-	(318)
(Loss) Profit before Income Tax	**(4,649)**	**(92)**	**(1,511)**	**-**	**(6,252)**
Other information					
Capital additions	-	-	-	-	**-**
Non-controlling interest	-	-	582	114	**696**
Assets					
Non-current Assets	339	-	5,777	-	**6,116**
Available for sale financial assets	-	-	-	-	**-**
Held for sale assets	-	6,000	-	21,035	**27,035**
Inventory	-	-	268	-	**268**
Current assets excluding cash and cash equivalents	422	5	163	-	**590**
Cash and equivalents	1,196	-	30	-	**1,226**
Consolidated total assets	1,957	6,005	6,238	21,035	**35,235**
Liabilities					
Non-current liabilities	-	-	1,891	-	**1,891**
Held for sale liabilities	-	34	-	1,910	**1,944**
Current liabilities	836	-	607	-	**1,443**
Consolidated total liabilities	836	34	2,498	1,910	**5,278**

3. Expenses by nature

	2020	2019
	£ 000's	£ 000's
Directors' fees	**439**	406
Wages and salaries	**88**	114
Office expenses	**70**	35
Travel and subsistence expenses	**103**	170
Professional fees – legal, consulting, exploration	**182**	302
AIM related costs including Public Relations	**207**	183
Auditor's remuneration – audit	**35**	42
Stock option expense	**287**	337
Foreign exchange (gain)/loss	**(17)**	196
Other expenses	**77**	24
Impairment of inventory	**228**	-
Zamsort administration costs	**535**	532
Total operating expenses	**2,234**	2,341

Auditors Remuneration

During the year, the Group obtained the following services from the Company's auditor:

	2020	2019
	£ 000's	£ 000's
Fees payable to the auditor for the audit of the consolidated financial statements	**35**	42
Fees payable to the auditor for other services:		
Tax advisory services	-	3
Total	**35**	45

Employee information

	2020	2019
Group Staff Costs comprised:	**£ 000's**	£ 000's
Wages, salaries and benefits	**88**	114
Zamsort wages and salaries	**208**	453
Charge to the profit or loss	**296**	567

The average number of persons employed in the Group, including Executive Directors, was:

	2020	2019
Average number of persons employed:	**Number**	Number
Head office administration	**7**	12
Operations	-	1
Zamsort administration	**11**	10
Zamsort operations	**46**	40
	64	63

4. Disposals of Held for sale assets

During 2018 the Group confirmed its intention to dispose of Sturec and announced a similar plan for Casa in 2019. During 2020 both assets were sold as summarised in (d)

The related financial information is set out below:

a) Results of disposal group prior to sale

	2020	**2020**	**2020**	2019	2019	2019
	Casa	**Slovakia**	**Total**	Casa	Slovakia	Total
	£ 000's	**£ 000's**	**£ 000's**	£ 000's	£ 000's	£ 000's
Expenses	**(41)**	**(80)**	**(121)**	**(163)**	**(25)**	**(188)**
Loss before income tax	**(41)**	**(80)**	**(121)**	**(163)**	**(25)**	**(188)**
Income tax	-	-	-	-	-	-
Loss after tax	**(41)**	**(80)**	**(121)**	**(163)**	**(25)**	**(188)**
Loss from discontinued operations	**(41)**	**(80)**	**(121)**	**(163)**	**(25)**	**(188)**
Other comprehensive income from discontinued operations	**(29)**	**(81)**	**(110)**	-	-	-

b) Cash flows of disposal Group prior to sale

	2020	**2020**	**2020**	2019	2019	2019
	Casa	**Slovakia**	**Total**	Casa	Slovakia	Total
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Operating activities	**(29)**	**(81)**	**(110)**	**162**	**(27)**	**135**
Investing activities	**(303)**	**-**	**(303)**	**(1,419)**	**-**	**(1,419)**
Financing activities	**332**	**81**	**413**	**1,265**	**27**	**1,292**
	-	**-**	**-**	**8**	**-**	**8**

c) Assets and liabilities of disposal Group (i)

Assets classified as held for sale

	2020	**2020**	**2020**	2019	2019	2019
	Casa	**Slovakia**	**Total**	Casa	Slovakia	Total
	£ 000's	**£ 000's**	**£ 000's**	£ 000's	£ 000's	£ 000's
Intangible assets	-	-	-	**20,881**	**5,801**	**26,682**
Property, plant and equipment	-	-	-	**-**	**159**	**159**
Cash and cash equivalents	-	-	-	**8**	**7**	**15**
Trade and other receivables	-	-	-	**146**	**2**	**148**
Inventory	-	-	-	**-**	**31**	**31**
	-	-	-	**21,035**	**6,000**	**27,035**

(i) In 2020 Held for sale assets and liabilities were sold as summarised below in (d).

Liabilities directly associated with assets classified as held for sale (i)

	2020	**2020**	**2020**	2019	2019	2019
	Casa	**Slovakia**	**Total**	Casa	Slovakia	Total
	£ 000's	**£ 000's**	**£ 000's**	£ 000's	£ 000's	£ 000's
Deferred consideration	-	-	-	**1,535**	**-**	**1,535**
Trade and other creditors	-	-	-	**375**	**39**	**409**
	-	-	-	1,514	39	1,553

d) Disposal of assets Held for sale

(i) On 7 February 2020 the Company announced the sale of its Sturec assets in return for Australian$ 750,000 which has been received and a royalty capped at AUD 11,000,000 calculated as AUD 2 per excess ounce if at any time during the 3 year period commencing November 2021 the Sturec resource exceeds 1.5M ounces grading 2.5 g/t up to 7.0M ounces.

Proceeds of £ 381,000 have been recorded in the accounts which generated a loss of £5.584M.

(ii) On 18 March 2020 the Company announced the sale of its shareholding in Casa Mining Limited in return for a US$ 5,000,000 interest-free Note payable on 19 March 2021 and a 3% Royalty calculated on net smelter production capped at US$45,000,000. The US$5M note is secured by a charge over the shares of Casa Mining Limited.

There are a number of key factors which affect the valuation of the Casa Royalty which has a face value of US$ 45,000,000. These include (a) development and construction timeframe; (b) appropriate discount factor; (c) availability of construction financing; (d) political stability and (e) gold price.

Given these uncertainties the Company has elected to assign nil value to the Royalty. The Company will reassess this carrying value in future as the Misisi Project progresses along the development curve.

Proceeds of £ 4.032m have been recorded in the accounts which generated a loss of £(15.087m) from the sale of the Misisi project.

The total loss on disposal of assets held for sale is £20.671m.

5. Taxation

	2020 £'000	2019 £'000
Current income tax charge	-	-
Deferred tax charge/ (credit)	-	-
Total taxation charge/ (credit)	-	-

Taxation reconciliation

The charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income:

	2020 £'000	2019 £'000
Gain (Loss) before income tax	**(23,607)**	**(6,782)**
Tax on loss at the weighted average Corporate tax rate of 1.13 % (2019: 10.00 %)	268	680
Effects of:		
Permanent differences	-	-
Tax losses carried forward	-	-
Non-taxable income/Non-deductible expenses for tax purposes	(268)	(680)
Total income tax expense	-	-

The deferred tax asset has not been provided for in accordance with IAS 12 due to uncertainty as to when profits will be generated against which to relieve any such asset. The Group does not have a material deferred tax liability at the year end.

The tax rate used in 2020 is the weighted average rate of the Republic of Zambia and British Virgin Islands. Unused tax losses available in Zambia approximate Zambian Kwacha 75m at 31 December 2019 approximately GBP 3.3m

6. Dividends

No dividends were paid (2019: nil).

7. Key management remuneration

	2020	2019
	£ 000's	£ 000's
Key management remuneration	**848**	723

2020	Short term employee benefits	Share based payments	**Total**
	£ 000's	£ 000's	**£ 000's**
Executive Directors			
Nicholas von Schirnding	208	69	**277**
Rémy Welschinger *	97	53	**150**
Non-Executive Directors			
Brian McMaster	36	14	**50**
Mumena Mushinge †	36	14	**50**
Don Bailey	36	-	**36**
Jonathan de Thierry	36	14	**50**
Key Management Personnel			
Vassilios Carellas (COO)	88	54	**142**
John Forrest (CFO until 31 October 2019)	56	37	**93**
	593	**255**	**848**

* Appointed as a Director during the year

† Mr Mushinge received USD 70k in fees from Zamsort Ltd as a Director of the Company in the financial year to 31 March 2019.

2019	Short term employee benefits	Share based payments	**Total**
	£ 000's	£ 000's	**£ 000's**
Executive Directors			
Nicholas von Schirnding	174	165	**339**
Non-Executive Directors			
Brian McMaster	35	20	**55**
Michael Foster *	26	22	**48**
Jonathan de Thierry	35	20	**55**
Don Bailey †	30	104	**134**
Mumena Mushinge †	6	-	**6**
Key Management Personnel			
Vassilios Carellas (COO)	143	89	**232**
John Forrest (CFO)	94	64	**158**
	543	**484**	**1,027**

* Resigned as a Director during the year

† Appointed as a Director during the year. Mr Mushinge received USD 11,667 in fees from Zamsort Ltd in the period since his appointment as a Director of the Company to 31 March 2019.

No pension benefits are provided for any Directors (2019: nil).

8. Earnings per share

The calculation of Earnings per share is based on the loss attributable to equity holders divided by the weighted average number of shares in issue during the year.

	2020	2019
	£ 000's	£ 000's
(Loss) Gain	**(25,855)**	(6,440)
Weighted average number of ordinary shares (000s)	**724,168**	577,412
Potential diluted weighted average number of shares (000s)	**919,043**	659,211
Basic earnings per share (expressed in pence)	**(3.57)**	(1.12)
Fully Diluted earnings per share (expressed in pence)	**(2.81)**	(0.98)
Net Profit (loss) per share continuing operations – Basic	**(0.72)**	(1.08)
Net Profit (loss) per share continuing operations – Diluted	**(0.56)**	(0.95)
Net (loss) per share discontinuing operations – Basic	**-**	(0.03)
Net (loss) per share discontinuing operations – Diluted	**-**	(0.03)

9. Loan payable

	2020	2019
	£ 000's	£ 000's
Loan payable	**3,198**	1,657

(i) The loan is payable to the 34% shareholder in Zamsort Limited in the amount of USD 4M as at 31 March 2020. The loan is unsecured and repayable on 31 December 2021.

(ii) The loan ranks equally with Arc's working capital loan to Zamsort of USD 7.1M which is eliminated on consolidation of Zamsort in the group accounts. This loan is unsecured and repayable on 31 December 2021.

In summary, the Company had loans to Zamsort Limited of USD 6.76M at 31 December 2018 and USD 7.1M at 31 March 2020.

10. Intangible assets

	Goodwill Zamsort £ 000's	Deferred Exploration Casa £ 000's	Deferred Exploration Zaco £ 000's	Deferred Exploration Zamsort £ 000's	Total £ 000's
Cost					
At 1 April 2018	-	18,495	-	-	18,495
Assets acquired on purchase of Zamsort Limited (see note 14)	671	-	-	-	671
Additions, net	-	1,434	-	1,747	3,181
Currency gain	-	1,122	-	-	1,122
Reclassified as Deferred Exploration (see note 14)	(671)	-	-	671	-
Transferred to Assets Held for Sale (see note 5)	-	(21,051)	-	-	(21,051)
Net book value as at 31 March 2019	**-**	**-**	**-**	**2,418**	**2,418**
At 1 April 2019	-	-	-	2,418	2,418
Additions	-	-	10	1,924	1,934
Currency loss	-	-	-	(323)	(323)
Net book value as at 31 March 2020	**-**	**-**	**10**	**4,019**	**4,029**

11. Fixed Assets

	Processing Plant £ 000's	Mining Equipment £ 000's	Motor Vehicles £ 000's	Furniture & Fittings £ 000's	Total £ 000's
Cost					
At 1 April 2018	**-**	**-**	**-**	**-**	**-**
Assets acquired on purchase of Zamsort Limited (see note 14)	2,487	378	188	38	3,091
Disposals	-	(175)	(69)	-	(244)
Additions	1,149	71	-	11	1,231
Foreign exchange	(387)	(59)	(28)	(6)	(480)
At 31 Mar 2019	**3,249**	**215**	**91**	**43**	**3,598**
At 1 April 2019	**3,249**	**215**	**91**	**43**	**3,598**
Disposals					
Additions	449	(17)	-	(3)	429
Foreign exchange	(515)	(34)	(15)	(7)	(571)
At 31 Mar 2020	**3,183**	**164**	**76**	**33**	**3,456**
Depreciation					
At 1 April 2018	**-**	**-**	**-**	**-**	**-**
Assets acquired on purchase of Zamsort Limited (see note 14)	-	(271)	(43)	(23)	(337)
Disposals	-	83	17	-	100
Depreciation	-	(24)	(23)	(5)	(52)
Foreign exchange	-	40	7	3	50
At 31 Mar 2019	**-**	**(172)**	**(42)**	**(25)**	**(239)**
At 1 April 2019	**-**	**(172)**	**(42)**	**(25)**	**(239)**
Disposals					
Depreciation	-	100	(19)	(8)	73
Foreign exchange		27	7	4	38
At 31 Mar 2020	**-**	**(45)**	**(54)**	**(29)**	**(128)**
Net book value – 31 March 2019	**3,249**	**43**	**49**	**18**	**3,539**
Net book value – 31 March 2020	**3,183**	**119**	**22**	**4**	**3,328**

12. Investment in subsidiaries

At 31 March 2019, the Company held interests in the share capital of the following subsidiary companies. During 2020 the following companies were sold as disclosed in Note 4:

(iii) Shares of Ortac Resources (UK) Limited which had subsidiaries St Stephans Gold sro; Ortac sro and Carpathian Minerals sro;

(iv) Casa Mining Limited which had subsidiary Leda Mining Congo SA

Company	Place of Business	% Ownership held	Nature of business
Ortac Resources (UK) Limited	England and Wales	100%	Holding Company
St. Stephans Gold s.r.o . *	Slovak Republic	100%	Mineral Exploration
Ortac s.r.o. *	Slovak Republic	100%	Mineral Exploration
Carpathian Minerals s.r.o. *	Slovak Republic	100%	Mineral Exploration
Casa Mining Limited	Republic of Mauritius	92%	Mineral Exploration
Leda Mining Congo S.A. †	Democratic Republic of Congo	73%	Mineral Exploration
Zamsort Limited	Republic of Zambia	66%	Mineral Exploration
Unico Minerals Limited ‡	British Virgin Islands	100%	Holding Company
Zaco Investments Limited ‡	Republic of Zambia	52.5%	Mineral Exploration

* Wholly owned subsidiary of Ortac Resources (UK) Limited

† Subsidiary of Casa Mining Limited

‡ Zaco Investments Limited is a subsidiary of Unico Minerals Limited which was incorporated as a subsidiary of the Company in 2019 in British Virgin Islands with registered office at Craigmuir Chambers, Road Town, Tortola, BVI; Interest in Zaco has increased to 72.5% since 31 March 2020.

Zamsort Limited registered office at 69B/6 Wite Wood Road Lusaka Zambia

The non-controlling interest shown within the primary statement arises as a result of the Group owning less than 100% of a subsidiary company.

13. Investment in associates

Set out below are the associates of the Group during the year ended 31 March 2020.

	Zaco £ 000's	Total £ 000's
1 April 2018	-	-
Additions	**339**	**339**
Share of loss	-	-
31 March 2019	**339**	**339**
1 April 2019	339	339
Additions	60	74
Acquired > 50%	(399)	(413)
31 March 2020	-	-

Zaco Investments Limited is a Zambian-registered company, now owned 72.5% by Arc (52.5% at 31 March 2020). In 2020 the Company increased its interest in Zaco from 42.5% to 52.5% and Zaco's results were consolidated. The acquisition cost of this 52.5% interest was £398,766. (Refer to Note 13a).

The Chairman of Arc has been appointed Chairman of Zaco. The Zaco year end is being changed to 31 December.

13a Acquisition of Zaco Investments Limited ("Zaco")

Zaco is involved in the exploration for minerals in the Republic of Zambia.
On 1 April 2019 the Company held a 42.5% interest in Zaco at a cost of £339,000. The Company acquired equity control on 3 December 2019. As noted below and in Note 26 the Company currently holds 72.5% of Zaco.

Consideration - £398,766

In 2018, the Company acquired 37.5% of the equity shares of Zaco for cash of US$ 375,000 (£288,017).

After its acquisition of 37.5% of Zaco Limited, the Company was offered a further 5% at the same pro rata cost, US$ 50,000. At the time the Company was focused on financing its 5,800m Kalaba drill program. Nicholas von Schirnding offered to make the purchase on behalf of the Company. The Board accepted his offer and Mr von Schirnding purchased the 5% block with the expectation that the Company would purchase it from him when financial conditions permitted. The 5% Zaco interest was subsequently purchased, in January 2019, at a cost of US$55,000 (£41,985) including a financing charge.

In July 2019, Arc further consolidated its interest in the Zaco license from 42.5% to 47.5%. The additional 5% was acquired from Limehouse Capital Ltd, a company that is wholly owned by Rémy Welschinger, a director of the Company, for a consideration of USD 50,000 payable as 1.414m shares in Arc (£39,592).

In November 2019, Arc further consolidated its interest in the Zaco license from 47.5% to 52.5%. The additional 5% was acquired from Mr Mumena Mushinge, a director of the Company, for a consideration of USD 37,500 (£29,173) payable in cash.

The fair value of net assets acquired at the acquisition date was £nil.

The loss on acquisition of Zaco of (£398,766) is reported as a Loss on change of ownership status in the Statement of Comprehensive income.

If new information obtained within one year from the date of acquisition about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, the acquisition accounting will be revised.

Non-controlling interest

The non-controlling interest of Zaco Investments Limited at the date of acquisition were measured at the fair value of these interests. This fair value was estimated by the consideration offered by the Company to acquire the controlling interest.

Impact of acquisitions on the results of the Group

The contribution to net loss of the Group by Zaco Investments Limited was £Nil and Group revenue includes £Nil from the operations of Zaco.

If this business was acquired at the beginning of the reporting period, both the Group revenue and the Group loss for the fiscal year would be unchanged.

The financial statements of Zaco Investments Limited have been consolidated to its year end of 31 October 2019, as it is impractical to consolidate the balances as at 31 March 2020. Zaco is changing its year end date to 31 December.

Between 1 January 2020 and 31 March 2020 Zaco incurred expenses of £Nil and the consolidated financial statements have therefore not been adjusted.

14. 2019 Acquisition of Zamsort Limited ("Zamsort")

Zamsort is involved in the mining of and exploration for minerals in the Republic of Zambia. On 1 April 2018 the Company held a 14% interest in Zamsort at a cost of £546,000. The Company acquired equity control on 5 June 2018.

Consideration - £5,332,000

In May 2017 in exchange for a 14% equity interest in Zamsort the Company agreed to convert £546,000 (US$828,472) of US$1,200,000 Secured Loan Notes issued to the Company in 2015 by Zamsort;

On 15 May 2018 the Company issued 102,083,333 shares with an imputed cost of £3,072,708 to acquire a further 35% interest in Zamsort, thereby increasing its interest to 49%;

On 5 June 2018 the Company issued 17,500,000 shares with an imputed cost of £770,000 to acquire a 6% interest in Zamsort, thereby increasing its interest to 55%, a controlling interest;

On 18 June 2018 the Company issued 12,000,000 shares with an imputed cost of £509,400 to acquire a 6% interest in Zamsort, thereby increasing its interest to 61%;

On 11 July 2018 the Company issued 10,000,000 shares with an imputed cost of £420,000 to acquire a 5% interest in Zamsort, thereby increasing its interest to 66%;

The acquisition resulted in Goodwill of £671,000 as follows:

	£ 000s
Net assets acquired:	
Cash and cash equivalents	62
Intangible assets	218
Fixed assets, net	2,753
Inventory	507
Trade and other receivables	151
Trade and other payables	(385)
Shareholder loans	(1,655)
Total net assets acquired	**1,651**
Total Consideration for 6% of Zamsort shares (49% - 55%)	770
Fair value of the associate at the Second Acquisition Date	809
Fair Value of Non-Controlling interest at the Second Acquisition Date	743
Less: Fair value of Zamsort	(1,651)
Goodwill	**671**

Goodwill has been allocated to Deferred exploration

If new information obtained within one year from the date of acquisition about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, the acquisition accounting will be revised.

Non-controlling interest

The non-controlling interest of Zamsort Limited at the date of acquisition were measured at the fair value of these interests. This fair value was estimated by the consideration offered by the Company to acquire the controlling interest.

Impact of acquisitions on the results of the Group

The contribution to net loss of the Group was a loss of £1,867,000 by Zamsort Limited. Group revenue includes £Nil from the operations of Zamsort.

If these businesses were acquired at the beginning of the reporting period Group revenue would have been £Nil, and loss for the year from continuing operations would have been £895,000 more.

The directors of the Group consider these results to be representative of the performance of the combined Group, annualised, and provide a reference point for comparison against periods in the future.

The financial statements of Zamsort Limited have been consolidated to its year end of 31 December 2018, as it is impractical to consolidate the balances as at 31 March 2019.

Between 1 January 2019 and 31 March 2019 Zamsort incurred expenses of £393,000 and paid trade creditors £295,000 with funds advanced by Arc Minerals Limited (£454,000) and the minority shareholders (£234,000). As this expenditure was material in value, the consolidated financial statements have been adjusted to incorporate these transactions in accordance with *IFRS 10 Consolidated Financial Statement*.

15. Trade and other receivables

Current trade and other receivables	**Group 2020 £ 000's**	Group 2019 £ 000's
Other receivables	**351**	577
Loan Note – Casa sale	**4,032**	-
Prepayments	**-**	13
Total	**4,383**	590

Current trade and other receivables are all due within one year of the balance sheet date.

All financial assets are held at amortised cost.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The Loan Note – Casa sale is secured by Casa shares which were sold as discussed in Note 4 (d) (ii)

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

Current trade and other receivables	**Group 2020 £ 000's**	Group 2019 £ 000's
UK Pounds	**160**	427
US Dollars	**4,032**	163
Zambian Kwacha	**191**	-
Total	**4,383**	590

16. Trade and other payables

Current trade and other payables	**Group 2020 £ 000's**	Group 2019 £ 000's
Trade payables, other payables and accruals	**3,028**	1,443
	3,028	1,443

Included in trade and other payables are £ 1,856,905 of unsecured loan notes which are repayable within 12 months comprised of

(i) USD 1.7M of unsecured convertible loan notes which carry an interest rate of approximately 20% and are convertible at 4.5p and

(ii) £ 540,000 of 10% unsecured loan notes

On 15 May 2020 , USD 1.5M of the notes in (i) were converted to 79,426,868 shares.

The carrying values of trade and other payables are considered to be a reasonable approximation of the fair value and are considered by the Directors as payable within one year.

17. Share capital

Authorised	£ 000's
Unlimited ordinary shares of no par value	-

Called up, allotted, issued and fully paid	Number of shares	Nominal value	Average price per share (pence)	Gross Consideration value GBP'000
At 1 April 2017	**82,134,987**	**-**		
Financings for cash	151,666,667	-	2.00 – 3.00	3,700
Issued in relation to the acquisition of Casa Mining Limited	85,902,258	-	2.35	2,018
As at 31 March 2018	**319,703,912**	**-**		**5,718**
Financings for cash	223,625,025	-	2.40 – 4.50	6,759
Issued in relation to the acquisition of Casa Mining Limited	13,085,988	-	2.53	331
Issued in relation to the acquisition of Zamsort Limited	141,583,333	-	3.37	4,772
Issued to service providers in lieu of fees	2,051,793	-	2.83	58
Issued to management in lieu of fees	5,400,000	-	3.33	180
Issued pursuant to warrant exercises	487,500	-	2.90	14
As at 31 March 2019	**705,937,551**			**12,114**
Issued in relation to the acquisition of 5% of Zaco Investments Limited	1,414,000	-	2.80	40
Issued under the Drill-for-Equity Programme	14,746,970	-	2.80-4.78	535
Issued to creditors in lieu of payment	9,116,165	-	3.10-3.82	291
Issued pursuant to warrant exercises	6,712,811	-	2.00-2.80	152
As at 31 March 2020	**737,927,497**			**1,018**

Share issue costs in the amount of £215,618 were incurred in the period and set off against the share premium account.

18. Share based payments and Warrants

Share Options

During the year the following share options were issued and valued using the Black Scholes method:

	Weighted Avg Price (pence)	Number	Exercise Price (pence)	Share price at grant (pence)	Weighted Avg Term (years)	Value (000s) **
1 April 2018	**11.31**	**18,018,210**			**3.98**	**1,333**
Expired	-	(1,812,097)	-	-	-	(350)
Granted 30 May 2018	-	12,900,000	4.50	3.40	5	211
Granted 12 June 2018	-	1,200,000	4.50	4.31	5	36
Granted 12 June 2018	-	2,500,000	7.00	4.31	5	68
Granted 29 October 2018	-	1,200,000	4.50	3.35	3	22
31 March 2019	**7.93**	**34,006,113**			**3.97**	**1,320**
1 April 2019	**7.93**	**34,006,113**			**3.97**	**1,320**
Expired	-	(200,000)	-	-	-	(609)
Granted 8 July 2019	-	15,240,002	4.50	2.35	4.25	263
Granted 22 November 2019	-	2,980,000	4.50	2.60	4.33	24
31 March 2020	**3.62**	**52,026,115**			**3.44**	**998**

Of the options granted in May 2018, 10.5M are subject to vesting conditions linked to milestones. No other options are subject to vesting conditions.

Options can be settled in cash and are typically granted for a term between three and five years at the discretion of the Board of Directors upon recommendation by the Remuneration Committee.

The weighted average exercise price of the options outstanding at 31 March 2020 is 3.62 pence.

In the Black-Scholes model the key inputs for the options granted in 2019 were Volatility as 65%, the Risk Free Interest Rate as 0.88% and the dividend yield as 0%.

** Under IFRS 2 “Share-based Payments”, the Company determines the fair value of options issued to Directors, Employees and other parties as remuneration and recognises the amount as an expense in the Statement of Comprehensive Income with a corresponding increase in equity.
The charge incurred during the year in relation to share based payments was £287,000 (2019 £337,000).

Warrants

Grant date	Number	Exercise Price (pence)	Term (years)	Share Price at grant pence
1 April 2018	**10,975,000**	2.00-5.50	0.1-2.61	
1 April 2018	1,000,000	2.25	3.59	2.23
15 May 2018	4,666,667	2.40	1.13	3.01
15 May 2018	505,953	3.36	1.13	3.01
15 May 2018	2,000,000	6.00	1.13	3.01
16 May 2018	980,584	2.90	4.13	2.70
18 June 2018	4,620,000	6.00	1.22	4.245
1 October 2018	1,789,000	4.50	2.01	4.01
10 October 2018	44,400,014	6.50	2.53	3.65
31 October 2018	1,000,000	4.50	1.76	3.40
17 December 2018	2,041,094	3.20	2.22	2.95
19 February 2019	63,600,009	4.50	2.89	2.90
Exercised during the year	(487,500)			
Expired during the year	(3,750,000)			
TOTAL 31 March 2019	**133,340,821**	**2.00-6.50**	**0.1-4.13**	
Weighted Average		**5.01**	**2.49**[i]	

(1) Remaining term as at 31 March 2019
The charge incurred during the year in relation to warrants was nil (201: nil).

Grant date	Number	Exercise Price (pence)	Term (years)	Share Price at grant pence
1 April 2019	**133,340,821**	**2.00-6.50**	**0.1-4.13**	
1 April 2019	550,176	2.55	4.00	2.525
3 May 2019	1,671,144	2.80	-	2.575
1 July 2019	10,000,000	4.50	2.25	3.100
4 December 2019	5,500,000	4.50	4.33	2.900
Exercised during the year	(6,712,811)			
Expired during the year	(1,500,000)			
TOTAL 31 March 2020	**142,849,330**	**2.25-6.50**	**0.1-4.68**	
Weighted Average		**5.52**	**1.60**[i]	

(2) Remaining term as at 31 March 2020
The charge incurred during the year in relation to warrants was £84,000 (2019: nil).

19. Share premium

	2020	2019
	£ 000s	£ 000s
Opening Balance	**50,222**	38,324
Total Additions (see note 17 for details)	**1,018**	12,114
Share issue costs	**(9)**	(216)
As at 31 March	**51,231**	**50,222**

See note 17 for a breakdown of share issues during the year.

20. Non-Controlling Interest (NCI)

	Casa £ 000s	Zamsort £ 000s	Zaco £ 000s	Total £ 000s
Balance at 1 April 2018	1,318	-	-	1,318
Acquisition of 99.43% of Casa Mining Ltd	(1,204)	-	-	(1,204)
Acquisition of 66% of Zamsort Ltd	-	582	-	582
As at 31 March 2019	**114**	**582**	**-**	**696**
Disposal of 99.43% of Casa Mining Ltd	(114)	-	-	(114)
Acquisition of 52.5% of Zaco Investments Ltd	-	-	5	5
Investment by NCI in the year	-	309	-	309
As at 31 March 2020	**-**	**891**	**5**	**896**

21. Financial instruments and capital risk management

Financial Risk Management

Financial Risk Factors

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

Risk management is carried out by the Board of Directors under policies approved at Board meetings. The Board frequently discusses principles for overall risk management including policies for specific areas such as foreign exchange.

a) Market Risk

i) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the pound sterling, US Dollar and Zambian Kwacha. Foreign exchange risk arises from recognised monetary assets and liabilities, where they may be denominated in a currency that is not the Group's functional currency. While the Zambian Kwacha has depreciated 30% since 31 March 2019 the Kwacha risk is mitigated by the fact that Zamsort would only have one month's cash requirement on hand at any one time. Another significant risk in Zambia is a US Dollar risk as the Shareholder Loan of our minority partner is denominated in US Dollars. The Directors consider that, for the time being, no hedging or other arrangements are necessary to mitigate this risk.

On the assumption that all other variables were held constant, and in respect of the Group and the Company's expenses the potential impact of a 20% increase/decrease in the GBP:Kwacha foreign exchange rate on the Group's loss for the year and on equity is as follows:

Potential impact on Zambian kwacha expenses: 2020

Increase/(decrease) in GBP:ZMK rate		Group £ 000's
	20%	**(153)**
	-20%	**153**

b) Credit Risk

Credit risk arises from cash and cash equivalents.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Group will only keep its holdings of cash and cash equivalents with institutions which have a minimum credit rating of 'A'.

The Group considers that it is not exposed to major concentrations of credit risk.

The Group holds cash as a liquid resource to fund its obligations. The Group's cash balances are held primarily in Sterling. The Group's strategy for managing cash is to assess opportunity for interest income whilst ensuring cash is available to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts. Short term interest rates on deposits have for the fiscal year been very unattractive.

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an ad hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group Balance Sheet.

The currency profile of the Group's cash and cash equivalent is as follows:

	2020	2019
Cash and cash equivalents	**£ 000's**	£ 000's
Sterling	**66**	**1,196**
US Dollars	**103**	**30**
At end of year	**169**	**1,226**

On the assumption that all other variables were held constant, and in respect of the Group's cash position, the potential impact of a 20% increase in the GBP:USD foreign exchange rate would not have a material impact on the Group's cash position and as such is not disclosed.

c) Liquidity Risk

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

The Group ensures that its liquidity is maintained by a management process which includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring Balance Sheet liquidity and maintaining funding sources and back-up facilities.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market such as industry knowledge and experience of the Directors.

The movement in the levels during the year to 31 March 2018 are attributable to the changes in ownership status during the period and any additional equity purchases or fair value adjustments required as a result.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to position as a going concern and to continue its exploration and evaluation activities. The Group has capital, defined as the total equity and reserves of the Group, of £ 5,682,000 (2019: £29,957,000).

The Group monitors its level of cash resources available against future planned exploration and evaluation activities and issues new shares in order to raise further funds from time to time.

22. Commitments

Operating leases

There are no operating leases.

Exploration commitments

Ongoing exploration expenditure is required to maintain title to the Group's mineral exploration permits. No provision has been made in the Group financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.

23. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no other transactions with related parties, except as disclosed below:

Zaco Acquisition

After its acquisition of 37.5% of Zaco Limited, the Company was offered a further 5% at the same proforma cost, US$ 50,000. At the time the Company was focused on financing its 5,800m Kalaba drill program. Nicholas von Schirnding offered to make the purchase on behalf of the Company. The Board accepted his offer and Mr von Schirnding purchased the 5% block with the expectation that the Company would purchase it from him when financial conditions permitted. The 5% Zaco interest was subsequently purchased at a cost of US$55,000 including a financing charge.

In July 2019, Arc further consolidated its interest in the Zaco license from 42.5% to 47.5%. The additional 5% was acquired from Limehouse Capital Ltd, a company that is wholly owned by Rémy Welschinger, a director of the Company, for a consideration of USD 50,000 payable as 1.414m shares in Arc (£39,592).

In November 2019, Arc further consolidated its interest in the Zaco license from 47.5% to 52.5%. The additional 5% was acquired from Mr Mumena Mushinge, a director of the Company, for a consideration of USD 37,500 (£29,173) payable in cash.

In May 2020, Arc further consolidated its interest in the Zaco license from 52.5% to 72.5%. The additional 20% was acquired from Mr Mumena Mushinge, a director of the Company, for a consideration of 10 million shares in Arc (£175,000).

Remuneration of Key Management Personnel

The remuneration of the Directors and PDMRs is set out in note 8.

Of the amounts set out in note 8:

£36,000 (2019 – £35,000) was paid to Gemstar a Personal Services Company ("PSC") owned by Brian McMaster.

£88,000 (2019 – £55,000) was paid to VC Resources Ltd, a PSC owned by Vassilios Carellas.

£56,000 (2019 – £94,000) was paid to Logwood Financial Services, a PSC owned by John Forrest

£36,000 (2019 – £30,000 and 2.5M options) was paid to a PSC owned by Don Bailey

A relative of Rémy Welschinger made a loan of €250k (£213k) to the Company which is unsecured and repayable with 10% interest on due for repayment 30 December 2020. Of this amount, €62.5k including interest of €6.25k (total £61k) was converted to equity as part of the Company's placing in May 2020, as announced.

24. Contingent liability

Zamsort Limited is named in a lawsuit before the High Court in Zambia for USD 265,000 of damages pertaining to a discussion involving the former owners of Zamsort and a third party held in 2014. Legal advisors to Zamsort have advised that the claim is without merit. A bond has been deposited with the court and is included in current assets. The amount of the bond is 2.8M Zambian Kwacha (GBP 125k), approximately 50% of the damages claimed.

25. Ultimate controlling party

There is no ultimate controlling party in the opinion of the Board.

26. Events after the reporting period

In May 2020, Arc further consolidated its interest in the Zaco license from 52.5% to 72.5%. The additional 20% was acquired from Mr Mumena Mushinge, a director of the company, for a consideration of 10 million shares in Arc.