Company Registration No. 10829496 (England and Wales)

ZINNWALD LITHIUM PLC

(FORMERLY KNOWN AS ERRIS RESOURCES PLC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ZINNWALD LITHIUM PLC
(FORMERLY KNOWN AS ERRIS RESOURCES PLC)
COMPANY INFORMATION

Directors	Jeremy Martin	
	Cherif Rifaat	
	Anton du Plessis	
	Graham Brown	
	Peter Secker	(Appointed 29 October 2020)
	Jeremy Taylor-Firth	(Resigned 30 September 2020)
Secretary	Cherif Rifaat	
Company number	10829496	
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Chairman's Statement

Despite the unprecedented challenges posed by the ongoing Covid-19 pandemic, 2020 has been a year of significant activity for Zinnwald Lithium Plc (the 'Company'). The assessment of the COVID-19 situation will need continued attention and will evolve over time. Undoubtedly, this will have some implications for the operations of the Group in the future, for example through restricting travel movements internationally and domestically and therefore delaying exploration activities. Due to the nature of present activities, the impact has been minimal. A core part of our articulated strategy has always been the identification and acquisition of a suitable asset meeting our criteria of being sufficiently advanced and located in a suitable, low-risk jurisdiction. We fulfilled this objective through the acquisition of a 50% interest in Deutsche Lithium, which is developing the Zinnwald Lithium Project in Germany. This transaction has transformed the Company and has resulted in a revised strategy focused on becoming an important supplier to Europe's fast-growing lithium sector.

The transaction was completed at the end of October 2020 and was achieved through a Reverse Takeover ('RTO') of Bacanora Lithium Plc's interest in Deutsche Lithium. Simultaneously, the Loch Tay Gold Project was spun out to existing shareholders and the Company's name was changed from Erris Resources Plc to Zinnwald Lithium Plc, reflecting the new focus. We also welcomed Bacanora Lithium Plc as a new major shareholder with a 44% stake.

Central to the Company, as it is now constituted, is the development of the Zinnwald Lithium Project (the 'Project') in south eastern Germany. With attractive economics, this late-stage lithium project located in the heart of Europe's chemical and automotive industries is one of Europe's more advanced battery-grade lithium projects. It therefore represents a compelling opportunity for investors to gain exposure to the European lithium market, which is growing rapidly thanks to long term structural drivers.

You will no doubt already have a clear understanding of the rapid change in emphasis underway within the energy sector, as countries and governments worldwide have taken on the challenge to switch from a reliance on fossil fuels to sustainable energy systems as part of the drive to combat climate change. Underpinning this shift to a decarbonised future is the delivery of clean electricity, which extends to the automotive industry as individuals try to reduce their own carbon footprints; this has resulted in the rapid rise in number of electric vehicles ('EVs') and research in/implementation of new battery technologies.

There are numerous smart technologies being developed in the automotive space. However, the lithium-ion battery is currently the most suitable energy storage device and therefore the most likely to lead the transition given it fulfils many criteria that meet consumer demands, such as high power and high-energy density, long life, low cost and excellent safety, with minimal negative environmental impact.

Europe has embarked on the same energy transition as the rest of the world and has set a target of becoming carbon neutral by 2050. However, a shortage of elements needed to make these batteries and other renewable energy equipment could threaten this target. As a result, in September 2020, the European Commission announced that it was prioritising the securing of critical metals through exploration, investment, and improved recycling. Its report stated:

"For electric vehicle batteries and energy storage, the EU would need up to 18 times more lithium and five times more cobalt in 2030, and almost 60 times more lithium and 15 times more cobalt in 2050, compared to the current supply to the whole EU economy. If not addressed, this increase in demand may lead to supply issues."

Accordingly, having spent many months searching for the right project, we were delighted to be given the opportunity to play a role in the EV revolution through developing the Zinnwald Lithium Project. This project ticked many boxes for us:

- Compelling market: lithium is an important component of battery chemistry and demand for batteries is anticipated to grow due to factors including a transition to EVs.
- Flexible strategy: opportunity to produce several high-value, battery-grade lithium products including LiF, Li2CO3 and LiOH*H2O.
- Strategic location: situated in Germany, which is host to both a major automotive industry and several major chemical producers.
- World class attributes: a September 2020 Feasibility Study on the Project estimated a pre-tax, NPV of approximately €428 million (discounted at 8%); an Internal Rate of Return of 27.4%; and an average life of mine annual EBITDA of €58.5 million.

- Robust mine plan: a 30-year Feasibility Study mine plan equating to the extraction of less than 50% of the currently identified resource and mining licence in place.
- Available expertise: technical expertise in Germany at the project level consisting of world-leading scientists, engineers and geologists.

Our aim now is to advance the Project to production. Accordingly, key work streams have been planned for 2021 to position Zinnwald Lithium to make the transition from developer to producer. These include engaging with potential off-take partners; advancing discussions with potential financing partners; performing the necessary testwork to assess the commercial viability of producing a broader range of lithium compounds; undertaking front-end engineering design work; finalising the selection of the optimal chemical processing site location and completing the final steps in the permitting process for the construction and operation of the mine. We have already made steps towards achieving several of these targets.

With regard to the other assets that remain within the Zinnwald Lithium Plc group of companies (the "Group"), in Ireland, the Company maintains five prospecting licences ('PLs') over the 100%-owned Abbeytown Project, including the historic Abbeytown mine, in County Sligo and renewed those PLs in August 2019 for a further six years to August 2025. The Abbeytown Project is an attractive asset but given the revised focus of the Group on the Zinnwald Lithium Project and also challenging market conditions in the zinc sector at the time, no work was carried out on the project during 2020. While we continue to regard Abbeytown as a sound, viable project, the focus in the near term is to seek either a partner or purchaser for the asset.

In Sweden, the Company maintains the Brännberg gold project, which consists of three core exploration permits in the Skellefte Mining District. Gold mineralisation has been confirmed by drilling which returned positive results. Mineralisation is open at depth and extends from surface with best results including 17.2m @ 1.93g/t Au and 0.26% Cu from 160.90m-178.10m in drill hole BB004. These Swedish assets are available for acquisition or joint venture.

Board and Corporate

As part of the Acquisition of Zinnwald, the Board was restructured to reflect the ongoing requirements of the Project. Jeremy Taylor-Firth stepped down as a Director and the Board would like to thank him for all his assistance over recent years, as well as his fundraising expertise during the original IPO and, after he stepped down, as part of the Zinnwald related fundraise. Peter Secker was appointed a Director as a representative for our new largest shareholder, Bacanora Lithium and brings with him invaluable experience and expertise in the lithium sector as we continue to develop the Zinnwald Project towards construction. Jeremy Martin returned to his previous role of Non-Executive Chairman as Anton du Plessis retuned to the role of Executive Director and CEO.

Financial Overview

The Company maintains a disciplined approach to expenditure and, as such, is well funded for 2021 with a €4.8 million cash position at today's date.

Outlook

Thanks to low capital costs, attractive economics and access to strategic markets, Zinnwald has the potential to become a key European lithium project. With Bacanora Lithium becoming a major shareholder following the RTO, the addition of its CEO, Peter Secker, who has a deep understanding of the Project, to the Board as a Non-Executive Director, and with a healthy balance sheet having raised over £3 million from new and existing investors, the Company is well placed to realise this potential.

In closing, I would like to thank our shareholders for their support and wish you all a very happy, sustainable and prosperous 2021.

Jeremy Martin
Non-Executive Chairman
25 February 2021

The Directors present the strategic report for the year ended 31 December 2020.

1 Highlights – 12 months to 31 December 2020

Zinnwald Lithium Project

- In October 2020, the Company acquired 50% of the issued share capital of Deutsche Lithium GmbH from Bacanora Lithium Plc, the principal activity of which is the development of the Zinnwald Lithium Project ('Zinnwald') in south-eastern Germany. Zinnwald, which already has a published Feasibility Study and a mining licence, presents an excellent opportunity to create value for shareholders.
- As part of the acquisition process, Bacanora Lithium Plc became a major shareholder and the Company raised a further £3.75m (equivalent to €4.15m) in new equity from new investors for working capital for the newly enlarged Group.
- The Company also renamed itself Zinnwald Lithium Plc to reflect its new focus.

Scotland

- In January 2020, the Company exercised its option to earn-in to 80% of the Loch Tay Project.
- During the year, the Company completed preliminary sampling and testwork, which identified promising results and potential drill targets.
- In August 2020, the Company formed Erris Gold Resources Ltd and transferred all assets, licences, contracts, employees relating to Loch Tay and €400,000 in cash to that company.
- In October 2020, as part of the refocussing of the Group towards the Zinnwald Project, the Company distributed its shares in Erris Gold Resources to the Company's shareholders.

Existing Other Assets

- Ireland – the Company renewed its five licences at the Abbeytown Project for a further six years in 2019 but did not undertake any new drilling in 2020.
- Sweden – the Company renewed its three core licences at the Brännberg project but did not undertake any new drilling in 2020.

2 Zinnwald Lithium – Strategic Review

2.1 Company Overview - Background

The Group was established in 2012 as a mineral exploration and development company. Its Ordinary Shares were admitted to trading on AIM in December 2017. Its focus has been to create shareholder value through the process of discovering new ore deposits, with a focus on European jurisdictions. Osisko Gold Royalties, a TSX and NYSE intermediate precious metal royalty company with a market capitalisation of approximately C$2.6 billion was one of the cornerstone investors in the IPO and retains its shareholding. The Company was also supported at the project level by Centerra, a wholly owned subsidiary of Centerra Gold Inc., a TSX listed gold mining and exploration company with a market capitalisation of approximately C$4.56 billion, which funded a number of generative exploration programmes in Scandinavia over a four-year period to 2019.

In Ireland, the Group holds five prospecting licences at its 100 per cent. owned brownfield lead-zinc Abbeytown Project covering a total of 136km2 and including the historic Abbeytown mine in County Sligo, Ireland. These licences have been held since 2013 and were successfully renewed in the third quarter of 2019 for a further six years to August 2025. Of the five prospecting licences, PL 3735, containing the historically operated Abbeytown Pb-Zn mine, is the licence of most importance for the Group.

In Sweden, the Group currently has five permits of which three make up the Brännberg Gold Project in the Skellefte Mining District of north Sweden. The Board considers that three of these five permits are core and where drilling was focussed as part of the Group's previous strategic alliance with Centerra. The combined area of the Brännberg Gold Project is now 2,097 ha. The Group's other two Swedish permits are Enåsen and Storkullen in Central Sweden. All the permits are 100 per cent. owned by the Group. The Brännberg Gold Project and the two Swedish permits are not material assets for the Group.

2.2 Company Overview – the Zinnwald Lithium Project

The Company now has a 50 per cent. interest in, and joint operational control of, Deutsche Lithium, the principal asset of which is the Zinnwald Lithium Project covering 256.5 ha and with a 30-year mining licence to 31 December 2047. The Project is located in southeast Germany, some 35 km from Dresden and adjacent to the border of the Czech Republic.

The Zinnwald Lithium Project is located in a granite hosted Sn/W/Li belt that has been mined historically for tin, tungsten, and lithium at different times over the past 300 years. With an abundant supply of fluorspar/hydrofluoric acid available in the immediate vicinity, Deutsche Lithium has chosen to focus on LiF (Lithium Fluoride) which is used in the lithium-ion battery supply chain. LiF is a high value downstream lithium product and one of the two key components in the manufacturing process of LiPF6, which is the most important conducting salt in lithium electrolytes and serves as the "shuttle" in the lithium battery electrolyte which "ships" the lithium ion between the cathode and the anode. Approximately 95 per cent. of all lithium battery electrolytes use LiPF6, and the percentage used in each cathode is increasing in some of the newer battery types. The strategic location of the Project allows access to the German automotive and downstream chemical industries.

While the NI 43-101 Feasibility Study for the Project is based solely on the production of LiF, Deutsche Lithium has established the possibility of also producing battery-grade lithium carbonate directly from the lithium mica concentrate with only minimal modifications to the chemical plant circuits. Deutsche Lithium is also undertaking testwork to determine if the same applies to possible lithium hydroxide production.

In May 2019, Deutsche Lithium first announced the results of the NI 43-101 Feasibility Study for the Project, which confirmed the positive economics and favourable operating costs for the production of 5,112 tpa (~7,285 tpa LCE) of battery grade lithium fluoride (LiF). With a long-life project of 30 years, the Feasibility Study estimated a pre-tax project NPV of €428 million (8 per cent. discount rate); an IRR of 27.4 per cent.; and favourable LOM operating costs resulting in a 46 per cent. EBITDA operating profit margin. The NPV is not a valuation for the purposes of Rule 29 of the Takeover Code and should not be relied upon as such.

The 30-year Feasibility Study mine plan equates to the extraction of less than 50 per cent. of the currently identified resource.

- Measured plus Indicated Mineral Resource estimate containing 35.51 Mt at a grade of 3,519 ppm containing 124,974 t Li at cut-off grade of 2,500 ppm Li
- Represents approximately 665,000 tonnes of lithium carbonate equivalent ('LCE'), comprising approximately 357,500 tonnes of LCE in Measured Resources and approximately 307,500 tonnes of LCE in Indicated Resources
- Estimated Inferred Mineral Resources of 4.87 Mt at a grade of 3,549 ppm containing 17,266 t Li metal (approximately 92,000 tonnes LCE)

In addition to the mining licence in relation to the Project, Deutsche Lithium holds two other exploration licences; the Falkenhain licence (covering 295.7 ha and with a five-year term to 31 December 2022); and the Altenberg licence (covering 4,225.3 ha and with an approximately five-year term to 15 February 2024). These exploration licences for lithium deposits may have the potential to significantly increase Zinnwald's resource base and Project life.

The mining operation for the Project is planned as an underground mine development using a single decline ramp for access to the mine and for ore transportation from the mine to the surface. The mine technology will be a commonly used load-haul-dump room and pillar technology with subsequent backfill using self- hardening material. The processing operation will be based on a conventional processing flow sheet using established sulphate route processing technology. The proposed integrated plant is designed to process approximately 570,000 tonnes of ore per year (assuming a 30-year mine plan, which equates to approximately 50 per cent. of the total resource identified to date). However, in order to make the Project more viable and to reduce the payback time for the investment, the average mined tonnage of the first five years of production is 522,000 tonnes at a grade of 3,400 ppm Li. The Project has a capital cost estimate of approximately €160 million which includes mining, processing plant, infrastructure, tailings management and general administration costs and government grants as well as the requisite contingencies.

At the present time a risk assessment has been undertaken to identify risks that would inhibit the development of the mine. Any technical risks due to historic mine workings and water drainage pathways should be avoided by detailed technical planning. Further, public acceptance of the planned mine seems to be sufficient and risks are being evaluated.

It is anticipated that in addition to returns generated by the sale of LiF, the Project also has the potential to produce up to 32,000 tpa of potassium sulphate ('SOP', 'K2SO4') for sale to the European fertiliser industry. Further, it is expected that a significant portion of the mined tailings may be sold for use as an aggregate filler to local building companies.

The other 50% owner of Deutsche Lithium is SolarWorld AG, a company which has been in administration since 1 August 2017. The Company has a deed of adherence to the Deutsche Lithium JV Agreement with SolarWorld AG which forms the basis on which the parties work together in relation to the Project. The experience of Bacanora Lithium Plc in its dealings with the administrator of SolarWorld AG is that operational matters in relation to Deutsche Lithium and the Zinnwald Lithium Project have been unaffected by the status of SolarWorld AG being in administration.

The Deutsche Lithium JV Agreement sets out the rights and obligations of Deutsche Lithium's shareholders. It restricts shareholders in relation to (i) establishing a competing business whilst they remain a shareholder of Deutsche Lithium and 12 months thereafter; (ii) transferring their shares; and/or (iii) granting encumbrances over their shares. The shareholders also agree to abide by deadlock provisions in the instances of any disputes as to how Deutsche Lithium is operated and managed. Each shareholder has the right to appoint an appointee to the management board and advisory board of Deutsche Lithium.

Under the terms of the second supplement agreement to the Deutsche Lithium JV Agreement, the Company is obliged to provide further additional funding to Deutsche Lithium to February 2022. At the end of 2020, the amount outstanding under that commitment was €770,000. In addition, the Company has undertaken to provide further funding of €650,000 to Deutsche Lithium in conjunction with the preparation of a lithium hydroxide (LiOH) NI 43-101 compliant technical report and additional detailed capital expenditure design work.

Each shareholder in the Deutsche Lithium joint venture has pre-emption rights and rights of first refusal in relation to any proposed transfer or disposal of the other shareholder's share in Deutsche Lithium. As a result, SolarWorld AG cannot transfer its share in Deutsche Lithium without first offering these to the Company (and vice versa). In the event that the Company subsequently acquires the remaining shares in Deutsche Lithium from SolarWorld AG, then the Deutsche Lithium JV Agreement will terminate.

2.3 Company Strategy

The Zinnwald Lithium Project now forms the core of the Company and is the primary focus of the Board and its strategy. The Company, working with the management team at Deutsche Lithium, will seek to advance the Zinnwald Lithium Project in a number of areas, including:

- Identification of and negotiation with off-take partners that could include battery manufacturers, chemical producers or commodity traders;
- Identification of and negotiation with potential financing partners that could include banks, national and trans-national development organisations;
- Expansion of the scope of the NI 43-101 Feasibility Study to assess the commercial viability of producing a broader range of lithium compounds, specifically lithium carbonate and lithium hydroxide;
- Front end engineering design work;
- Finalisation of the selection of the optimal chemical processing site location; and
- Completion of the final steps in the permitting process for the construction and operation of the mine.

Part of this strategy with regard to the Zinnwald Lithium Project will be to gain operational control of Deutsche Lithium. The Company's board and management team is engaging with the administrator of SolarWorld AG to advance these discussions.

The Board has put the Abbeytown Project on care and maintenance due to the current challenging zinc and lead market conditions. Planned spending on the Abbeytown Project by the Group in 2021 is expected to total €30,000, all of which will be focussed on maintaining the core licence PL 3735. The Group will also be looking for partners to advance or acquire this project. The Company will also only spend the minimum required to maintain its licences at the Brännberg Gold Project, whilst it looks for funding partners or an acquiror.

2.4 Business Plan

The Board will continue to run the Group with an efficient cost base in order to maximise the amount that is spent on the Zinnwald Lithium Project.

The Group historically financed its activities through capital raisings as a private company, the sale of royalties and through its joint venture agreements with established industry players. The Company's public listing has enabled the Group to target a wider pool of investors, as demonstrated by the two successful fund raises it completed in 2020.

2.5 Principal Risks and Uncertainties

Set out below are the principal risks and uncertainties facing the Group, any of which could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects. For a full list please refer to the Admission Document published in October 2020.

- **Ongoing Capital requirements**

Additional funding will be required in order to complete the proposed future exploration and development plans on the projects. There is no assurance that any such funds will be available. Failure to obtain additional financing, on a timely basis, could cause the Group to reduce or delay its proposed operations. The majority of sources of funds currently available to the Group for its projects are in a large portion derived from the issuance of equity. While the Group has been successful in the past in obtaining equity financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company and its shareholders. Any debt-based funding, should it be obtainable, may bind the Group to restrictive covenants and curb its operating activities and ability to pay potential future dividends even when profitable.

- **Mining, Exploration and Development Risks.**

There is no certainty that the expenditure to be made in the exploration and development of the Group’s properties in which it has an interest will result in profitable commercial operations. Most exploration projects do not result in the discovery of commercially mineable deposits. The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties and hazards, which even a combination of careful evaluation, experience and knowledge may not eliminate.

- **Competition in the Lithium Industry**

The Group’s battery-grade lithium products are expected to compete primarily for market share with existing lithium producers and spodumene concentrate producers. The Group is expecting to compete based on the quality of its end product, consistent and fast production and price per tonne. The Group’s competitors, some of which are large multinational corporations, may have substantial strategic advantages over the Group, including existing infrastructure, greater financial resources, strategic relationships with customers and logistical advantages in certain markets and could enhance their competitive position through acquiring, or consolidating interests in, other lithium producers. In addition, new competitors could obtain access to reserves of lithium through new discoveries or to the extent existing or greenfield projects become more economically viable. Any of the foregoing advantages and potential advantages of the Group’s competitors over the Group could materially impact its ability to successfully sell its lithium products, which could ultimately have a material adverse effect on the Group’s business, results of operations and financial condition.

- **Further licences and permits required**

The Group's concessions for its projects will need to obtain further licences and permits prior to commencing commercial operations. The Group will also be required to obtain further environmental and technical permits for the construction and development of its commercial operations. There is a risk that these further permits, concessions and licences may not be granted which would have a significant material adverse effect on the Group. In addition, the granting of such approvals and consents may be withheld for lengthy periods or granted subject to satisfaction of certain conditions which the Group cannot or may consider impractical or uneconomic to meet. As a result of any such delays or inability to exploit such discoveries, the Group may incur additional costs or losses.

- **Risks associated with the Deutsche Lithium JV Agreement**

SolarWorld AG filed for bankruptcy in Germany in May 2017 due to ongoing pricing pressures in its core solar markets. The Company believes that the SolarWorld AG insolvency process will have no material impact on the Company's interest in Deutsche Lithium and the Zinnwald Lithium Project, nor its agreement with SolarWorld AG, however there is no guarantee that this will be the case. The Company has a right of first refusal to acquire the outstanding 50 per cent. of Deutsche Lithium that it does not own.

- **Personnel retention and recruitment**

The Group's ability to compete in the competitive resource sector depends upon its ability to retain and attract highly qualified management, geological, technical and industry experienced personnel. Such personnel are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

- **Environmental laws and regulations**

The Group's operations are subject to various state and foreign environmental laws concerning, among other things, water discharges, air emissions, waste management, toxic use reduction and environmental clean-up. Environmental laws and regulations continue to evolve, and it is likely the environmental laws and standards that regulate the operations will continue to be increasingly stringent in the future. Any violation or litigation relating to or liabilities under these laws and regulations could have a material adverse effect on the Group.

- **Market perception**

Market perception of exploration and extraction companies may change in a way which could impact adversely the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Ordinary Shares or otherwise.

- **Economic risk and world commodity price volatility**

Commodity prices are subject to fluctuations. These fluctuations could adversely affect the Group's operations and financial condition once it commences production.

3 **Operational review & outlook**

Germany

During 2020, Deutsche Lithium has continued to progress the project on both a corporate and operational level.

On a corporate level, in February 2020, Bacanora Lithium Plc and the administrator for SolarWorld AG (the "Administrator") agreed to a second amendment to the Deutsche Lithium JV Agreement that removed the right of the Administrator to buy back Bacanora Lithium Plc's stake for €1 in return for Bacanora Lithium Plc committing to fund Deutsche Lithium for a further two years in the amount of €1.35 million on a non-dilutionary basis. Deutsche Lithium continues to have discussions with potential funding partners in relation to future construction funding needs

On an operational level, Deutsche Lithium has been working on advancing the permitting status of the Zinnwald Lithium Project. Deutsche Lithium obtained its mining licence for Zinnwald in 2017, which is valid until 2047, but comes with the standard requirements to apply for further permits for environmental and construction aspects of the Project. Deutsche Lithium is currently undertaking detailed environmental and community studies to continue to develop the overall Zinnwald sustainability framework. Environmental monitoring programmes are ongoing as well as the permitting process for Zinnwald's mining and mineral processing plant. Deutsche Lithium has also continued to evaluate the potential of the exploration licences held over the adjacent areas in Falkenhain and Altenberg.

In relation to the technical aspects already identified in the Feasibility Study, Deutsche Lithium has continued to refine and develop its operational plan. Deutsche Lithium is currently undertaking testwork to evaluate the addition of lithium hydroxide to its suite of potential end-products, which will require further optimisation of the processing plant flow sheet design. Deutsche Lithium has been working with engineering groups to finalise the capital costs for the processing plant. It is optimising the scope for the supply contracts for critical long-term contracts of both a capital and operating cost nature. Deutsche Lithium has undertaken further testwork for the usage of both the mining tailings and also the potential chemical co-products. Deutsche Lithium is also developing the required logistics framework to develop the Project as a whole.

Scotland

On 15 January 2020, the Company announced that it had concluded due diligence and issued an option notice to GreenOre Gold Plc to acquire 80% of the Loch Tay Licence in Perthshire, Central Scotland. This gave the Company the option to earn 80% of the project by defining a minimum inferred resource of 250,000 ounces gold, to be defined by an independent competent person, within four years of the date of the option notice, since extended to 15 March 2024. The Project area comprises 237 sq. km of highly prospective ground within the Grampian Gold Belt, located 43km east of the new Cononish high-grade gold mine.

Early prospecting and mapping during the due diligence period at the Lead Trial, where historic small-scale workings for lead are located, yielded good grades of gold associated with lead and zinc. In February and March 2020, the team commenced further prospecting and a batch of 121 rock samples were submitted to the ALS laboratory in Loughrea, Ireland prior to the commencement of the COVID-19 lockdown on 25 March. The results from the samples submitted yielded some excellent grades of gold including the two highest grade samples with 17.15g/t Au and 14.8g/t Au respectively. These high-grade samples were taken up to 2.9km east of the workings and defined a new high-grade target area called Lead Trial – Dunan.

The team continued to review and compile large amounts of historic data from home during the lockdown period and identified new target areas for subsequent ground truthing and prospecting. On 30 June 2020, the Company announced that it was resuming fieldwork in July 2020 and that GreenOre Gold and the Company had agreed to extend the option period by 98 days due to lost time caused by the COVID-19 restrictions.

Based on work done, the Lead Trial target now consists of a 3km mineralised trend of boulders and outcrop with the highest-grade boulders located at the east end. Detailed mapping, soil geochemical surveys and ground magnetic surveys to define the mineralised system and identify drill targets has been planned.

Several other targets are present within the large licence area such as in Glen Almond where alluvial gold and narrow high-grade veins have been located, the Corrie Buidhe mine where high-grade silver was mined historically, and gold has been sampled and Invergeldie where gold-bearing arsenopyrite mineralisation was drilled historically but where there are also stream geochemical anomalies associated with felsites. The next step is to systematically review these target areas and other gold occurrences within the licence area to prioritise and upgrade prospective targets.

In August 2020, the Company established a new subsidiary, Erris Gold Resources and transferred all assets, licenses, contracts, employees relating to Loch Tay and €400,000 in cash to that company. As part of the Zinnwald Acquisition process, the Company's shareholders approved the spin out of Erris Gold to the Company's existing shareholders that had funded Loch Tay to date. Going forward, the Company has no involvement or commitments to this project.

Ireland

The Group maintains five prospecting licences ("PLs") over the 100%-owned Abbeytown Project, including the historic Abbeytown mine, in County Sligo following the renewal of those PLs in August 2019 for a further six years to August 2025. Surface and underground drilling in 2017-2018 intersected significant mineralisation around the Abbeytown mine and high-grade mineralisation is open along strike to the south of the mine. In addition, soil sampling has identified high-tenor anomalies in a structurally favourable setting up to 1.2km south of the mine. These targets remain to be tested and are a priority for future work. No drilling work was carried out on the project in 2020 and minimum expenditures for the next two-year review period are due to be met by August 2021. Due to the current challenging market conditions, the Company will be looking for joint venture partners to advance this project.

The Group did not carry out any fieldwork on the Galway Project during H1 2020. The current challenging market conditions for zinc, especially early-stage zinc-lead projects, combined with the Covid-19 restrictions and the current focus on gold led the Group to surrender the PLs at the end of the first review period. The team submitted surrender reports in July 2020 and no longer owns the licences. The carrying value of those PLs has been impaired through profit or loss during the year.

Sweden and Finland

The Company announced on 2 December 2019 that Centerra Gold had terminated its strategic alliance with Erris Resources and Centerra would not maintain any further interest in the permits in Sweden and Finland. In early 2020, Erris Resources took the decision to surrender the Finland permits, close its Finnish subsidiary and retain only key permits in Sweden. The Group has no ongoing commitments in Finland.

The Group maintains the Brännberg gold project in the Skellefte Mining District of North Sweden. The project now consists of three core exploration permits, Brännberg nr.1, Brännberg nr.5 and Grundträsk nr.7 where drilling was focussed as part of the fully funded strategic alliance with Centerra Gold. Erris carried out significant exploration works with an investment by Centerra Gold of US$670,000 in 2017-2018. Gold mineralisation has been confirmed by drilling which returned positive results. Mineralisation is open at depth and extends from surface with best results including 17.2m @ 1.93g/t Au and 0.26% Cu from 160.90m-178.10m in drill hole BB004. These Swedish assets are available for acquisition or joint venture. Given the current market interest in gold, the Company believes that it may be able to attract a JV partner as gold projects such as this in good jurisdictions are not readily available.

Norway

The Group had two gold +/- base metal projects in Northern Norway for a total of 50sq.km in five permits. Gautelis (20sq.km) is a carbonate hosted gold project with historic drilling including 3m at 6.6g/t Au and 26m at 0.58g/t Au. A second project, Varden, consisting of three permits for 30sq.km was applied for and granted in Q1 2020. The project has shear zone hosted Cu-Au-As mineralisation, quartz vein hosted Cu-Au mineralisation and stratiform Fe and Zn-Pb mineralisation. The mineralisation style is compared with the Cobar Ore field of WA in a detailed report by Dave Coller, a renowned and highly experienced geologist. Due to Covid-19 restrictions, no fieldwork was carried out in Norway in 2020 and the Group transferred the permits to Erris Gold Resources and these formed part of the spin out in October 2020. The Group has no ongoing commitments in Norway.

4 **Financial Review**

Notwithstanding that the Company is a UK Plc admitted to trading on AIM, the Company presents its accounts in its functional currency of Euros, since the majority of its expenditure, including funding provided to Deutsche Lithium, is denominated in this currency.

The Group is still at an exploration stage and not yet producing minerals, which would generate commercial income. Under the terms of the Centerra Strategic Alliance Agreement, which came to an end after four years in December 2019, the Group earned a 10% Management Fee on all committed expenditures, which amounted to €nil in the year compared with €0.02m in the year ended 31 December 2019. Zinnwald continues with this type of consultancy partnership with other mining partners having demonstrated its expertise in delivering cost-effective exploration. The Group is now focussed primarily on developing the Zinnwald Lithium project from its current status with a Bankable Feasibility Study and a Mining Licence through to construction and ultimately production. However, the Group does not expect to report overall profits until it disposes of or is able to profitably commercialise its projects.

During the year, the Group made an operating loss of €2.2m compared with a loss of €0.5m for the 12 months to 31 December 2019. This is primarily due to the €0.84m costs incurred in association with the Reverse Takeover (RTO) together with project impairment charges of €0.47m for Abbeytown and €0.11m for Brännberg taken in 2020 to reflect the Company's primary focus on the Zinnwald Lithium project.

Total Net assets of the Group increased to €10.36m at 31 December 2020 from €3.5m at 31 December 2019 due to the Company's acquisition of the stake in Deutsche Lithium and the raising of funds for that project. Intangible assets decreased to €1.55m from €2.0m due to impairment provisions. Other current liabilities increased from €0.04m to €0.06m and relate primarily to accrued audit fees at the year end.

The closing cash balance for the Group at the end of the period was €4.85m, an increase from €3.35m at last year end. The Group’s latest cash balance as at the date of this report was €4.8m.

5 **Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole**

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company’s employees,
- Foster the Company’s relationships with suppliers, customers and others, and
- Consider the impact of the Company’s operations on the community and the environment.

Since the completion of the Zinnwald RTO in October 2020, the Company now primarily operates as a lithium exploration and mining company, rather than its historic gold and base metals exploration business. Its primary investment, the Zinnwald Lithium Project, has completed its Bankable Feasibility Study and has a mining licence. It is currently undertaking additional work to further develop the Project towards approval of the construction phase of the project. As such, the Project is at pre-revenue stage and inherently speculative in nature and, without regular income, is dependent upon fund-raising for its continued operation. The pre-revenue nature of the business is important to the understanding of the Company by its members, employees and suppliers, and the Directors seek to provide transparency about the Company's cash position and funding requirements as is allowed under applicable regulations.

The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during 2020:

- Zinnwald Acquisition – the Directors have been looking for some time for a suitable asset meeting the Board's criteria of being sufficiently advanced and located in a suitable, low risk jurisdiction. The Directors identified the Zinnwald Lithium Project as meeting all these criteria and being suitable for ownership on a standalone basis in a public company. This transaction has transformed the Company and has resulted in a revised strategy focused on becoming an important supplier to Europe's fast-growing lithium sector.
- Exercise of option with GreenOre – In early 2020, the Company was focussed on exploiting its expertise in early-stage gold exploration activities and the Loch Tay project met the criteria the Directors were looking for. Once the initial sampling and review process had taken place in late 2019/early 2020, the Directors believed that the project was worth exploring further. The equity markets responded favourably to this decision and the Company raised further funds for the project in May 2020.
- Divestment of Erris Gold – the Directors concluded that the Loch Tay project, whilst already generating promising results and potential drill targets, was too early an exploration stage project on its own to support the costs of being a listed company. The Board believed that the Loch Tay project, on a standalone basis, would be better developed in a private company that can more efficiently utilise its financial resources to advance the project. Accordingly, the project was spun out to its shareholders at the same time as the Zinnwald acquisition.
- Not undertaking further drilling campaigns in Ireland and Sweden - having completed extensive drilling and metallurgical work in both countries in 2018 and 2019, the Directors elected not to proceed with further drilling in 2020 to preserve cash for the benefit of the Company's shareholders and employees. The Company has renewed its core licenses and the Directors are currently looking for joint venture partners to finance further development at both projects. The Group no longer has any employees in the regions but has always maintained good relations with local mining authorities and the communities in which it operates.

As a mining exploration Company operating in Germany, Ireland and Sweden, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. It abides by local and relevant UK laws on anti-corruption & bribery. Wherever possible, local communities are engaged in the geological operations and support functions required for field operations, providing much needed employment and wider economic benefits to the local communities. In addition, the Company follows international best practice on environmental aspects of its work. The Board's goal is to meet or exceed the required standards, in order to ensure the Company obtains and maintains its social licence to operate from the communities with which it interacts. The interests of the Company's employees are a primary consideration for the Board. An inclusive share-option programme allows them to share in the future success of the Company, personal development opportunities are supported, and a health and security support network is in place to assist with any issues that may arise on field expeditions.

On behalf of the board

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Anton du Plessis
Director
25 February 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. 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 company, and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS, as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group’s and company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company 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 parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company is compliant with AIM rule 26 regarding the Company's website.

The directors present their annual report and audited financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the Company and Group is that of developing the Zinnwald Lithium Project to become the next lithium producer at the heart of Europe. Details of future developments are included in the Strategic Report.

Results and dividends

The results for the year are set out on page 29.

The Company distributed its shares in Erris Gold Resources Ltd to the Company's shareholders on the register immediately prior to the Zinnwald acquisition via a dividend in the amount of €490,888. No ordinary cash dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Jeremy Martin	
Cherif Rifaat	
Anton du Plessis	
Graham Brown	
Peter Secker	(Appointed 29 October 2020)
Jeremy Taylor-Firth	(Resigned 30 September 2020)

Directors' interests

The directors' interests in the shares of the company were as stated below:

As at 31 December 2020	No of shares	% of issued share capital	Share Options
Jeremy Martin	27,000	0.01%	350,000
Cherif Rifaat	120,000	0.06%	800,000
Anton du Plessis	-	-	-
Graham Brown	-	-	200,000
Peter Secker	-	-	-

As at 31 December 2019	No of shares	% of issued share capital	Share Options
Jeremy Martin	27,000	0.09%	250,000
Cherif Rifaat	120,000	0.39%	800,000
Anton du Plessis	-	-	-
Jeremy Taylor-Firth	40,000	0.13%	100,000
Graham Brown	-	-	100,000

Substantial shareholdings
The directors are aware of the following substantial interests or holdings in 3% or more of the Company's ordinary issued share capital as at 24 February 2021:

Major shareholder	No of shares	% of issued share capital
Bacanora Lithium Plc	90,619,170	44.32%
Henry Maxey	30,000,000	14.67%
David Hall	6,827,000	3.34%

Directors' insurance
The Group has made qualifying third-party indemnity provisions for the benefit of its directors, which were made during the period and remain in force at the reporting date.

EIS Status
On 18 September 2018, the Company announced that it had received notice from HMRC that its Enterprise Investment Scheme ("EIS") status had been confirmed and that any individual investors who had participated in the IPO and who wished to take advantage of the EIS tax relief benefits should contact the Company. Since that date, the Company has issued certificates to 65 shareholders who acquired a total of 3,743,000 shares in the IPO.

Supplier payment policy
The Group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

Working capital and liquidity risk
Cashflow and working capital forecasting is performed in the operating entities of the Group and consolidated at a Group level basis for monthly reporting to the Board. The Directors monitor these reports and rolling forecasts to ensure the Group has sufficient cash to meet its operational needs. The Board has a policy of maintaining at least a GBP 0.5m cash reserve headroom. Aside from its commitments under the Deutsche Lithium Joint Venture, the Group has no other material fixed cost overheads other than Director costs and the costs of being a listed company.

Foreign currency risk
The Company operates internationally and is exposed to foreign exchange risk arising from one main currency exposure, namely GBP for its Head Office costs and the value of its shares for fund-raising and Euros for a material part of its operating expenditure. The Group's Treasury risk management policy is currently to hold most of its cash reserves in GBPs and to match as promptly as possible its Euro expenditures on its commitments in Germany.

Credit and Interest Rate Risk
The Company has no borrowings and a low level of trade creditors and has minimal credit or interest rate risk exposure.

Auditor
PKF Littlejohn LLP has expressed its willingness to continue in office and a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the Company is aware of that information.

Streamlined Energy and Carbon Reporting

As per the Streamlined Energy and Carbon Reporting ("SECR") Regulations published in 2018 quoted companies and large unquoted companies that have consumed more than 40,000 kilowatt-hours (kWh) of energy in the reporting period must include energy and carbon information within their directors' report. Zinnwald Lithium Plc and the Group do not qualify as a quoted company or a large unquoted company and therefore are presently exempt from the SECR reporting requirements. The Company intends to publish energy emissions data in line with the SECR regulations as the Zinnwald Lithium Project develops.

On behalf of the board

....
Jeremy Martin
Director
25 February 2021

Zinnwald Lithium Plc (The "Company") adheres to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in April 2018) to meet the requirements of AIM Rule 26. The Company includes below the material disclosures required under these QCA guidelines. The Company also publishes a more detailed QCA Statement on its website, which is updated annually and last updated in October 2020. This statement includes more comprehensive disclosures considered to be more appropriate in that format.

Board Composition

As at 31 December 2020, the Board comprised two Executive Directors, a Non-Executive Chairman and two other Non-executive Directors. Details of the current Directors are set out within the List of Directors below. The Board will continue to review its structure in order to provide what it considers to be an appropriate balance of executive and non-executive experience and skills.

The Board considers the following Non-Executive Directors to be independent – Jeremy Martin and Graham Brown. Neither of these directors have been employees, have a significant business relationship or close family ties with related parties or represent significant shareholders. Whilst both of these directors have received options under the company's Share Option Scheme, these are non-material in nature and do not compromise their independence. Peter Secker is the appointee of Bacanora Lithium plc under the terms of the relationship agreement entered into as part of the acquisition process in October 2020. Under the terms of this agreement, Bacanora shall be entitled to appoint one director to the Company's Board, whilst it holds between 25% and 45% of the shares of the Company.

Board Terms of Reference and Powers

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

The Board has adopted a 'Charter' that sets out the role and responsibility of the Board and the manner in which it will exercise and discharge these duties. The role of the Board is to determine the strategic direction of the Company, regularly review the appropriateness of it and oversee its implementation. It is not the role of the Board to manage the Company itself but rather to monitor the management and performance of the business. It does this in the following areas:

- Board composition and organisation
- Strategy, financial and operational matters
- Financial expenditure
- Shareholder engagement and communications
- Governance and general sustainability (ESG) matters
- Designated positions of responsibility. The roles of management are covered in relation to their interaction with the Board rather than their day-to-day operational tasks.

The Non-Executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and the Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to the Executive Directors and other senior members of the management team. The Executive Directors enjoy open access to the Non-Executive Directors with or without the Chairman being present.

Director Commitments

The Executive Directors, Anton du Plessis and Cherif Rifaat, were employed on new contracts as part of the October 2020 re-admission process and full details of these contracts are set out in the October 2020 Admission Document, which is published on the Company's website.

All Non-Executive Directors acknowledge in their letter of appointment that the nature of the role makes it impossible to be specific on maximum time commitment and that at certain times of increased activity, then preparation for and attendance at meetings will increase. All Directors are expected to attend all Board meetings (either in person or by phone), the AGM and committee meetings.

Board Meetings

The Board looks to meet in a formal manner on a quarterly basis, with additional meetings held as required to review the corporate and operational performance of the Group. Each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to Directors well in advance of all meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

A summary of Board meetings attended in the 12 months to 31 December 2020 is set out below:

	23 Jan	2 Apr	14 Apr	29 Apr	19 Aug	9 Sep	7 Oct	8 Dec
Jeremy Martin	✓	✓	✓	✓	✓	✓	✓	✓
Cherif Rifaat	✓	✓	✓	✓	✓	✓	✓	✓
Anton Du Plessis	✓	✓	✓	✓	✓	✓	✓	✓
Graham Brown	✓	✓	✓	✓	✓	✓	✓	**X**
Jeremy Taylor-Firth	✓	✓	✓	✓	**X**	✓	**n/a**	**n/a**
Peter Secker	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	✓

Board Committees

The Board has delegated specific responsibilities to the Audit and Remuneration Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best- practice.

There is currently no internal audit function, given the size of the Group, although the Audit Committee keeps this under annual review.

The Board considers that, at this stage in the Company's development, it is not necessary to establish either a formal nominations or corporate governance committee and that these processes shall be carried out by the Board. This decision will be kept under review by the Directors on an on-going basis.

Audit Committee

The Audit Committee's overall goal is to ensure that the Group adopts and follows a policy of proper and timely disclosure of material financial information and reviews all material matters affecting the risks and financial position of the Group.

The Committee is responsible for overseeing for the Company, major subsidiaries and the Group as a whole, in relation to the following matters:

- Financial reporting;
- Internal control and risk management systems;
- Internal audit function;
- External audit and the relationship with the external auditors; and
- Whistleblower and fraud programme

The Audit Committee meets at least twice a year and comprises independent non-executive Directors only, with the Chief Financial Officer in attendance and not a member. The external auditors may attend all meetings. The Audit Committee currently comprises Graham Brown as Chairman and Jeremy Martin.

Remuneration Committee

The Remuneration Committee assumes general responsibility for assisting the Board in respect of remuneration policies and strategies for the Company and ensuring they are designed to support strategy and promote long-term sustainable success. It ensures that the Company offers competitive remuneration that is aligned to company purpose and values, and clearly linked to the successful delivery of the Group's long-term strategy, whilst remaining financially responsible. It also ensures formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration.

- Remuneration policies, including long and short-term incentives;
- Review of executive management performance and recommendations for incentive awards;
- Annual reporting of the Company's remuneration activities;
- Administration of the New Share Incentive Schemes;
- Company policies regarding pension and other benefits; and
- The engagement and independence of external remuneration advisers.

The Remuneration Committee meets as and when necessary. The Remuneration Committee is comprised exclusively of independent non-executive Directors and currently comprises Graham Brown and Jeremy Martin as Chairman. No Director is permitted to participate in discussions or decisions concerning his own remuneration.

Board as a whole

The skills and experience of the Board are set out in their biographical details below. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. The Board believes it has a mix of technical skills (e.g., geologists), sector experience (exploration through to production with resources companies), public company experience and financial expertise to enable it to deliver on its strategy. Whilst there is not currently a balance of genders on the Board, the Company's directors look to appoint individuals with complementary skills and experience to fulfil the Company's strategy, regardless of gender.

The Board does not believe that any of the Directors have too many directorship roles at other listed companies and are hence at risk of "over-boarding" as defined by ISS voting guidelines but will continue to monitor this on an ongoing basis. The Board is satisfied that the Chairman and each of the non-executive Directors is able to devote sufficient time to the Group's business.

Jeremy Taylor-Firth resigned from the Board and Peter Secker was appointed to the Board during the period to 31 December 2020.

The directors keep their skillsets up to date by attending industry and qualification relevant seminars and training sessions.

List of Directors in 2020

Jeremy Martin. Non-Executive Chairman

Mr Martin was one of the original founders of the Company in 2012 and has performed both non-executive director and non-executive chairman roles. He has significant experience in companies involved in mining exploration. He has worked in South America, Central America and Europe, where he was responsible for grassroots regional metalliferous exploration programmes through to resources definition and mine development. Mr Martin has been involved in the formation of a number of publicly listed mineral resource companies. He is currently Chief Executive Officer of Horizonte Minerals Plc, which is at the post feasibility study stage of its nickel project in Brazil. Mr Martin holds a BSc (Hons), MSc, ACSM and MSEG.

Anton du Plessis. Chief Executive Officer

Mr du Plessis joined the Company, originally as Chief Executive Officer, in October 2018. He has over 20 years' experience in the finance sector. During this time, he has held senior positions at several international investment banks including CIBC, Bank of America Merrill Lynch and Morgan Stanley with a focus on advising natural resources companies on the execution of strategic and financing transactions. He has worked on transactions across a range of commodities and for a number of leading global companies including AngloGold Ashanti, Rio Tinto, and BHP Billiton. Prior to embarking on his investment banking career, Mr du Plessis worked for the Anglo American group in a corporate finance and business development capacity.

Cherif Rifaat. Chief Financial Officer

Mr Rifaat has been Chief Financial Officer of the Company since 2017. He is a UK chartered accountant who has more than 20 years of venture capital, corporate finance, operational turnaround and investor relations experience since his qualification with KPMG. He has primarily worked with technology, mining and real estate companies, with an emphasis on those in a start-up, pre-IPO or restructuring phase. He has been a corporate and financial adviser to the lithium mining company, Bacanora, since it listed on AIM in 2014, and is currently its company secretary. Mr Rifaat has been a member of the ICAEW since 1998.

Graham Brown. Non-Executive Director

Mr Brown has served as a non-executive director of the Company since 2017. He has been a Fellow of the Society of Economic Geologists ("SEG") since 1999, participated in the Colombia Senior Executives programme in 2004 and the Duke Business Leaders programme in 2007. He is a past councillor of the SEG and current British Geological Survey industry adviser and Natural History Museum honorary research fellow. In 2011, he was the co-recipient of the PDAC Thayer Lindsley Award and from 2013 attained both Chartered Geologist and European Geologist professional status. Mr. Brown joined Amax as an exploration geologist in 1980 and worked on a variety of exploration and mining operations in the Circum-Pacific region. For almost a decade Mr. Brown worked as a consultant involved with the exploration and evaluation of a number of major discoveries in both Asia and Europe. In 1994, he joined Minorco as Chief Geologist. Subsequently, he became the Europe-Asia region's Vice President Exploration and following the Minorco-Anglo American plc merger in 1999, he served as Vice President Geology. In 2003 he was appointed Senior Vice President Exploration and managed geosciences, technical services, and R&D programs. In 2005 he was promoted to Head of Base Metals Exploration and in 2010 he took up the position of Group Head of Geosciences for the Anglo American Group. He is currently a senior adviser to Appian Capital, a prominent private equity fund focussed on mining. Mr Brown holds a BSc. from the University of Strathclyde, Glasgow.

Peter Secker. Non-Executive Director (appointed 29 October 2020)

Mr Secker is Chief Executive of Bacanora. He is a mining engineer with over 35 years' experience in the resources industry. During his career, he has built and operated a number of mines and metallurgical processing facilities in Africa, Australia, China and Canada. His operating and project experience spans a number of commodities, including titanium, copper, iron ore, gold and lithium. For the past 15 years, Mr Secker has been Chief Executive of a number of publicly listed companies in Canada, the UK and Australia.

Jeremy Taylor-Firth. Non-Executive Director (resigned 30 September 2020)

Mr Taylor-Firth has worked in investment management since 1996. He initially worked at Matheson Securities, which was acquired by Prudential-Bache Ltd and subsequently renamed Dryden Wealth Management. In June 2006, he joined Singer & Friedlander Investment Management as an Investment Director. This business was then acquired by Williams de Broe where he worked until October 2010. Jeremy is currently an Investment Manager with Hanson Investment Management, where he has worked for the last six years. Jeremy holds CISI Level 6 PCIAM.

Board Advice during the year

During the year, the Board did not commission any external advice for its own matters.

Internal Advisory roles

Senior Independent Director

Due to the size of the company, the Board does not feel it necessary to appoint a Senior Independent Director.

Company Secretary

The CFO undertakes the joint role of company secretary, as the Board does not feel the size of the company warrants an independent person.

Annual Board appraisal

In accordance with current best practice and the Code, the Board conducts an annual formal evaluation of its performance and effectiveness and that of each Director and its Committees. This is conducted during the year by way of interviews with the Chairman. In addition, the Non-Executive Directors will meet, informally, without the Chairman present and evaluate his performance. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

Ongoing Board Development

The Executive Directors are subject to the Company's annual review process through which their performance against predetermined objectives is reviewed, as part of the new incentive scheme review, as well as their personal and professional development needs considered.

Non-executive Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process.

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate.

Succession Planning

The Board has a minuted emergency succession plan for the Senior Management Team. On an ongoing basis, board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members.

Audit Committee Report

During 2020, the Audit Committee's agenda has continued to be built around the usual key recommendations to the Board being the Annual Budget, Review and Approval of the Audited Annual Financial Statements and the review of the half year results. As well as the reporting requirements, the Audit Committee has also paid close attention to the cash flow requirements of the Group to ensure that the Company maintains a tight control on expenditure and remains well financed.

The Audit Committee is responsible for assuring accountability and effective corporate governance over the Company's financial reporting, including the adequacy of related disclosures, the internal financial control environment and the processes in place to monitor this.

In respect of financial reporting activities, the Audit Committee reviews and recommends to the Board for its approval all half-year and full-year financial results announcements. In considering the financial results contained in the 2020 Annual Report and Financial Statements, the Audit Committee reviewed the significant issues and judgements made by management in determining those results. A key element of the work going forward will be the continued development of the control of risk within the business.

Graham Brown
Audit Committee Chairman
25 February 2021

Remuneration Committee report

For details of Directors' emoluments, please refer to note 34 of the Consolidated Financial Statements. As part of the Acquisition and Re-Admission process, the Remuneration Committee met to consider and recommended changes to the levels of Executive and Director remuneration. The new contracts were detailed in full in the Admission Document. Furthermore, the Committee recommended the introduction of new incentive schemes linked to future performance. These new schemes were approved by shareholders at the General Meeting in October 2020.

The purpose of the Schemes is to assist the Company in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees and directors of the Company to participate in the long-term success of the Company and to promote a greater alignment of interests between the participants designated under the Schemes and the Shareholders. The terms of these new schemes were detailed in full in the Admission Document, but the key terms are as follows:

Short-Term Restricted Stock Unit ("RSU") Scheme:

- Awards granted under the RSU Scheme will be subject to annual performance criteria set by the Remuneration Committee each financial year, relating to each eligible employee's performance against personal, financial, strategic and 'Environmental, Social, and Corporate Governance' ("ESG") metrics.
- Any awards will be based on a percentage of base salary as recommended by the Remuneration Committee at the start of each performance period, being 60% for the initial period. The number of RSUs issued will be based on the share price of the Company on expiry of the RSU Initial Performance Period. Any RSUs issued will be subject to a further 2-year vesting period.
- Each eligible person will be set a (i) minimum performance threshold which must be satisfied in order to trigger any issuance of RSUs to them ("Threshold"). In addition, a base target ("Target") and maximum amount ("Maximum") will also be set.
- The first performance period will run with an effective date from 1 October 2020 until 31 December 2021, with subsequent performance periods running annually from 1 January 2022 onwards.

Long-Term Performance Share Unit ("PSU") Scheme:

- Awards granted under the PSU Scheme will be subject to three-year performance criteria set by the Remuneration Committee each financial year, relating to objective corporate metrics as follows:
- 'Relative Total Shareholder Return ("RTSR")' against the peer group; and
- a significant corporate strategic goal set by the Company. During the PSU initial performance period, this goal shall be the Company gaining control of 100 per cent. of Deutsche Lithium.
- The Company will calculate any awards under the PSU Scheme based on a percentage of base salary as recommended by the Remuneration Committee at the start of each performance period and the share price at the start of the period. For the initial performance period this shall be 100% and the RTO Price of 5p per share. Any PSUs issued will be subject to a further 2-year vesting period.
- Performance criteria shall be assessed 50:50 between these two corporate metrics. The assessment relating to RTSR shall be calculated as Maximum being in the top quartile, Target being in the top half and Threshold being in the third quartile. The assessment relating to the corporate goal shall generally be binary Yes or No, but with the Board or Remuneration Committee having sole discretion to assess partial achievement.
- The first performance period will be with an effective date from 1 October 2020 to 31 December 2023 with subsequent three-year performance periods starting from 1 January 2022.

Peer Group

The peer group for the 'Relative Total Shareholder Return' metric comprises all of the listed lithium companies that meet the criteria of most or all of being European focussed or listed, pre-production and either hard or soft rock in nature. These peer group companies are Bacanora Lithium Plc (AIM:BCN), European Metals Holdings (AIM: EMH), Savannah Resources (AIM:SAV), Kodal Minerals (AIM:KOD), Infinity Lithium (ASX:INF), Vulcan Energy Resources (ASX:VUL), European Lithium (ASX:EUR), and Critical Elements (TSX:CRE).

Jeremy Martin
Remuneration Committee Chairman
25 February 2021

Engagement with all shareholders
The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. General communication with shareholders is co-ordinated by the Chairman, CEO and CFO.

The Company publishes on its website the following information, which the Board believes plays an important part in presenting all shareholders with an assessment of the Group's position and prospects:

- The Company's latest Investor presentation
- The Company's most up to date technical reports on each of its projects;
- Annual and Half-Yearly Financial Statements;
- All company press releases issued under the RNS service;
- Notice of any General Meetings will be posted on the website as well as announced via RNS;
- Details on the results of all resolutions put to a vote at the most recent AGM;
- Contact details including a dedicated email address (info@zinnwaldlithium.com) through which investors can contact the Company; and
- The results of voting on all resolutions in future general meetings will be posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent. of independent shareholders'

The Company's Annual General Meeting (AGM) will generally be held in London in June following the publication of its annual results and all shareholders are ordinarily invited to attend. In 2020, due to the COVID-19 pandemic, the AGM was unfortunately closed to external shareholders.

Institutional Investors
In general, the Board maintains a regular dialogue with its institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, MAR and requirements of the relevant legislation. The Company typically holds meetings with institutional investors and other large shareholders following the release of interim and financial results.

Private Investors
The Company is committed to engaging with all shareholders and not just institutional shareholders. As the Company is too small to have a dedicated investor relations department, the Chief Executive Officer is responsible for reviewing all communications received from shareholders and determining the most appropriate response. The Chief Executive Officer works in conjunction with the Company's public relations advisers to facilitate engagement with its shareholders

Board review
The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the CEO, Chairman and the Company's Broker.

TO THE MEMBERS OF ZINNWALD LITHIUM PLC

Opinion

We have audited the financial statements of Zinnwald Lithium Plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 December 2020 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the group’s and parent company’s ability to continue to adopt the going concern basis of accounting included an evaluation of management’s assessment and a review of management’s budget and cash flow forecasts prepared up to 31 December 2022. This included an analysis of qualitative and quantitative aspects within management’s assessments.

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

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Group and parent company materiality was €220,000 (2019: €70,000) and €195,000 (2019: €44,000) respectively, based on 2% of gross assets for the group and 10% of loss before tax for the period for the parent company. The increase from the prior period reflects the investment in the Deutsche Lithium project for the group and the RTO transaction costs incurred by the parent company. From a group perspective the key benchmark is gross assets, given that current and potential investors will be most interested in the recoverability of the exploration and evaluation assets and the investment in joint venture. From a parent company perspective, the key benchmark is the loss for the year when demonstrating effective working capital and cost management.

Component materiality for all entities within the group was set lower than our overall group materiality and ranged from €32,500 to €46,000. Performance materiality for the group, and all significant components, was set at 60% of overall materiality.

We agreed with the audit committee that we would report all audit differences identified during the course of our audit in excess of €11,000 (2019: €3,500). There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

Our approach to the audit

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

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. The recoverability of intangible assets and investment in joint venture and the valuation of share-based payments were assessed as areas which involved significant accounting estimates and judgements by management. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. All significant and / or material components were audited directly without the use of component auditors.

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 Matters	How our scope addressed this matter
Valuation and recoverability of intangible assets (refer note 14)	
There is a risk that intangible fixed assets may be materially misstated due to expenditure being incorrectly capitalised in the year (for example, not in accordance with IFRS 6), or due to the carrying value of the intangible assets exceeding their recoverable amount. The former joint venture partner Centerra Gold elected to terminate the Strategic Alliance with the group in December 2019. In addition, the group has elected to seek a joint venture partner on its Ireland project, and does not intend to progress its exploration activities in Sweden, indicating potential impairment. With the exception of the newly acquired joint venture lithium project, all of the Group's exploration projects are at an early stage of development therefore independently prepared resource estimates are not available to enable value in use calculations. The group is therefore reliant on the consideration of impairment indicators per IFRS 6 which requires estimation and judgement. Management has outlined their key judgements and sources of estimation uncertainty in note 2 of the financial statements.	Our work in this area included: • Agreeing additions during the year to invoice/supporting documentation; ensuring that the expenditure is eligible to be capitalised in accordance with IFRS 6; • Assessing management's impairment review, taking into account both internal and external indicators and impairment indicators per IFRS 6; • Verifying title to project licenses and compliance with the terms therein; • Assessing progress on the exploration projects during the year; and • Ensuring licenses are still valid and that any performance conditions / minimum expenditure requirements were met during the year. We consider that management's estimation and judgement in this area was reasonable, and no additional impairment is required in addition to that currently recognised.
Accounting for the acquisition of 50% joint venture in Deutsche Lithium GmbH (refer note 16)	
During the year, the Group purchased Bacanora Lithium plc's 50% share in a lithium project held by Deutsche Lithium Gmbh. There is a risk that the transaction has not been appropriately accounted for and disclosed in accordance with IAS 28 'Investments in associates and joint ventures', together with the sale and purchase agreement and the subsequent joint venture agreement. Management has set out their analysis of the accounting for the investment in note 1.1, 1.2 and note 2, which outlines their judgements and key areas of estimation uncertainty.	Our work in this area included: • Reviewing the terms within the share purchase and joint venture agreements; • Undertaking audit testing on the acquisition date net asset position of Deutsche Lithium Gmbh, together with the year-end position. Recalculating the group's share of the joint venture's loss post acquisition; • Assessing the recoverability of the equity accounted joint venture by reference to the underlying lithium project; • Reviewing management's year end impairment review and agreeing inputs to supporting documentation; and • Assessing any material differences between German GAAP and EU endorsed IFRSs. We are satisfied that management has correctly accounted for the joint venture.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

TO THE MEMBERS OF ZINNWALD LITHIUM PLC

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, as well as the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006, IFRS accounting standards, AIM regulations and the operating terms set out in the exploration licenses and joint venture agreement.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of noncompliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to specific enquiries of management, reviewing board minutes and any legal or regulatory compliance correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud at both the group and parent company level. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, whether key accounting estimates and judgements could include management bias. We addressed these risks by challenging the assumptions and judgements made by management when auditing significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business, as well as discussions with management where relevant.

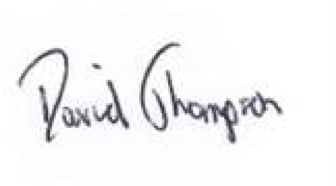
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed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

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

TO THE MEMBERS OF ZINNWALD LITHIUM PLC

Use of our report

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



David Thompson (Senior Statutory Auditor)
for and on behalf of PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 25 February 2021

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

Continuing operations	Notes	31 December 2020 €	31 December 2019 €
Revenue	**4**	-	17,527
Cost of sales		(56,540)	(104,102)
Gross loss		(56,540)	(86,575)
Exploration projects impairment		(592,465)	-
Administrative expenses		(690,356)	(475,592)
RTO costs		(839,940)	-
Share based payments charge	**26**	(3,725)	-
Operating loss	**6**	(2,183,026)	(562,167)
Share of results of joint ventures	**10**	(32,579)	-
Finance income	**9**	367	-
Loss before taxation		(2,215,238)	(562,167)
Tax on loss	**12**	-	30,648
Loss for the financial year	**32**	(2,215,238)	(531,519)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,215,238)	(531,519)
Earnings per share from continuing operations attributable to the owners of the parent company	**13**		
Basic (cents per share)		(3.50)	(1.81)
Diluted (cents per share)		(3.50)	(1.81)

Total loss and comprehensive loss for the year is attributable to the owners of the parent company.

ZINNWALD LITHIUM PLC
(FORMERLY KNOWN AS ERRIS RESOURCES PLC)
GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	31 December 2020 €	31 December 2019 €
Non-current assets			
Intangible assets	**14**	1,546,111	2,002,334
Property, plant and equipment	**15**	3,662	-
Investments using equity method	**16**	3,852,083	-
		5,401,856	2,002,334
Current assets			
Trade and other receivables	**21**	170,926	36,030
Cash and cash equivalents	**20**	4,846,527	1,497,277
		5,017,453	1,533,307
Total assets		10,419,309	3,535,641
Current liabilities			
Trade and other payables	**22**	58,833	43,130
		58,833	43,130
Net current assets		4,958,620	1,490,177
Total liabilities		58,833	43,130
Net assets		10,360,476	3,492,511
Equity			
Share capital	**27**	2,278,155	351,133
Share premium	**29**	7,362,699	4,151,045
Other reserves	**30**	814,821	811,077
Retained earnings	**32**	(95,199)	(1,820,744)
Total equity		10,360,476	3,492,511

The financial statements were approved by the board of directors and authorised for issue on 25 February 2021 and are signed on its behalf by:

Jeremy Martin
Director

Cherif Rifaat
Director

Company Registration No. 10829496

ZINNWALD LITHIUM PLC
(FORMERLY KNOWN AS ERRIS RESOURCES PLC)
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	31 December 2020 €	31 December 2019 €
Non-current assets			
Intangible assets	**14**	-	134,378
Property, plant and equipment	**15**	3,662	-
Investments	**16**	4,021,173	169,090
		4,024,835	303,468
Current assets			
Trade and other receivables	**21**	1,941,736	1,457,929
Cash and cash equivalents		4,842,854	1,453,687
		6,784,590	2,911,616
Total assets		10,809,425	3,215,084
Current liabilities			
Trade and other payables	**22**	53,021	38,404
		53,021	38,404
Net current assets		6,731,569	2,873,212
Total liabilities		53,021	38,404
Net assets		10,756,404	3,176,680
Equity			
Share capital	**27**	2,278,155	351,133
Share premium	**29**	7,362,699	4,151,045
Other reserves		126,089	122,345
Retained earnings	**32**	989,461	(1,447,843)
Total equity		10,756,404	3,176,680

As permitted by s408 Companies Act 2006, the company has not presented its own income statement. The company's loss for the period was €1,503,479 (2019: €437,578).

The financial statements were approved by the board of directors and authorised for issue on 25 February 2021 and are signed on its behalf by:

Jeremy Martin
Director

Cherif Rifaat
Director

Company Registration No. 10829496

ZINNWALD LITHIUM PLC
(FORMERLY KNOWN AS ERRIS RESOURCES PLC)
GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Share premium account	Other reserves	Retained earnings	Total
		€	€	€	€	€
Balance at 1 January 2019		351,133	4,151,045	827,376	(1,305,524)	4,024,030
Year ended 31 December 2019:						
Loss and total comprehensive income for the year		-	-	-	(531,519)	(531,519)
Total comprehensive income for the year		-	-	-	(531,519)	(531,519)
Transfer of lapsed share options		-	-	(16,299)	16,299	-
Total transactions with owners recognised directly in equity		-	-	16,299	16,299	-
Balance at 31 December 2019 and 1 January 2020		351,133	4,151,045	811,077	(1,820,744)	3,492,511
Year ended 31 December 2020:						
Loss for the year		-	-	-	(2,215,238)	(2,215,238)
Other comprehensive income:						
Currency translation differences		-	-	19	-	19
Total comprehensive income for the year		-	-	19	(2,215,238)	(2,215,219)
Conversion of share premium to retained profits		-	(4,431,671)	-	4,431,671	-
Issue of share capital	**27**	1,927,022	7,643,325	-	-	9,570,347
Dividends in specie		-	-	-	(490,888)	(490,888)
Credit to equity for equity settled share-based payments	**26**	-	-	3,725	-	3,725
Total transactions with owners recognised directly in equity		1,927,022	3,211,654	3,725	3,940,783	9,083,184
Balance at 31 December 2020		2,278,155	7,362,699	814,821	(95,199)	10,360,476

ZINNWALD LITHIUM PLC
(FORMERLY KNOWN AS ERRIS RESOURCES PLC)
COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital €	Share premium €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2019		351,133	4,151,045	138,644	(1,026,564)	3,614,258
Year ended 31 December 2019:						
Loss and total other comprehensive income for the year		-	-	-	(437,578)	(437,578)
Total comprehensive income for the year		-	-	-	(437,578)	(437,578)
Transfer of lapsed share options		-	-	(16,299)	16,299	-
Total transactions with owners recognised directly in equity		-	-	16,299	16,299	-
Balance at 31 December 2019 and 1 January 2020		351,133	4,151,045	122,345	(1,447,843)	3,176,680
Year ended 31 December 2020:						
Loss for the year		-	-	-	(1,503,479)	(1,503,479)
Other comprehensive income:						
Currency translation differences		-	-	19	-	19
Total comprehensive income for the year		-	-	19	(1,503,479)	(1,503,460)
Conversion of share premium to retained profits		-	(4,431,671)	-	4,431,671	-
Issue of share capital	**27**	1,927,022	7,643,325	-	-	9,570,347
Dividends in specie		-	-	-	(490,888)	(490,888)
Credit to equity for equity settled share-based payments	**26**	-	-	3,725	-	3,725
Total transactions with owners recognised directly in equity		1,927,022	3,211,654	3,725	3,940,783	9,083,184
Balance at 31 December 2020		2,278,155	7,362,699	126,089	989,461	10,756,404

ZINNWALD LITHIUM PLC
(FORMERLY KNOWN AS ERRIS RESOURCES PLC)
GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	€	Year ended 31 December 2020 €	€	Year ended 31 December 2019 €
Cash flows from operating activities					
Cash used in operations	**35**		(1,711,087)		(607,875)
Net cash outflow from operating activities			(1,711,087)		(607,875)
Cash flows from investing activities					
Investment in Joint Ventures		(199,000)		-	
Exploration expenditure		(227,130)		(257,214)	
Purchase of property, plant and equipment		(3,885)		-	
Proceeds on disposal of property, plant and equipment		5,300		-	
Exploration expenditure utilising funds from Strategic Alliance Agreement		-		(222,154)	
Interest received		367		-	
Net cash used in investing activities			(424,348)		(479,368)
Cash flows from financing activities					
Proceeds from issue of shares		5,884,685		-	
Funds received from Strategic Alliance Agreements		-		217,627	
Equity subscription in Erris Gold Resources		(400,000)		-	
Net cash generated from financing activities			5,484,685		217,627
Net increase/(decrease) in cash and cash equivalents			3,349,250		(869,616)
Cash and cash equivalents at beginning of year			1,497,277		2,366,893
Cash and cash equivalents at end of year			4,846,527		1,497,277

ZINNWALD LITHIUM PLC
(FORMERLY KNOWN AS ERRIS RESOURCES PLC)
COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	€	Year ended 31 December 2020 €	€	Year ended 31 December 2019 €
Cash flows from operating activities					
Cash used in operations	**36**		(1,893,000)		(614,233)
Net cash used in operating activities			(1,893,000)		(614,233)
Cash flows from investing activities					
Investment in joint ventures		(199,000)		-	
Exploration expenditure		-		(41,393)	
Purchase of property, plant and equipment		(3,885)		-	
Interest received		367		-	
Net cash used in investing activities			(202,518)		(41,393)
Cash flows from financing activities					
Proceeds from issue of shares		5,884,685		-	
Equity subscription in Erris Gold Resources		(400,000)		-	
Net cash generated from/(used in) financing activities			5,484,685		-
Net increase/(decrease) in cash and cash equivalents			3,389,167		(655,626)
Cash and cash equivalents at beginning of year			1,453,687		2,109,313
Cash and cash equivalents at end of year			4,842,854		1,453,687

1 Accounting policies

Company information

Zinnwald Lithium Plc ("the Company") is a public limited company which is listed on the AIM Market of the London Stock Exchange domiciled and incorporated in England and Wales. The registered office address is 29-31 Castle Street, High Wycombe, Buckinghamshire, United Kingdom, HP13 6RU.

The Company name was changed from Erris Resources Plc to Zinnwald Lithium Plc by a special resolution approved by shareholders at the General Meeting held on 26 October 2020.

The group consists of Zinnwald Lithium Plc and its subsidiaries as detailed in Note 16.

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The financial statements are prepared in euros, which is the functional currency of the Company and the Group's presentation currency, since the majority of its expenditure, including funding provided to Deutsche Lithium, is denominated in this currency. Monetary amounts in these financial statements are rounded to the nearest €.

The consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Zinnwald Lithium Plc and all of its subsidiaries (i.e., entities that the group controls 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).

The Board has concluded that whilst it has significant influence over Deutsche Lithium (50% shareholding, 1 of the 2 co-managing directors and a casting vote on operational matters), it does not have control over the company and consequently the investment is accounted for using equity accounting rather than consolidated.

Zinnwald Lithium Plc was incorporated on 21 June 2017. On 1 December 2017, Zinnwald Lithium Plc acquired the entire issued share capital of Erris Resources (Exploration) Ltd by way of a share for share exchange. This transaction was treated as a group reconstruction and accounted for using the reverse merger accounting method.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases.

1 Accounting policies

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. The Company had a cash balance of €4.85m at the year end and keeps a tight control over all expenditure. In relation to Deutsche Lithium, the total outstanding commitments entered into by the Company amounts to €1.386m at the end of 2020. Thus, the going concern basis of accounting in preparing the Financial Statements continues to be adopted.

The Directors have reviewed the ongoing situation with COVID-19 and do not consider its effects to have a material impact on the Group's and Company's going concern.

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided over time in the normal course of business and is shown net of VAT and other sales related taxes.

Recognised in revenue are charges that were invoiced to the group's former joint venture partner, Centerra Gold. These were based upon costs together with management fees incurred in connection with exploration programmes carried out under joint venture arrangements and in which the group acts as principal. Revenue from providing services is recognised in the accounting period in which the services are rendered.

1.5 Intangible fixed assets other than goodwill

Capitalised Exploration and Evaluation costs

Capitalised Exploration and Evaluation Costs consist of direct costs, licence payments and fixed salary/consultant costs, capitalised in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". The Group and Company recognises expenditure in Exploration and Evaluation assets when it determines that those assets will be successful in finding specific mineral assets. Exploration and Evaluation assets are initially measured at cost. Exploration and Evaluation Costs are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Any impairment is recognised directly in profit or loss.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% on cost
Fixtures and fittings	25% on cost
Computers	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

1 Accounting policies

1.7 Non-current investments

In the parent company financial statements, investments in subsidiaries and joint ventures are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet ready to use and not yet subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.10 Financial assets

Financial assets are recognised in the group's and company's statement of financial position when the group and company become party to the contractual provisions of the instrument.

Financial assets are classified into specified categories at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition that are debt instruments depends on the financial assets cash flow characteristics and the business model for managing them.

Financial assets are initially measured at fair value plus transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are "solely payments of principal and interest SPPI" on the principal amount outstanding.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. The group's and company's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

1 Accounting policies

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities
Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments
Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

1.12 Taxation
Income tax represents the sum of current and deferred tax.

Current tax
The tax currently payable is based on taxable profit or loss for the period. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group’s and company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group and company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies

1.15 Equity

Share capital

Ordinary shares are classified as equity.

Share premium

Share premium represents the excess of the issue price over the par value on shares issued. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Merger reserve

A merger reserve was created on purchase of the entire share capital of Erris Resources (Exploration) Ltd which was completed by way of a share for share exchange and which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of equity-settled share-based payment transactions.

1.16 Share-based payments

Equity-settled share-based payments with employees and others providing services are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of an appropriate pricing model. Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services, except where the fair value cannot be estimated reliably, in which case they are valued at the fair value of the equity instrument granted.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1 Accounting policies

1.17 Foreign exchange

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in administrative expenses in the income statement for the period.

The financial statements are presented in the functional currency of Euros, since the majority of exploration expenditure is denominated in this currency.

1.18 Exceptional items

Items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are items that are material, either because of their size or nature, or that are non-recurring.

1.19 Joint Arrangements

The Group's core activities in relation to the Zinnwald Lithium project are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Group has a direct ownership interest in jointly controlled assets and obligations for liabilities. The Group does not currently hold this type of arrangement.

Joint ventures arise when the Group has rights to the net assets of the arrangement. For these arrangements, the Group uses equity accounting and recognises initial and subsequent investments at cost, adjusting for the Group's share of the joint venture's income or loss, dividends received and other comprehensive income thereafter. When the Group's share of losses in a joint venture equals or exceeds its interest in a joint venture it does not recognise further losses. The transactions between the Group and the joint venture are assessed for recognition in accordance with IFRS.

No gain on acquisition, comprising the excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of investment, has been recognised in profit or loss. The net fair value of the identifiable assets and liabilities have been adjusted to equal cost.

Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

1.20 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, who is considered to be the group's chief operating decision-maker ('CODM').

1 Accounting policies

1.21 New standards, amendments and interpretations not yet adopted

The following standards and amendments were adopted by the group and company during the year, none of none of which had a material impact:

- IFRS 16 - Leases
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions; and
- Annual improvements to IFRS Standards 2015-2017 Cycle

At the date of approval of these financial statements, the following standards and amendments were in issue but not yet effective, and have not been early adopted:

- IFRS 3 amendments - Business Combinations*,
- IAS 1 amendments - Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*,
- IAS 1 & IAS 8 amendments - Definition of Material; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

*subject to EU endorsement

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group or company.

2 Judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Share-based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity settled transactions with employees at the grant date, the Group and Company use the Black Scholes model.

2 Judgements and key sources of estimation uncertainty

Joint venture investment

The Group applies IFRS 11 to all joint arrangements and classifies them as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group holds 50% of the voting rights of its joint arrangement with SolarWorld AG. The Group has determined to have joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for certain key strategic, operating, investing and financing policies. The Group's joint arrangement is structured through a limited liability entity, Deutsche Lithium GmbH, and provides the Group and SolarWorld AG (parties to the joint venture agreement) with rights to the net assets of Deutsche Lithium under the arrangements. Therefore, this arrangement has been classified as a joint venture.

The investment is assessed at each reporting period date for impairment. An impairment is recognised if there is objective evidence that events after the recognition of the investment have had an impact on the estimated future cash flows which can be reliably estimated. In addition, the assessment as to whether economically recoverable reserves exist is itself an estimation process.

Impairment of Capitalised Exploration Costs

Group capitalised exploration costs had a carrying value as at 31 December 2020 of €1,546,111 (2019: €2,002,334). Management tests annually whether capitalised exploration costs have a carrying value in accordance with the accounting policy stated in note 1.5. Each exploration project is subject to an annual review either by a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure as well as the likelihood of on-going funding from joint venture partners. In the event that a project does not represent an economic exploration target and results indicate that there is no additional upside, or that future funding from joint venture partners is unlikely, a decision will be made to discontinue exploration.

In Ireland, the licenses were originally granted for 6 years in 2013 and in Q3 2019, Zinnwald extended them for a further 6 years. The exploration work has identified excellent mineralisation in its drill holes and the metallurgical review has shown a good quality concentrate can be produced. The current Zinc market is at a low point and Zinnwald is no longer focussed on Ireland, but the Company still intends to find a JV Partner for at least the core license. The Board's current intention is that it will only undertake further exploration work on the core license (PL 3735) in 2021. Accordingly, the Board has concluded that an impairment charge should be made in the 2020 accounts in regard to capitalized costs from the non-core licenses, which has resulted in an impairment of €477,595.

In Sweden, the Brännberg project now comprises only 3 licenses (Brännberg 1 and 5 and Grundtrask 7) Brännberg 1 was renewed in October 2019 and is valid from 28/10/2019 until 28/10/2022. Brännberg 5 was renewed in May 2020 and is valid from 30/05/2020 until 30/05/2021. Grundtrask 7 was renewed in August 2018 and is valid from 05/08/2018 until 05/08/2021. The exploration work funded by Centerra showed good gold mineralisation, but not to the minimum (1m Oz) size required by a company as large as Centerra. The results may be of greater interest to a mid-tier Gold producer that has a lower resource size requirement. The Board's current intention is to try and find a JV partner for the Brännberg Project in Q1 2021 but, if unsuccessful, will allow all 3 licenses to lapse in 2021. Accordingly, the Board have recommended a full impairment of the carrying value of €114,870 in 2020.

3 Financial Risk and Capital Risk Management

The Group's and Company's activities expose it to a variety of financial risks: market risk (primarily currency risks), credit risk and liquidity risk. The overall risk management programme focusses on currency and working capital management.

Foreign Exchange Risk
The Company operates internationally and is exposed to foreign exchange risk arising from one main currency exposure, namely GBP for its Head Office costs and the value of its shares for fund-raising and Euros for a material part of its operating expenditure. The Group's Treasury risk management policy is currently to hold most of its cash reserves in GBPs and to match as promptly as possible its Euro expenditures on its commitments in Germany.

Credit and Interest Rate Risk
The Group and Company have no borrowings and a low level of trade creditors and have minimal credit or interest rate risk exposure.

Working Capital and Liquidity Risk
Cashflow and working capital forecasting is performed in the operating entities of the Group and consolidated at a Group level basis for monthly reporting to the Board. The Directors monitor these reports and rolling forecasts to ensure the Group has sufficient cash to meet its operational needs. The Board has a policy of maintaining at least a GBP 0.5m cash reserve headroom. Aside from its commitments under the Deutsche Lithium Joint Venture, the Group has no other material fixed cost overheads other than Director costs

4 Revenue

An analysis of the Group's revenue is as follows:

	Group	
	2020	**2019**
	€	**€**
Revenue analysed by class of business		
Management fees	-	17,527

	2020	**2019**
	€	**€**
Other significant revenue		
Interest income	367	-

All the management fees are received from Centerra Gold under the terms of the Strategic Alliance Agreement, which was terminated in December 2019. There were no unsatisfied performance obligations at 31 December 2020 (2019 : none).

5 Segmental reporting

The Group operates principally in the UK, Ireland, Scotland, and Scandinavia, with operations managed on a project-by-project basis within each geographical area. Activities in the UK include the Head Office corporate and administrative costs and the 50% investment in Deutsche Lithium in Germany, whilst the activities in Ireland and Scandinavia relate to exploration and evaluation work. The reports used by the Board and management are based on these geographical segments.

	Ireland 2020 €	Scandinavia 2020 €	Others 2020 €	UK 2020 €	Total 2020 €
Revenues	-	-	-	-	-
Cost of sales and administrative expenses	(43,667)	(1,523)	(19,168)	(1,454,743)	(1,519,101)
Share based payments charge	-	-	-	-	-
Project Impairment	(477,595)	(114,870)	-	-	(592,465)
Gain/loss on foreign exchange	(3,241)	(262)	-	(67,958)	(71,461)
Profit/(loss) from operations per reportable segment	(524,503)	(116,655)	(19,168)	(1,522,701)	(2,183,027)
Reportable segment assets	1,564,848	181	-	8,854,280	10,419,309
Reportable segment liabilities	-	-	-	58,833	58,833

	Ireland 2019 €	Scandinavia 2019 €	Others 2019 €	UK 2019 €	Total 2019 €
Revenues	-	17,527	-	-	17,527
Cost of sales and administrative expenses	(63,326)	-	(19,698)	(616,940)	(699,964)
Share based payments charge	-	-	-	-	-
Project Impairment	-	-	-	-	-
Gain/loss on foreign exchange	11,527	3,043	-	105,700	120,270
Profit/(loss) from operations per reportable segment	(51,799)	20,570	(19,698)	(511,240)	(562,167)
Reportable segment assets	1,912,320	128,077	-	1,495,244	3,535,641
Reportable segment liabilities	-	-	-	73,778	73,778

6 Operating loss

	Group	
	2020	2019
	€	€
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	71,461	(120,270)
Profit on disposal of property, plant and equipment	(5,300)	-
Exploration projects impairment	592,465	-
RTO costs	839,940	-
Share-based payments	3,725	-
Operating lease charges	40,942	36,598
Exploration costs expensed	64,358	83,024

7 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	€	€
For audit services		
Audit of group, parent company and subsidiary undertakings	31,164	27,913
For other services		
Taxation compliance services	3,799	5,292
Reporting accountant work for the Admission Document	61,205	-
	65,004	5,292

8 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
Directors	5	5	5	5
Employees	3	3	-	-
	8	8	5	5

8 Employees

Their aggregate remuneration comprised:

	Group 2020	2019	Company 2020	2019
	€	€	€	€
Wages and salaries	416,827	403,081	283,159	322,173
Social security costs	40,941	45,907	27,723	37,007
Pension costs	12,399	6,023	12,099	5,635
	470,167	455,011	322,981	364,815

Aggregate remuneration expenses of the group include €150,583 (2019: €41,781) of costs capitalised and included within non-current assets of the group. In 2020, €nil (2019: €89,808) aggregate remuneration expenses of the group have been reimbursed by joint venture partners.

Aggregate remuneration expenses of the company include €3,397 (2019: €41,393) of costs capitalised and included within non-current assets of the group.

Directors remuneration is disclosed in note 34.

9 Finance income

	Group 2020	2019
	€	€
Interest income		
Interest on bank deposits	367	-

10 Share of results in Joint Venture

	2020	Group 2019
	€	€
Share of Loss in Joint Venture	(32,579)	-
	(32,579)	-

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 €	2019 €
In respect of:			
Intangible assets	**14**	592,465	-
Recognised in:			
Administrative expenses		592,465	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

12 Taxation

	2020 €	2019 €
Current tax		
Adjustments in respect of prior periods	-	(30,648)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	Group 2020 €	Group 2019 €
Loss before taxation	(2,215,238)	(562,167)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(420,895)	(106,812)
Unutilised tax losses carried forward	254,409	106,812
Disallowable expenses	166,486	-
Adjustments in respect of prior years	-	(30,648)
Taxation charge/(credit) for the year	-	(30,648)

Losses available to carry forward amount to €2,315,896 (2019: €1,434,000). No deferred tax asset has been recognised on these losses, as the probability of available future taxable profits is not currently quantifiable.

13 Earnings per share

	2020 Number	2019 Number
Weighted average number of ordinary shares for basic earnings per share	63,203,583	31,069,430
Effect of dilutive potential ordinary shares:		
- Weighted average number of outstanding share options	3,183,333	3,416,667
Weighted average number of ordinary shares for diluted earnings per share	66,386,916	34,486,097

Earnings	**€**	**€**
Continuing operations		
Loss for the period from continuing operations	(2,215,238)	(562,167)
Earnings for basic and diluted earnings per share attributable to equity shareholders of the company	(2,215,238)	(562,167)

Earnings per share for continuing operations		
Basic and diluted earnings per share	-	-
Basic earnings per share	(3.50)	(1.81)
Diluted earnings per share	(3.50)	(1.81)

There is no difference between the basic and diluted earnings per share for the period ended 31 December 2020 or 2019 as the effect of the exercise of options would be anti-dilutive.

14 Intangible fixed assets

Group	Ireland Exploration and Evaluation costs	Sweden Exploration and Evaluation costs	Total
	€	€	€
Cost			
At 1 January 2019	1,645,118	100,000	1,745,118
Additions - group funded	250,214	7,002	257,216
At 31 December 2019	1,895,332	107,002	2,002,334
Additions - group funded	128,374	7,868	136,242
At 31 December 2020	2,023,706	114,870	2,138,576
Amortisation and impairment			
At 1 January 2020	-	-	-
Project impairment	477,595	114,870	592,465
At 31 December 2020	477,595	114,870	592,465
Carrying amount			
At 31 December 2020	1,546,111	-	1,546,111
At 31 December 2019	1,895,332	107,002	2,002,334

Intangible assets comprise capitalised exploration and evaluation costs (direct costs, licence fees and fixed salary / consultant costs) of the Ireland Zinc Projects and the Sweden Gold Projects (excluding the amounts recovered from Centerra Gold as per note 21).

More information on impairment movements in the year is given in note 11.

Company	Ireland Exploration and Evaluation costs	Sweden Exploration and Evaluation costs	Total
	€	€	€
Cost			
A 1 January 2019	92,985	-	92,985
Additions - group funded	23,902	17,491	41,393
At 31 December 2019	116,887	17,491	134,378
Transfers to subsidiaries	(116,887)	(17,491)	(134,378)
At 31 December 2020	-	-	-
Amortisation and impairment			
At 1 January 2020 and 31 December 2020	-	-	-

14 Intangible fixed assets

Carrying amount			
At 31 December 2020	-	-	-
At 31 December 2019	116,887	17,491	134,378

15 Property, plant and equipment

Group	Plant and equipment	Fixtures and fittings	Computers	Total
	€	€	€	€
Cost				
At 1 January 2020	2,605	3,307	4,951	10,863
Additions	-	-	3,906	3,906
At 31 December 2020	2,605	3,307	8,857	14,769
Depreciation and impairment				
At 1 January 2020	2,605	3,307	4,951	10,863
Depreciation	-	-	244	244
At 31 December 2020	2,605	3,307	5,195	11,107
Carrying amount				
At 31 December 2020	-	-	3,662	3,662

Company	Computers
	€
Cost	
At 1 January 2020	-
Additions	3,906
At 31 December 2020	3,906
Depreciation and impairment	
At 1 January 2020	-
Depreciation charged in the year	244
At 31 December 2020	244
Carrying amount	
At 31 December 2020	3,662

16 Fixed asset investments

	Notes	Group 2020 €	2019 €	Company 2020 €	2019 €
Investments in subsidiaries	17	-	-	169,090	169,090
Investments in joint ventures		3,852,083	-	3,852,083	-
		3,852,083	-	4,021,173	169,090

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

Movements in non-current investments
Group

	Shares in group undertakings and participating interests €
Cost	
At 1 January 2020	-
Additions	3,884,662
Share of loss	(32,579)
At 31 December 2020	3,852,083
Carrying amount	
At 31 December 2020	3,852,083
At 31 December 2019	-

Movements in non-current investments
Company

	Shares in group undertakings €	Other investments €	Total €
Cost			
At 1 January 2020 and 31 December 2020	169,090	-	169,090
Additions	-	3,852,083	3,852,083
At 31 December 2020	169,090	3,852,083	4,021,173
Carrying amount			
At 31 December 2020	169,090	3,852,083	4,021,173
At 31 December 2019	169,090	-	169,090

16 Fixed asset investments

16.1 Investment in Deutsche Lithium

On 29 October 2020, the Company completed the acquisition of Bacanora Lithium Plc's ("Bacanora") 50% shareholding in Deutsche Lithium Gmbh ("DL"). Bacanora contributed its share in DL and €1.35m in Cash in exchange for 90,619,170 new shares in the Company at a price of 5p per share and a 2% Net Profits Royalty. The Company thereafter took over the obligations due under the Joint Venture Agreement and has made all payments due on a monthly basis since October 2020.

The Table below shows the split of shares received by Bacanora in return for its 50% shares in DL and the cash contributed by Bacanora as part of the RTO process:

Bacanora - Split of shareholding		% of Total	No of Shares
Shares received for 50% shareholding in DL	€ 3,685,662	73.2%	66,325,267
Shares received for cash subscription	€ 1,350,000	26.8%	24,293,902
Total	€ 5,035,662		90,619,170

The Company holds one of the 2 Managing Director positions and a 50% shareholding in DL, but only has a casting vote on purely operational development matters. Therefore, management have concluded that the Company has significant influence over DL and not control.

Management reviewed the opening balance sheet as part of the acquisition process and are comfortable with the completeness and accuracy of the balance sheet. DL's accounting policies are in line with the Company's policies and no adjustments have been made.

The Company follows the requirements of IAS 28 in applying the equity method and increase or decrease the investment by recognising its share of the profit or loss and other comprehensive income from DL. The Company will ensure DL's accounting policies are in line with its own and where material differences occur, make appropriate adjustments. The Company management will review the investment for indicators of impairment at least at each reporting date.

The Table below shows the movements during the year and the balances at year end:

Value of 50% share in DL acquired from Bacanora on 29 October 2020	€ 3,685,662
Funds provided under the terms of the Joint Venture Agreement	€ 165,000
Additional committed funds for further testwork	€ 34,000
Share of DL Loss for the period November to December 2020	(€ 32,579)
Carrying Value as at 31 December 2020	€ 3,852,083

16.2 Commitments under the Deutsche Lithium JV Agreement

The Company signed a Deed of Adherence to abide by the terms of the Joint Venture Agreement. The only outstanding financial commitment was the 2nd Amendment entered into by Bacanora in February 2020 by which it committed to fund DL with €1.35m in monthly instalments over 2 years. At the date of completion of the Acquisition by the Company, the amount outstanding was €0.935m and at 31 December 2020 it was €0.770m.

17 Subsidiaries

Details of the company's subsidiaries as at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Erris Resources (Exploration) Ltd	United Kingdom	Exploration	Ordinary	100.00	-
Erris Zinc Limited	Ireland	Exploration	Ordinary	100.00	-

On 1 December 2017, Zinnwald Lithium Plc acquired the entire issued share capital of Erris Resources (Exploration) Ltd ("ERL") by way of a share for share exchange. This transaction has been treated as a group reconstruction and accounted for using the reverse merger accounting method. Its registered office address is 29-31 Castle Street, High Wycombe, Bucks, HP13 6RU.

On 26 February 2018, Erris Resources Plc acquired the entire issued share capital of Erris Zinc Limited on incorporation. Erris Zinc Limited is a company registered in Ireland. Its registered office address is The Bungalow, Newport Road, Castlebar, Co. Mayo. F23YF24.

On 12 December 2018, Erris Resources (Exploration) Ltd acquired the entire issued share capital of Tulivuori Exploration OY shortly after incorporation. Tulivuori Exploration OY is a company registered in Finland and was renamed Erris Finland. In January 2020, the directors of Zinnwald decided to cease exploration in Finland and started the process of winding up this company. The process was completed in November 2020.

On 10 August 2020, the Company incorporated a wholly owned subsidiary, Erris Gold Resources Ltd and transferred all capitalised expenses, contracts and permits for the Loch Tay Project and Norway projects to that company. On 29 October 2020, the shares in Erris Gold Resources Ltd were distributed to the Company's shareholders via a dividend in specie. Accordingly, Erris Gold Resources Ltd does not form part of the consolidation at the year end.

18 Trade and other receivables - credit risk

Fair value of trade and other receivables
The directors consider that the carrying amount of trade and other receivables is equal to their fair value.

No significant balances are impaired at the reporting end date.

19 Financial instruments

	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Financial assets at amortised cost				
Trade and other receivables	133,459	14,340	1,904,269	1,436,239
Cash and bank balances	4,846,527	1,497,277	4,842,854	1,453,687
	4,979,986	1,511,617	6,747,123	2,889,926
Financial liabilities at amortised cost				
Trade and other payables	58,833	43,130	53,021	38,404
	58,833	43,130	53,021	38,404

20 Security held over cash

Under the terms of the Deed of Adherence with Bacanora Lithium Plc, entered into on 29 October 2020, Bacanora holds a secured charge over a cash amount equal to the amount outstanding under the Deutsche Lithium JV Agreement. As at 31 December 2020, this secured amount was €770,000, which forms a part of the total cash balance of the Group of €4,846,527.

21 Trade and other receivables

Amounts falling due within one year:	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Amounts owed by group undertakings	-	-	1,792,292	1,430,110
Other receivables	133,459	14,340	111,977	6,129
Prepayments and accrued income	37,467	21,690	37,467	21,690
	170,926	36,030	1,941,736	1,457,929

Other receivables primarily comprise VAT recoverable, which were received following the year end.

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

	Group 2020	Group 2019	Company 2020	Company 2019
Euros	19,672	6,903	-	-
British Pounds	151,254	29,127	1,941,736	1,457,929
	170,926	36,030	1,941,736	1,457,929

22 Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Trade payables	14,108	2,666	12,767	2,666
Accruals and deferred income	44,725	40,464	40,254	35,738
	58,833	43,130	53,021	38,404

All Trade payables have been settled since the year end. As with previous periods, the majority of the accruals relate to audit and accounting fees relating to the period.

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

	Group		Company	
	2020	2019	2020	2019
Euros	914	200	914	-
British Pounds	57,919	42,930	52,107	38,404
	58,833	43,130	53,021	38,404

23 Amounts owed to Strategic Alliance partner

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Amounts owing to Centerra Gold Inc	-	-	-	-

On 1 January 2016, the company entered into a strategic alliance with Centerra Gold to explore for gold in Sweden and subsequently expanded into Finland in 2019. Under the terms of this agreement, Centerra had the right to make an election ("Election") in respect of any or all of the designated project areas ("DPA" or "DPAs") in the AOI and on any rights subsequently acquired by Zinnwald during the first two years after initial grant of the permit. Over the course of the agreement, Centerra funded generative exploration on more than 30 exploration permits and drilling on three DPAs at Brännberg, Klippen and Karingberget. During this time, the total expenditure on Centerra Gold projects was approximately US$3.4M on which Erris earned consultancy fees of 10% for managing this exploration work. In the year to 31 December 2018, Centerra made the decision not to proceed further with any of the three DPAs. In the year to 31 December 2019, Centerra continued with its generative exploration in Sweden and Finland. In December 2019, Centerra decided to terminate this Strategic Alliance and both parties agreed that no amounts remain outstanding by either side. All rights and information relating to this exploration work remains the property of Erris.

During the period, Centerra has spent a total of €nil (2019: €222,155), comprising reimbursed costs of €nil (2019: €204,628) and paid management fees of €nil (2019: €17,527).

A summary of the funding received from and costs incurred on behalf of Centerra is analysed as follows:

Year ended 31 December 2020	**Funding from Centerra**	**Exploration expenditure**	**Management and consultancy fees**	**Net**
	€	€	€	€
Generative Sweden	-	-	-	-
Generative Finland	-	-	-	-
	-	-	-	-

Year ended 31 December 2019	**Funding from Centerra**	**Exploration expenditure**	**Management and consultancy fees**	**Net**
	€	€	€	€
Generative Sweden	42,245	40,813	2,728	(1,296)
Generative Finland	175,382	163,081	14,799	(2,498)
	217,627	203,894	17,527	(3,794)

24 Retirement benefit schemes

Defined contribution schemes	2020 €	2019 €
Charge to profit or loss in respect of defined contribution schemes	12,099	6,268

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share Options

25.1 Company Incentive schemes

The Directors believe that the success of the Group will depend to a significant degree on the performance of the Group's senior management team. The Directors also recognise the importance of ensuring that the management team are well motivated and identify closely with the success of the Group. The Company adopted an initial Share Option Plan at the date of its original IPO in December 2017 and will continue to issue options to certain Directors and key personnel. As part of the RTO process in October 2020, the Company's shareholders approved two additional new incentive schemes for certain executives. The key terms of each of these schemes are as follows

Share Option Plan (2017)

- Options vest 1/3 on date of issuance, 1/3 after 6 months and 1/3 after 12 months;
- Options remain valid for five years; and
- No subsequent performance criteria after issuance.

Short-Term Restricted Stock Unit ("RSU") Scheme:

- Awards granted under the RSU Scheme will be subject to annual performance criteria set by the Remuneration Committee each financial year, relating to each eligible employee's performance against personal, financial, strategic and 'Environmental, Social, and Corporate Governance' ("ESG") metrics.
- Any awards will be based on a percentage of base salary as recommended by the Remuneration Committee at the start of each performance period, being 60% for the initial period. The number of RSUs issued will be based on the share price of the Company on expiry of the RSU Initial Performance Period. Any RSUs issued will be subject to a further 2-year vesting period.
- Each eligible person will be set a (i) minimum performance threshold which must be satisfied in order to trigger any issuance of RSUs to them ("Threshold"). In addition, a base target ("Target") and maximum amount ("Maximum") will also be set.
- The first performance period will run with an effective date from 1 October 2020 until 31 December 2021, with subsequent performance periods running annually from 1 January 2022 onwards.

Long-Term Performance Share Unit ("PSU") Scheme:

- Awards granted under the PSU Scheme will be subject to three-year performance criteria set by the Remuneration Committee each financial year, relating to objective corporate metrics as follows:
- 'Relative Total Shareholder Return ("RTSR")' against the peer group; and
- a significant corporate strategic goal set by the Company. During the PSU initial performance period, this goal shall be the Company gaining control of 100 per cent. of Deutsche Lithium.
- The Company will calculate any awards under the PSU Scheme based on a percentage of base salary as recommended by the Remuneration Committee at the start of each performance period and the share price at the start of the period. For the initial performance period this shall be 100% and the RTO Price of 5p per share. Any PSUs issued will be subject to a further 2-year vesting period.
- Performance criteria shall be assessed 50:50 between these two corporate metrics. The assessment relating to RTSR shall be calculated as Maximum being in the top quartile, Target being in the top half and Threshold being in the third quartile. The assessment relating to the corporate goal shall generally be binary Yes or No, but with the Board or Remuneration Committee having sole discretion to assess partial achievement.
- The first performance period will be with an effective date from 1 October 2020 to 31 December 2023 with subsequent three-year performance periods starting from 1 January 2022.

25.2 Share Option Plan (2017)

Movements in the number of share options, under the Share Option Plan (2017), outstanding and their related weighted average exercise prices are as follows:

	Year ended 31 December 2020		Year ended 31 December 2019	
	Average Exercise Price in £ per Share	Options Number	Average Exercise Price in £ per Share	Options Number
At beginning of the period	£0.094	3,150,000	£0.094	3,550,000
Granted	£0.05	200,000	-	-
Lapsed	-	-	£0.085	(400,000)
At end of period	£0.091	3,350,000	£0.094	3,150,000
Exercisable at the period end		3,350,000		3,150,000
Weighted average remaining exercise period, years		1.96		2.96

Option Classification

Issue Date	No of Options	Exercise Price	Expiry Date
1 Mar 2014	950,000	£0.08	20/12/2022
18 May 2015	300,000	£0.10	20/12/2022
1 Feb 2017	800,000	£0.10	20/12/2022
21 Dec 2017	1,100,000	£0.10	20/12/2022
29 Oct 2020	200,000	£0.05	28/10/2025
	3,350,000	£0.913	

25.3 RSU Scheme (2020)

The first awards of RSUs under the new scheme are expected to be issued in Q1 2022, based on the initial performance period from 1 October 2020 to 31 December 2021

25.4 – PSU Scheme (2020)

The first awards of PSUs under the new scheme are expected to be issued in Q1 2024, based on the initial performance period from 1 October 2020 to 31 December 2023.

26 Share-based payment transactions

	Group 2020 €	2019 €	Company 2020 €	2019 €
Expenses recognised in the year				
Options issued under the Share Option Plan (2017)	3,725	-	3,725	-

Awards made under the new RSU and PSU scheme will be expensed over the relevant vesting periods for each scheme. The first awards are only expected in 2022 and expenses will commence thereafter.

27 Share capital

	Group and company 2020 €	2019 €
Ordinary share capital		
Issued and fully paid		
204,455,957 ordinary shares of 1p each	2,278,155	351,133
	2,278,155	351,133

The Group's share capital is issued in GBP £ but is converted into the functional currency of the Group (Euros) at the date of issue of the shares.

Reconciliation of movements during the year:

	Ordinary Number	Ordinary €
Ordinary shares of 1p each		
At 1 January 2020	31,069,430	351,133
Issue of fully paid shares (cash subscription)	107,061,260	1,189,890
Issue of fully paid shares (consideration for shares in DL)	66,325,267	737,132
At 31 December 2020	204,455,957	2,278,155

28 Disposals

On 31 October 2020 the group disposed of its 100% holding in Tulivuori Exploration OY. Included in these financial statements are profits of €158 arising from the company's interests in Tulivuori Exploration OY up to the date of its disposal.

29 Share Premium

	Share Premium Account
Group	**€**
At 1 January 2019	4,151,045
Additions	-
At 31 December 2019	4,151,045
Additions	-
Issue of shares May 2020	280,626
Cancellation of share premium	(4,431,671)
Issue of shares October 2020	7,362,699
At 31 December 2020	7,362,699

The Company's share premium account was cancelled by Special Resolution and by Court Order on 15 September 2020 and the funds were converted to retained earnings.

30 Other reserves

	Merger reserve	Share based payment reserve	Translation reserve	Total
Group	**€**	**€**	**€**	**€**
At 1 January 2019	688,732	138,644	-	827,376
Transfer of lapsed share options	-	(16,299)	-	(16,299)
At 31 December 2019	688,732	122,345	-	811,077
Additions	-	3,725	19	3,744
At 31 December 2020	688,732	126,070	19	814,821

A merger reserve was created on purchase of the entire share capital of Erris Resources (Exploration) Ltd which was completed by way of a share for share exchange and which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

31 Financial commitments, guarantees and contingent liabilities

Bacanora Royalty Agreement

The Company and Bacanora entered into on completion of the Acquisition a royalty agreement which provides, conditional on, inter alia, completion of the Acquisition, that the Company agrees to pay Bacanora a royalty of 2 per cent. of the net profit received by the Company pursuant to its 50 per cent. shareholding in Deutsche Lithium and earned in relation to the sale of lithium products or minerals by Deutsche Lithium's projects on the Zinnwald and Falkenhain licence areas. The royalty fee shall be paid in Euros and paid by Deutsche Lithium half yearly. The agreement is for an initial term of 40 years and shall automatically extend for additional 20-year terms until mining and processing operations cease at Deutsche Lithium's projects at the Zinnwald and Falkenhain licence areas. The Company has undertaken to Bacanora to abide by certain obligations in relation to Deutsche Lithium's projects at the Zinnwald and Falkenhain licence areas such as complying with applicable laws and ensure that these projects are operated in accordance with the underlying licences and concessions granted to Deutsche Lithium. The Company shall have the right, but not the obligation, to extinguish at any time its right to pay a royalty fee to Bacanora prior to the expiry of the term by paying a one-off payment of €2,000,000. Whilst the Directors acknowledge this contingent liability, at this stage, it is not considered that the outcome can be considered probable or reasonably estimable and hence no provision has been made in the financial statements.

Osisko Royalty Agreements

Erris Resources (Exploration) Ltd ("ERL") entered into Osisko Royalty Agreement 1 with Osisko on 16 September 2016 pursuant to which it granted a royalty to Osisko for a 1 per cent. net smelter return on the sale or disposition of all minerals provided from the Abbeytown Project. The royalty is based on published spot prices in relation to minerals delivered for processing and actual amounts received where raw ore or concentrates are sold. Osisko shall be entitled to elect to receive the royalty on precious metals in kind rather than cash. This royalty was granted to Osisko in consideration of Osisko's payment of C$500,000 to ERL. The royalty is perpetual and as such the agreement (and obligation on ERL to pay the royalty) shall continue indefinitely. Whilst the Directors acknowledge this contingent liability, at this stage, it is not considered that the outcome can be considered probable or reasonably estimable and hence no provision has been made in the financial statements.

ERL entered into Osisko Royalty Agreement 2 with Osisko on 16 September 2016 pursuant to which it granted a royalty to Osisko for a 1 per cent. net smelter return on the sale or disposition of all minerals provided from the Swedish properties (originally including Käringberget, Klippen, Nottjärn and Vaikijaur but, as at the date of this document, only Brännberg) licensed by ERL. The royalty also extends to any other mining rights ERL acquires or holds (or from time to time comes to acquire or hold) in Sweden and so applies to all exploration permits currently held in Sweden by ERL. The royalty is based on published spot prices in relation to minerals delivered for processing and actual amounts received where raw ore or concentrates are sold. Osisko shall be entitled to elect to receive the royalty on precious metals in kind rather than cash. This royalty was granted to Osisko in consideration of Osisko's payment of C$250,000 to Erris Resources UK. The royalty is perpetual and as such the agreement (and obligation on ERL to pay the royalty) shall continue indefinitely. Whilst the Directors acknowledge this contingent liability, at this stage, it is not considered that the outcome can be considered probable or reasonably estimable and hence no provision has been made in the financial statements.

Neither of the Osisko royalties apply to the Zinnwald Lithium project.

Grundtrask Acquisition Agreement

On 13 October 2016, the Company entered into an asset purchase agreement with Beowulf Mining Sweden AB ("Beowulf") pursuant to which the Company purchased exploration rights for the areas known as Grundsträsk nr 6 and Grundträsk nr 7 (together with all information relating thereto) from Beowulf. The consideration of US$200,000 will become payable subject to the Company announcing JORC indicated resource of 100,000 troy ounces of gold, together with a further amount of $2 per troy ounce on the announcement of indicated resource subject to a JORC indicated resource of at least 1 million troy ounces. Pursuant to this agreement, the Company is obliged to grant to Beowulf a royalty under which it is paid 1 per cent. of the net smelting revenue generated by the Company on any gold produced from the property. This royalty shall continue indefinitely unless the Company "buys out" the royalty by payment of US$2,000,000 to Beowulf. Whilst the Directors acknowledge this contingent liability, at this stage, it is not considered that the outcome can be considered probable or reasonably estimable and hence no provision has been made in the financial statements.

31 Financial commitments, guarantees and contingent liabilities

In addition, the Company was obliged to abide by the terms of the "2003 Data Access Agreement" which was entered into between Beowulf, the Scanex Group ("Scanex") and Mirab Mineral Resources AB ("Mirab") on 14 November 2003 for a period of 15 years. Pursuant to the terms of this agreement, Scanex and Mirab provided Beowulf with data relating to past mining exploration in return for the granting by Beowulf of a royalty to Scanex and Mirab for 1 per cent. of the net smelting revenue generated by Beowulf in relation to the area known as Grundträsk. Since the 15 years of this agreement has now expired, the Company considers that its requirement to honour this royalty has also expired.

Neither of the Beowulf, Scanex or Mirab royalties apply to the Zinnwald Lithium project.

32 Retained earnings

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
At the beginning of the year	(1,820,744)	(1,305,524)	(1,447,843)	(1,026,564)
Conversion of share premium	4,431,671	-	4,431,671	-
Loss for the year	(2,215,238)	(531,519)	(1,503,479)	(437,578)
Dividends in specie	(490,888)	-	(490,888)	-
Share based payment transactions (net)	-	16,299	-	16,299
At the end of the year	(95,199)	(1,820,744)	989,461	(1,447,843)

33 Events after the reporting date

The assessment of the COVID-19 situation continues to evolve, as the changes to the COVID-19 virus and lock-down impacts continue. The success of the long-term vaccination programme still makes it difficult to predict the ultimate impact at this stage. This will continue to have some implications for the operations of the Group in the future, for example through restricting travel movements internationally and domestically and therefore delaying development activities. Due to the nature of present activities, the impact has been minimal to date. Management will continue to assess the impact of COVID-19 on the Group and Company, however, it is not possible to quantify the impact, if any, at this stage.

34 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2020		2019	
	Remuneration	Share Option Charge	Remuneration	Share Option Charge
	€	€	€	€
Anton du Plessis	118,453	1,863	152,688	-
Cherif Rifaat	78,969	1,862	68,710	-
Jeremy Martin	36,664	-	41,226	-
Graham Brown	28,767	-	27,484	-
Jeremy Taylor-Firth	20,306	-	27,484	-
Andrew Partington	-	-	4,581	-
Peter Secker	-	-	-	-
	283,159	3,725	322,173	-

Transactions with related parties
During the year the group entered into the following transactions with related parties:

	Consultancy and expenses		Management fees	
	2020	2019	2020	2019
	€	€	€	€
Group				
Strategic Alliance partner	-	-	-	17,256
Key management personnel	50,648	71,690	-	-
Company				
Key management personnel	15,585	40,289	-	-

Aggregate consultancy and expenses include €26,123 (2019: €4,640) of costs capitalised and included within non-current assets and €nil (2019: €24,435) of costs reimbursed by joint venture partners. There were no amounts outstanding at the year end.

Strategic Alliance arrangements with Centerra Gold are disclosed in note 11. During the period, Centerra reimbursed costs of €nil (2019: €222,155) and paid management fees of €nil (2019: €17,527). As at 31 December 2020 and 2019, there were no outstanding debtor or creditor balances with Centerra Gold as the joint venture relationship has terminated.

35 Cash (used in)/generated from group operations

	2020 €	2019 €
Loss for the year after tax	(2,215,238)	(531,519)
Adjustments for:		
Taxation charged/(credited)	-	(30,648)
Investment income	(367)	-
Gain on disposal of property, plant and equipment	(5,300)	-
Impairment of intangible assets	592,465	-
Depreciation and impairment of property, plant and equipment	243	-
Share of loss of Joint Venture	32,579	-
Equity-settled share-based payment expense	3,725	-
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(135,629)	24,035
Increase/(decrease) in trade and other payables	16,435	(69,743)
Cash used in operations	(1,711,087)	(607,875)

36 Cash (used in) / generated from operations - company

	2020 €	2019 €
Loss for the year after tax	(1,503,479)	(437,578)
Adjustments for:		
Investment income	(367)	-
Depreciation and impairment of property, plant and equipment	243	-
Share of loss of Joint Venture	32,579	-
Equity-settled share-based payment expense	3,725	-
Movements in working capital:		
(Increase) in trade and other receivables	(507,137)	(163,611)
Increase/(decrease) in trade and other payables	81,436	(13,044)
Cash used in operations	(1,893,000)	(614,233)