16 May 2022

METALS EXPLORATION PLC

Final Results for the Year Ended 31 December 2021

Metals Exploration plc (AIM: MTL) (the "**Company**" or the "**Group**"), a gold producer in the Philippines, announces its final audited results for the year ended 31 December 2021.

The financial information set out in this announcement does not comprise the Group's statutory accounts for the years ended 31 December 2021 or 31 December 2020. The financial information has been extracted from the statutory accounts of the Group and the Company for the years ended 31 December 2021 and 31 December 2020. The auditors reported on those accounts; the 31 December 2021 and 31 December 2020 reports were unqualified and did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 2020 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2021 will be delivered to the Registrar of Companies following the Company's annual general meeting.

To access a full version of the 2021 annual report, please go to the Company website investor centre webpage.

PRODUCTION AND FINANCIAL HIGHLIGHTS

FY2021	FY2020	% CHANGE
GOLD PRODUCTION (ounces)		
73,206 ozs	67,552 ozs	Up 8.4%
AVERAGE GOLD RECOVERY (% of head grade)		
84.5%	72.2%	Up 17.0%
LOST TIME INJURIES		
NIL	NIL	Nil – no lost time injuries
SALES REVENUE (US$ MILLIONS)		
$129.8	$122.1	Up 6.3%
OPERATING PROFIT (US$ MILLIONS)		
$29.4	$30.5	Down 3.6%
PROFIT BEFORE TAX (US$ MILLIONS)		
$11.3	$9.4 (as restated)*	Up 19.8%
FREE CASH GENERATED FROM OPERATIONS (US$ MILLIONS)		
$46.5	$28.8	Up 61.5%
NET DEBT (US$ MILLIONS)		
$98.9	$120.4	Down 17.9%
TOTAL DEBT REPAYMENTS (US$ MILLIONS)		

$39.7	$12.0	Up 230.8%
TOTAL GOVERNMENT TAXES & FEES (US$ MILLIONS)		
$12.3	$10.5	Up 17.1%
TOTAL COMMUNITY PROGRAM EXPENDITURE (US$ MILLIONS)		
$1.9	$1.1	Up 72.7%

* Refer note 1 Accounting policies – Prior period adjustment

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am delighted to present my Chairman's statement to shareholders, on behalf of the board of directors of the Company (the "Board"), for a year that has seen Metals Exploration continue to make excellent progress and deliver record numbers in terms of annual gold recovery, sale proceeds and gold poured for the year ended 31 December 2021.

Safety, as always, remains the utmost priority to the Company, and our record to date is an achievement that everyone at the Company is very proud of. As at the date of this report, we have recorded over 16 million hours worked without a reportable injury. This really is an outstanding accomplishment and something that we are not only delighted with but will continue to focus on. The safety of our staff is not just limited to mining operations. Our team and the communities they live in are at the heart of our Company, and ensuring their wellbeing is vital for the continued operations of the business. With this in mind, a key focus of our safety and health operations has been the staff and contractor COVID-19 vaccination programme. Again, we are incredibly proud that, at present, over 93% of all staff and contractors have received at least two vaccination doses.

Operationally, the period under review has seen continued excellent progress with the changes implemented by the management team bearing fruit, as can be seen by the record results delivered for the year ended 31 December 2021. The Company made record gold sales of 72,447 oz, equating to record gold sales proceeds of US$130 million. This was achieved through record average gold recovery rates of approximately 85% for the year, a steady increase from the 2018 average of 58%. Additionally, a significant amount of work was done to review and complete a detailed new mine design, whilst at the plant, gold recovery is now consistently achieving more than 80%, a testament to all the critical actions taken by the team.

The accelerated repayment of the Company's debt has remained a key focus. The Company has made significant progress in this area, reducing our total debt by US$21.5 million during the period. As a result, the Company expects its Senior Debt facility to be repaid in full during Q4 2022. At such time, the Company's mezzanine debt facility will revert to an interest rate of 7% per annum, down from 15% per annum. This will be a very considerable achievement, having very significant positive ramifications for the future development of the business, enabling the Company to utilise funds that would have been earmarked for debt repayments for exploration and appropriate M&A activities.

ESG (environment, social and governance) remains at the forefront of what we do at Metals Exploration. We have a long track record of operating in the Philippines, with over 98% of our workforce being Filipino. Working with the local communities where we operate, as mentioned above, remains a core part of our business and strategy. We continue to prioritise the development of our local community and have strong partnerships with the various national agencies and local governments from Barangay to the Provincial level. Our community programme remains focused on health, education and infrastructure building, amongst others, and we have adapted our programmes with further community support to provide food and relief supplies to local communities/families during the COVID-19 pandemic.

From an environmental standpoint, we continue to ensure that we operate to the highest standards. We remain active in promoting responsible mining practices to actively reduce the potential environmental impacts of our operations and enhance the environmental performance in mined-out and disturbed areas. We are also responsible for planting over two million endemic and cash crop trees and have received multiple Best Forestry Management Program awards from the Philippine Government. As a Company and a business, the continued driving thrust will always remain towards the goal of sustainable development and reducing potential significant impacts of the Runruno operations upon the environment.

The Company remains well positioned and very focused on its strategy, focusing on near term mine growth and exploration to increase Runruno's life of mine beyond 2027. Why is this the focus? This will enable the Company to generate greater cash flow and provide a longer timeline to build the business.

On the exploration side, the Board believes there is exploration upside at Runruno, both in and out of pit, to extend current mine life. The Company to date has had very limited resources to allocate to further exploration of the areas surrounding Runruno. However, approvals have now been obtained to allocate funds to exploration, and it is anticipated that our accelerated exploration programme for 2022 will be a catalyst of resource growth.

The Company has significant technical expertise of operating in the Philippines. This combined with our operational and environmental track record and community relations building excellent relationships with the appropriate agencies and offices, leaves us very well positioned to look at appropriate in-country M&A opportunities. These opportunities, the Board believes, will create a larger and more structured business with multiple mines, which will have the ability to deliver significant shareholder value.

On behalf of the Board, I would like to take this opportunity to thank our entire workforce for all their efforts this year as well as all our stakeholders and investors for their continued support.

The Company is well positioned for the year ahead, with the accelerated repayment of our debt greatly strengthening our financial position. We will aim to continue to improve the operational performance at Runruno and now have an active exploration programme, which we believe will lead to further resource growth whilst also evaluating appropriate M&A opportunities. This strategy and outlook we believe will build a larger, better structured business which will be better equipped to deliver further value to all our shareholders. We look forward to providing further updates as we deliver this strategy.

David Cather
Independent Non-Executive Chairman
13 May 2022

BUSINESS REVIEW

GROUP VISION & MISSION STATEMENT
The Group's vision is to be the most admired gold producer in the Philippines. Our mission is to enhance the lives of our people and local communities through the responsible management of our natural resources, and to deliver resource development and performance that owners have confidence in and employees are proud of.

Well-defined values embedded into the business processes and structures along with consistent leadership actions and behaviors provide the foundation for corporate culture and its subsequent success. As a responsible mining company, we ensure that our Company's core values reverberate across all aspects of our business and represent the way we do business.

Evidence of adhering to these values is the excellent safety record that the Group's employees and contractors have achieved. As at the date of this report the Group has achieved in excess of 16 million man-hours with no lost time incidents occurring since the last lost time incident in December 2016. This is a remarkable achievement for an operation of this nature, and all employees and contractors are to be congratulated on this outstanding record.

COVID-19 IMPACT

As at the date of this report, management has been dealing the impact of COVID-19 and government imposed quarantine guidelines upon its Runruno operations for approximately 24 months. During this period, the Group has managed to limit the impact of COVID-19 on its personnel and operations such that it has continued mining and processing operations enabling it to continue to sell/export its gold doré.

The main impacts arising from the COVID-19 pandemic during 2021 have been disruption of on-site workforce activities due to on-site cases of the virus, increased expenditure on new health and safety measures and restrictions on the movement of people internationally in/out of the Philippines.

During 2021, in-line with an increase in infections across the Philippines, approximately 300 COVID-19 positive cases were recorded on the Group's mine site. Effective quarantine arrangements were, and continue to be, in place for positive case infected personnel and their traced close contacts. Strict mine site access protocols will continue for as long as necessary, to ensure our staff's safety and well-being, and the on-going mine operations. Actual mining and processing operations continued notwithstanding the need for personnel to be quarantined following these recorded positive cases. The COVID-19 cases detected and the Group's responses have been reported to the appropriate government agencies and the Group continues to be compliant with all relevant government directives with regards COVID-19.

A vaccination program undertaken by the Group, in conjunction with the local government health authorities, is continuing with over 93% of employees and contractors double vaccinated as at the date of this report. In addition, the Group provided various forms of health, food, financial and logistical assistance to the local community to assist them in dealing with the pandemic.

Social distancing measures and strict site access protocols will continue in place at the Runruno mine to minimise the risk of further COVID-19 outbreaks amongst the on-site personnel. Notwithstanding the above, an increase in the number of COVID-19 cases amongst on-site personnel could put the continuity of future mine operations at risk, at least for a temporary period.

Although the impacts of the COVID-19 pandemic continue, the results of the Group's efforts over the last 12 months in maintaining positive cash flow operations gives the Group reason to believe that COVID-19 will not have a material negative impact on the medium to long term future of the Group.

FINANCIAL YEAR 2021 ("FY2021") OVERVIEW

Notwithstanding ongoing COVID-19 pandemic impacts, for the third successive year the project produced an operational profit. Operational profit was US$29.4 million (2020: US$30.5 million) as the Runruno mine's operational performance in FY2021 consolidated upon positive improvements that first emerged during FY2019. Gold production for FY2021 was 73,206 ounces (2020: 67,552 ounces) which exceeded the Group's FY2021 production guidance of between 64,000 to 67,000 ounces. The increased gold production was achieved with average gold recovery improving by 17% from 72.2% in FY2020 to 84.5% in FY2021. The All-In-Sustaining-Cost (AISC) for FY2021 was US$1,281 per ounce (2020: US$1,259 per ounce), which was in line with the FY2021 AISC guidance of approximately US1,275 per ounce.

During FY2021 the gold price remained strong resulting in an average sales price of US$1,792 per ounce (2020: US$1,782 per ounce). Total sales for FY2021 were US$129.8 million, a 6.3% increase over the FY2020 sales proceeds.

Management's operational focus during FY2021 (when not COVID-19 restrained) was on improving plant performance and operational reliability. Mill throughput was maintained above nameplate design levels, while numerous modifications to the BIOX® circuit improved oxidation levels and the general performance of the BIOX® circuit.

During FY2021 the cash generated from operations was US46.5 million (FY2020: US$28.8 million). This enabled the Group to accelerate its senior loan repayments in accordance with the October 2020 restructured debt repayment arrangements. The restructured debt provides the Group with significant flexibility in repaying its borrowings while providing certainty of its ongoing financial stability.

Under the debt restructuring the Group no longer has an obligation to meet any fixed principal and interest repayment schedule. The Group's repayment obligation is now limited to making a quarterly repayment of that amount which equals the available working capital over and above a minimum US$5 million net working capital buffer.

As at year end, the Group had total debt, including unpaid interest, of US$103.6 million (2020: US$127.4 million). During FY2021 repayments of senior debt interest/principal totaled US$39.7 million (2020: US$12 million); while a further US$12.0 million in senior debt interest/principal repayments have been made since year end to date.

Refer to note 23 of the financial statements for full details of the Group's debt.

MINING OPERATIONS

Total material moved during FY2021 was slightly down on FY2020 at 10.8Mt (million tonnes) compared with 11.4Mt. Mining activity was negatively impacted by reliability issues with the Company's equipment fleet, longer than normal delays in sourcing certain essential replacement parts and a Philippine government ban on the usage and movement of explosives in Q1 2021.

Notwithstanding the continuing difficulties in accessing spare parts, the purchase of three 100 tonne Komatsu 785 dump trucks during 2020 resulted in lower mining equipment rental charges for FY2021.

Mining operations during FY2021 were concentrated in Stages 1 and 2 with mining of Stage 1 completed in Q4 2021, allowing in-pit backfilling to commence. Development of Stage 3 commenced during FY2021 with a secondary access constructed to the out of pit dump, optimizing the haul route for Stage 3 development material.

A major undertaking actioned during FY2021 was the peaceful removal of the majority of illegal miners from the Stages 3 and 4 mine plan areas. This programme was largely completed by the year-end however the responsibility for, and process of, removing the remaining small number of illegal miners now rests with the relevant government authorities.

Unfortunately, the Group's access to Stages 3 and 4 did not occur as early as planned due to delays in removing the illegal miners from these areas. Delays in accessing key areas of Stage 3 continued until access was achieved in early May 2022. These delays in having suitable access to Stage 3 has affected the 2021 mining schedule resulting in a reduction to the scheduled 2021 head grade, with higher grade material from Stage 3 being pushed into the Q4 2022 section of the mining schedule.

Notwithstanding the above noted access issues, the Group has commenced mining operations in, and continued its resource drilling programme in, Stages 3 and 4. In addition a small exploration drill programme in this area is underway to test for economic resources outside of the current mine plan pit-shell.

A planned cut-back to the east pit wall was completed during FY2021.

All relevant permits for operations remain in place for the Runruno mine.

GOLD RESERVE STATEMENT

In February 2022 the Company issued a new gold reserve statement as follows**:**

Table 1 – 2021 Ore Reserve estimate

Reserve	Ore	Gold	
Category	**Mt**	**g/t**	**M Oz**
Proved	-	-	-
Probable	9.94	1.35	0.43
Total	**9.94**	**1.35**	**0.43**
Inferred resources included in LOM model pit			
Inferred material	0.69	1.11	0.01

The 2021 Ore Reserve Statement is in line with a reconciled depletion reserve based on the previously issued 2020 Ore Reserve Statement, however with a slightly reduced overall gold grade. An infill drilling campaign provided data from 49 new drill-holes. Unfortunately drilling generally intercepted lower grades on the Western extensions of the ore body, in line with actual mining outcomes. This ongoing resource definition drill programme has moved into Stages 3-5 in an effort to improve the Group's certainty of gold resources and to improve its mine schedule planning.

PROCESS PLANT

Plant performance in FY2021 continued to show improvement in gold recovery from both the flotation and BIOX® circuits. During FY2021, the Group achieved an overall gold recovery from processing operations of 84.5%, a significant improvement upon FY2020 which was 72.2%. This represents a significant 46% improvement from the FY2018 levels of gold recovery of only 57.9%. Importantly, the average gold recovery for Q4 2021 was 89%, with average gold recovery levels continuing above 80% into FY2022. Total gold produced in FY2021 was 73,206 ounces compared to 67,552 ounces in FY2020.

Unplanned process plant downtime impacting on production during FY2021 included: tails line failures, SAG mill variable speed drive failure, and repairs to BIOX® agitator gearboxes, conveyor belts, crusher, return water lines and pumps.

Notwithstanding the above, the process plant crushed ore operations were above design throughput with the following points of note:

- The crushing and grinding circuit operated above design throughput, achieving an availability rate of 89.5% (2020: 90.6%) and processing 2.14Mt of ore (2020: 2.06Mt);
- The milling circuit operated adequately during FY2021 with incremental throughput being achieved whilst maintaining production at approximately 273t/hr (2020: 260t/hr). Unfortunately, a further attempt to commission a SAG mill variable speed drive was unsuccessful. No further attempts to install a SAG mill variable speed drive will be undertaken;
- The gravity circuit operated at close to design recoveries of 30%;

- Fine-tuning of the flotation circuit improved its performance ensuring incremental increases in recovery and improving concentrate grade for BIOX®. The circuit operated reliably with only minor maintenance issues;
- The CIL circuit achieved an overall CIL recovery of 90.8% (2020: 85.6%);
- A major upgrade of electrical cable to the mill and BIOX® resulted in a significantly more reliable power feed during the year, with a large drop in unplanned downtime due to electrical faults/power supply interruptions;
- During Q4 2021, the fourth blower to the BIOX® circuit became fully operational, improving the supply of air to (and hence overall performance of) the BIOX® system. Further improvement in BIOX® oxidation levels is anticipated once upgrades to the return water circuit are completed which will provide greater control of temperatures in the BIOX® system;
- The ancillary systems including counter current decantation, neutralisation, reagents, cyanide destruction and residue disposal circuits are all operating adequately; and
- The improved cash flows have enabled the Group to expand its inventory of critical spares reducing the risk of lost production from unplanned downtime.

RESIDUAL STORAGE IMPOUNDMENT (RSI)

The Group's tailings products are delivered to a residual storage impoundment (RSI) structure. This structure has been designed and is being constructed to international standards that relate to water storage dams. The standard to which the RSI is being constructed far exceeds international standards that apply to traditional mining tailings dam structures.

Although the RSI construction was at a rate slightly slower than budgeted, the RSI remains in compliance with local guidelines and local development requirements, although it has not reached the final design stage of being capable of successfully coping with a 'Probable Maximum Flood' event. Studies have determined the final in-rock spillway location and design of this is well developed. Construction of the final in-rock spillway is expected to commence in Q1 2023. This final in-rock spillway will ensure the RSI has the capacity to cope with a 'Probable Maximum Flood' event.

The performance of the RSI is continuously monitored by an independent international consulting group. In addition, an independent audit of the RSI design and its construction to date has recently been completed. This report has listed certain recommendations to improve the RSI compliance with relevant international standards which the Group will consider and adopt where appropriate.

COMMUNITY AND SOCIAL DEVELOPMENT

The Community Relations Department, the community interface arm of the Group, maintains strong partnerships with various national agencies and local governments from Barangay to Provincial level. They are primarily engaged in managing the implementation of identified and prioritised projects within the mandated Social Development and Management Program and other programmes under them as a component of the Group's commitment to its Corporate Social Responsibility (CSR).

It is the Group's objective to benefit its host communities by undertaking sustainable development within the community with programmes focused in the following key areas:

- Health;
- Education;
- Capacity building;
- Community development and empowerment;
- Enterprise development, improvement and networking;
- Infrastructure development; and
- Preservation and respect of socio-cultural values.

Total community programme expenditure for FY2021 was US$1.9 million, up from US$1.1 million in FY2020. The reach of the programmes extends to assist the residents of the Barangay of Runruno and surrounding Barangays, the Municipality of Quezon and the Province of Nueva Vizcaya.

During the COVID-19 crisis these programs have been adapted, with community support, to provide relief foods supplies, and other general assistance, to local communities/families particularly affected by the COVID-19 quarantine work restrictions. Approximately US$180,000 in COVID-19 related donations were made by the Group during the pandemic in FY2020 to neighbouring communities.

The relocation of illegal miners operating on the back of the existing operations in Stages 3 and 4 of the mine plan was a major issue to be tackled for which the Group had significant community support. As noted above, the Group continues to work closely with the local government to ensure the smooth relocation of the small number of people remaining in the mining areas. Agreed compensation packages were paid to those families that relocated and to date this undertaking has proceeded without incident.

SAFETY AND HEALTH

The COVID-19 pandemic during FY2021 provided many unique and new challenges for the Group to manage. Following outbreak of the pandemic, the Group invested heavily in implementing adequate site-wide social distancing and site access protocols that were successful in keeping the project site COVID-19 free until April 2021. Positive cases recorded from April 2021 had a limited impact on operations and were dealt with in accordance with Philippine Government regulations.

Otherwise, there were no material safety and health incidents throughout the project site. A safe working culture is actively promoted by a dedicated occupational health and safety department and is embraced across the Runruno site and in all departments, with all staff recognising their individual responsibilities for their own safety and the safety of others. As noted above the operation has achieved in excess of 16 million man-hours with no lost time incidents.

ENVIRONMENT

The Group is active in promoting and implementing “responsible mining” practices. It is a leader in the Philippine mining industry in its environmental and environmental rehabilitation practices. The Group recognises good environmental management as a key parameter in its CSR charter. The Group maintains and promotes its commitment to the effective stewardship, protection and enhancement of the environment in and around the areas where it operates, including the conduct of its business in an environmentally sound manner. This is the driving thrust towards the goal of sustainable development and reducing potential significant impacts of the Runruno operations upon the environment.

REFORESTATION AND REHABILITATION

The Group has continued to actively reduce the potential environmental impacts of its operations. It undertakes this obligation through immediate and continuous rehabilitation activities and by the re-greening of disturbed areas, establishment of protection forests and the provision of habitat for wildlife within the FTAA area. These programmes demonstrably improve the environment within and surrounding the Group’s operations and are designed for beautification, stabilisation, to off-set green-house gas emissions and the impacts of the Group’s operations. Through its various programmes, the Group has been responsible for planting over 2 million endemic and cash crop trees.

A total of 8.81 hectares were rehabilitated during FY2021 (2020: 7.17 hectares) bring the total area rehabilitated since commencement of mining to 35.62 hectares.

As a manifestation of our unwavering and exemplary commitment, the Group has received awards from the Philippine government Best Mining Forest Contest for five consecutive years (2017-2021).

GREENHOUSE GAS EMISSIONS DISCLOSURE

The Group recognises its social responsibility to minimise its greenhouse gas emissions (GHG) as far as economically practicable.

Regulations made under the UK Companies Act 2006 requires the Group, to the extent practicable, to obtain relevant information on the Group's annual quantity of GHG emissions, which is reported in tonnes of carbon dioxide equivalent, and the Group's energy consumption.

Scope 1 refers to direct GHG emissions from operations that are owned or controlled by the Group, primarily emissions from fuel consumed by haul trucks, other vehicles and stationary plant at the Runruno project. These GHG emissions are regularly reported to the Philippines mines department.

The calculation of GHG emissions is based on activity data, i.e. monitoring of fuel consumption rates, fuel composition, etc multiplied by industry produced conversion factors.

Scope 2 GHG emissions are indirect emissions from the generation of purchased electricity consumed by operations that are owned or controlled by the Group. Group Scope 2 emissions have been calculated using the market-based method using Philippine government recorded supplier-specific emission factors.

The Group's total carbon footprint (generated outside of the UK) for the last two financial years were measured as follows:

	2021 CO_2e Tonnes	2020 CO_2e Tonnes
Scope 1 GHG emissions	24,823	36,353
Scope 2 GHG emissions	72,291	69,263
Operational GHG emissions Total	97,114	105,616
	Total CO_2e Tonnes per ounces gold sold	Total CO_2e Tonnes per ounces gold sold
Operational GHG Emissions Intensity	1.33	1.54

ENVIRONMENTAL MONITORING

The Group maintains very high compliance standards and employs industry leading initiatives to ensure the highest environmental performance. It regularly conducts its own internal comprehensive environmental monitoring program to ensure compliance with its licence provisions, Philippine Regulations and any appropriate contemporary Standards. These programmes extend to reference sites outside the immediate operational area and are used to provide reference and base-line data for future use. The Government programmes quarterly monitoring by an independent, community based Multipartite Monitoring Team. The Group also engages an independent third party consultant group specialising in environment monitoring services to conduct independent monitoring of its environmental performance.

LEGAL COMPLIANCE

High compliance standards are practiced across the Group. A large site based team is dedicated to managing the high levels of compliance mandated within the Philippines. The site is regularly audited with upwards of sixty (60) audits, verifications or reviews of its operations undertaken annually by the various regulators. The wide range of permits to operate in the Philippines are secured from more than a dozen Government agencies and regulators.

OUTLOOK

Notwithstanding potential impacts from the continuing COVID-19 pandemic, FY2022 operations should maintain the efficiencies that have been developed over the past three years such that free cash flow is maintained from a stable consistent level of mining and gold production. However, gold production may be impacted in the short term due to changes in the mine plan to cater for the land access issues detailed above.

Efforts will continue in both in-pit shell and out-pit shell drilling in an endeavor to add further resources to the Group's gold inventory. The Group's positive operational cash-flows will, in the main, continue to be utilised to reduce the Group's senior loan facility as quickly as possible. It is expected that this facility will be fully repaid during Q4 2022.

Further, the operational stability and positive cash flows will allow the Group to investigate other mining opportunities with an initial focus on Philippine projects.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group are listed in the Directors' Report included within the full annual report and accounts.

BOARD ENGAGEMENT WITH STAKEHOLDERS – SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, and would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

The Directors uses its Board meetings as a mechanism for giving careful consideration to the factors set out above in discharging their duties under section 172.

Stakeholder engagement

Key stakeholder groups we engage with are listed below, together with an explanation of why we focus on them and how we engage them.

Employees

The success of the Group is dependent upon the hard work and dedication of all our employees. The Board ensures a continuing investment in existing employees who are supported through professional, technical and on-the-job training relevant to their functional areas. The Board directs executives and senior managers to keep staff informed of the progress and development of the Group on a regular basis through formal and informal meetings and regular communications. In addition, the Board ensures funds are provided for regular events to encourage employee participation in local community initiatives. The Board is conscious of its social obligation to impart skills and knowledge onto local Philippine employees. Accordingly over 98% of the Group's workforce is Philippine. Workforce gender diversity policies are actively followed with approximately 36% of the workforce being female.

Government Agencies & Local Communities

The Group operates in the highly regulated mining business in the Philippines. The Board ensures the Company adopts a positive focus on maintaining productive relations with local communities and all levels of government. As a result the Chief Executive Officer and senior managers regularly conduct consultations with multi-levels of government agencies to ensure that all regulatory approvals and permits remain in good order. Development of local community improvement programmes are undertaken with consultation of local government and community representatives.

Contractors & Suppliers

Our contractors and suppliers are key business partners, and the quality of goods and services we receive are essential to supporting operations and to provide the Group with the opportunity to produce positive cash flows.

Improved relationships with our key contractors and suppliers were evidenced during the early stages of the COVID-19 pandemic. The support generated from key contractors and suppliers was crucial in enabling the Group to continue to operate. As directed by the Board, management collaborates and continually works with our contractors and the full supply chain, sharing best practice and seeking out synergies to improve performance.

Lenders
For the entire reporting period, the CEO and the CFO, on behalf of the Board, were in regular contact with its lenders regarding the Group's performance and to ensure expectations are properly managed.

Customers
The Group's business in mining and selling gold doré means it only deals with a small number of end customers, being refiners of doré and/or gold concentrate. The Board ensures a close relationship is maintained with senior personnel at each customer group.

Investors
Investors are considered key stakeholders, and consequently investor relations are a focus area for Directors. Where possible the Board engages investors on Group performance following trading updates and results announcements with face to face meetings and scheduled calls.

Approved by the Board of Directors and signed on behalf of the Board.

Darren Bowden, *Chief Executive Officer*
13 May 2022

Competent Persons' Statement
The information contained in this report that relates to the 2021 Gold Reserves Estimate was compiled by Paola Tuyor of Metals Exploration and reviewed and verified by Grant Walker of Xenith Consulting. Mr Walker is a Member of The Australasian Institute of Mining and Metallurgy and is a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in the Report.

Mr Darren Bowden, a director of the Company, a Member of the Australasian Institute of Mining and Metallurgy and who has been involved in the mining industry for more than 25 years, has compiled, read and approved the technical disclosure in this regulatory announcement in accordance with the AIM Rules - Note for Mining and Oil & Gas Companies.

Forward Looking Statements
Certain statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Metals Exploration plc and the Group, planned work at the Company's projects and the expected results of such work contained herein are forward-looking statements which are based on current expectations, estimates and projections about the potential returns of the Group, industry and markets in which the Group operates in, the Directors' beliefs and assumptions made by the Directors. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: "expects", "plans", "anticipates", "forecasts", "believes", "intends", "estimates", "projects", "assumes", "potential" or variations of such words and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when a project is actually developed.

These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties and assumptions that are difficult to predict, qualify or quantify. Among the factors that could cause actual results or projections to differ materially include, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realise the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in *events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules*

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	***2021*** ***US$***	***Restated 2020*** ***US$***
Continuing Operations			
Revenue	3	129,843,489	122,098,677
Cost of sales		(91,977,555)	(83,258,806)
Gross profit		37,865,934	38,839,871
Administrative expenses		(8,475,303)	(8,377,651)
Operating profit	4	**29,390,631**	**30,462,220**
Impairment loss	8/13	(1,450,078)	(2,328,414)
Loss on sale of assets		(78,206)	-
Net finance and other costs	8	(16,232,196)	(18,703,012)
Provision for loss on derivatives	20	(332,996)	-
Share based payment expense	26	(10,982)	-
Share of profit of associates	15	18,232	2,625
Profit before tax		**11,304,405**	**9,433,419**
Tax expense	9/10	(11,769)	(19,749)
Profit for the period attributable to equity holders of the parent		**11,292,636**	**9,413,670**
Other comprehensive income:			
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(791,929)	3,281,701
Items that will not be re-classified subsequently to profit or loss:			
Re-measurement of pension liabilities		123,855	(28,655)
Total comprehensive profit for the period attributable to equity holders of the parent		**10,624,562**	**12,666,716**
Earnings per share:			
Basic cents per share	11	**0.55**	**0.45**
Diluted cents per share	11	**0.52**	**0.43**

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Notes	*2021* *US$*	*Restated 2020* *US$*	*Restated 2019* *US$*
Non-current assets				
Property, plant and equipment	12	95,941,405	103,159,132	106,978,695
Other intangible assets	13	70,115	52,030	49,567
Investment in associate companies	15	182,265	164,033	161,408
Trade and other receivables	16	5,529,628	5,500,577	4,222,863
		101,723,413	**108,875,772**	**111,412,533**
Current assets				
Inventories	17	17,217,885	14,620,743	9,478,457
Trade and other receivables	19	5,968,568	11,807,274	3,609,595
Cash and cash equivalents	18	4,736,970	8,931,792	4,818,981
		27,923,423	**35,359,809**	**17,907,033**
Non-current liabilities				
Loans	23	(78,856,268)	(98,150,386)	(11,282,574)
Retirement benefits obligations	21	(1,950,535)	(1,799,862)	(973,000)
Deferred tax liabilities	10	(805,680)	(808,757)	(812,481)
Provision for mine rehabilitation	24	(4,015,050)	(3,291,388)	(2,880,092)
		(85,627,533)	**(104,050,393)**	(15,948,147)
Current liabilities				
Trade and other payables	22	(10,328,000)	(12,032,486)	(14,355,288)
Loans - current portion	23	(23,834,279)	(29,264,218)	(112,794,363)
Derivative liabilities	20	(332,996)	-	-
		(34,495,275)	**(41,296,704)**	**(127,149,651)**
Net assets/(liabilities)		**9,524,028**	**(1,111,516)**	**(13,778,232)**
Equity				
Share capital	25	27,950,217	27,950,217	27,950,217
Share premium account		195,855,125	195,855,125	195,855,125
Acquisition of non-controlling interest reserve		(5,107,515)	(5,107,515)	(5,107,515)
Translation reserve		14,668,476	15,460,405	12,178,704
Re-measurement reserve		162,003	38,148	66,803
Other reserves	26/27	1,537,919	1,526,937	1,526,937
Profit and loss account		(225,542,197)	(236,834,833)	(246,248,503)
Equity attributable to equity holders of the parent		**9,524,028**	**(1,111,516)**	**(13,778,232)**

The financial statements were approved by the Board of Directors on 13 May 2022 and were signed on its behalf by:

Darren Bowden, *Chief Executive Officer*
13 May 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	*Share premium account*	*Acquisition of non-controlling interest reserve*	*Translation reserve*	*Re-measurement reserve*	*Other reserves*	*Profit and loss account*	*Total equity*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Restated balance at 1 January 2021	**27,950,217**	**195,855,125**	**(5,107,515)**	**15,460,405**	**38,148**	**1,526,937**	**(236,834,833)**	**(1,111,516)**
Exchange differences on translating foreign operations	-	-	-	(791,929)	-	-	-	(791,929)
Change in pension liability	-	-	-	-	123,855	-	-	123,855
Profit for the year	-	-	-	-	-	-	11,292,636	11,292,636
Share-based payment	-	-	-	-	-	10,982	-	10,982
Total comprehensive income/(loss) for the year	-	-	-	(791,929)	123,855	10,982	11,292,636	10,635,544
Balance at 31 December 2021	**27,950,217**	**195,855,125**	**(5,107,515)**	**14,668,476**	**162,003**	**1,537,919**	**(225,542,197)**	**9,524,028**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Acquisition of non-controlling interest reserve; being the amounts recognised on acquiring additional equity in a controlled subsidiary
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Re-measurement reserve: being the cumulative actuarial gains and losses, return on plan assets and changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) recognised in other comprehensive income
- Other reserves: being the cumulative fair value of warrants associated with certain mezzanine debt facilities and share-based payments expense
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	*Share premium account*	*Acquisition of non-controlling interest reserve*	*Translation reserve*	*Re-measurement reserve*	*Other reserves*	*Profit and loss account*	*Total equity*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Restated balance at 1 January 2020	**27,950,217**	**195,855,125**	**(5,107,515)**	**12,178,704**	**66,803**	**1,526,937**	**(246,248,503)**	**(13,778,232)**
Exchange differences on translating foreign operations	-	-	-	3,281,701	-	-	-	3,281,701
Change in pension liability	-	-	-	-	(28,655)	-	-	(28,655)
Profit for the year	-	-	-	-	-	-	9,413,670	9,413,670
Total comprehensive income/(loss) for the year	-	-	-	3,281,701	(28,655)	-	9,413,670	12,666,716
Restated balance at 31 December 2020	**27,950,217**	**195,855,125**	**(5,107,515)**	**15,460,405**	**38,148**	**1,526,937**	**(236,834,833)**	**(1,111,516)**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Acquisition of non-controlling interest reserve; being the amounts recognised on acquiring additional equity in a controlled subsidiary
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Re-measurement reserve: being the cumulative actuarial gains and losses, return on plan assets and changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) recognised in other comprehensive income
- Other reserves: being the cumulative fair value of warrants associated with certain mezzanine debt facilities
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	*2021* *US$*	*Restated 2020* *US$*
Net cash generated from operating activities	28	**46,515,768**	**28,809,449**
Investing activities			
Exploration expenses incurred		(338,203)	(17,523)
Purchase of property, plant and equipment		(11,542,751)	(12,731,516)
Purchase of intangible assets		(45,993)	(58,920)
Proceeds from sale of plant and equipment		60,000	250,000
Net cash (used in) investing activities		**(11,866,947)**	**(12,557,959)**
Financing activities			
Repayment of borrowings	29	(39,675,000)	(12,000,000)
Net cash (used in) financing activities		**(39,675,000)**	**(12,000,000)**
Net (decrease)/increase in cash and cash equivalents		(5,026,179)	4,251,490
Cash and cash equivalents at beginning of year		8,931,792	4,818,981
Foreign exchange difference		831,357	(138,679)
Cash and cash equivalents at end of year		**4,736,970**	**8,931,792**

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Notes	*2021 US$*	*2020 US$*
Non-current assets			
Investment in subsidiaries	14	-	-
Current assets			
Trade and other receivables	19	88,729,224	65,045,652
Cash and cash equivalents	18	199,978	569,732
		88,929,202	**65,615,384**
Non-current liabilities			
Loans	23	(78,856,268)	(67,596,759)
Trade and other payables		(78,895)	-
		(78,935,163)	**(67,596,759)**
Current liabilities			
Loans	23	-	-
Trade and other payables	22	(389,327)	(362,682)
Derivative liabilities	20	(332,996)	-
		(722,323)	**(362,682)**
Net assets/(liabilities)		**9,271,716**	**(2,344,057)**
Equity			
Share capital	25	27,950,217	27,950,217
Share premium account		195,855,125	195,855,125
Translation reserve		971,346	1,305,125
Other reserves	26/27	1,537,919	1,526,937
Profit and loss account		(217,042,891)	(228,981,461)
Equity attributable to equity holders of the parent		**9,271,716**	**(2,344,057)**

The Company has taken advantage of the exemption provided under section 408 of Companies Act 2006 not to publish an income statement or a statement of total comprehensive income. The total comprehensive income for the year ended 31 December 2021 dealt with in the financial statements of the Company was US$11,938,570 (2020: US$11,297,765).

The financial statements were approved by the Board of Directors on 13 May 2022 and were signed on its behalf by:

Darren Bowden; *Chief Executive Officer*
13 May 2022

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2021 & 31 DECEMBER 2020

	Share capital	*Share premium account*	*Translation reserve*	*Other reserves*	*Profit and loss account*	*Total equity*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
Balance at1 January 2020	**27,950,217**	**195,855,125**	**(940,976)**	**1,526,937**	**(240,279,226)**	**(15,887,923)**
Exchange differences on translating foreign currencies	-	-	2,246,101	-	-	2,246,101
Profit for the year	-	-	-	-	11,297,765	11,297,765
Total comprehensive income for the year	-	-	2,246,101	-	11,297,765	13,543,866
Balance at 31 December 2020	**27,950,217**	**195,855,125**	**1,305,125**	**1,526,937**	**(228,981,461)**	**(2,344,057)**
Exchange differences on translating foreign currencies	-	-	(333,779)	-	-	(333,779)
Profit for the year	-	-	-	-	11,938,570	11,938,570
Share-based payment	-	-	-	10,982	-	10,982
Total comprehensive income for the year	-	-	(333,779)	10,982	11,938,570	11,615,773
Balance at 31 December 2021	**27,950,217**	**195,855,125**	**971,346**	**1,537,919**	**(217,042,891)**	**9,271,716**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Translation reserve; being the foreign exchange differences arising on the change of presentational currency and upon on the translation of foreign currencies
- Other reserves: being the cumulative fair value of warrants associated with certain mezzanine debt facilities and the share-based payments expense
- Profit and loss account; being the cumulative loss attributable to equity shareholders

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	*2021* US$	*2020* US$
Net cash (used in)/provided by operating activities	28	**(364,719)**	**83,999**
Cash and cash equivalents at beginning of year		569,732	565,166
Foreign exchange difference		(5,035)	(79,433)
Cash and cash equivalents at end of year		**199,978**	**569,732**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

The principal accounting policies are summarised below. Except as elsewhere disclosed, the accounting policies have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation

The financial information has been prepared on a historical cost basis, except for derivative financial instruments, which are measured at fair value, and in accordance with UK-adopted international accounting standards.

For the Group and its subsidiaries US Dollars is both the functional and presentational currency. Although the Company's functional currency is pounds sterling, it uses US Dollars as its presentational currency, to better reflect the underlying performance of that entity.

Restatement of effects of foreign exchange movements

The prior period consolidated statement of profit and loss, consolidated financial position, consolidated statement of changes in equity and related notes have been restated to correct past treatment of foreign exchange movements in inter-group loans.

A review of the prior year treatment of the effect of foreign currency movements upon inter-group loans determined that the Group had been inconsistent in the application of its judgements as to whether inter-group loans were to be treated as 'monetary assets' or a 'net investment in subsidiaries'. In addition inconsistencies were noted in the foreign exchange rates applied throughout the consolidation process.

As a result, it was determined that the prior period allocation of foreign exchange movements on inter-group loans between the profit and loss and translation reserve required recasting as shown below.

Consolidated statement of comprehensive income

	As previously stated	Restatement adjustment	Restated balance
	US$	**US$**	**US$**
Impairment loss	(1,292,814)	(1,035,600)	(2,328,414)
Net finance and other costs	(19,403,985)	700,973	(18,703,012)
Profit for the year	9,768,046	(334,627)	**9,413,670**
Other comprehensive income			
Exchange differences on translating foreign operations	2,947,074	334,627	3,281,701
Total comprehensive profit for the period attributable to equity holders of the parent	**12,666,716**	**-**	**12,666,716**
Earnings per share – Basic cents per share	0.47		0.45
- Diluted cents per share	0.46		0.43

Impact on statement of financial position

	Translation reserve	Profit and loss account
	US$	**US$**
Balance as originally stated at 1 January 2020	14,744,085	(248,813,884)
Restatement adjustment	(2,565,381)	2,565,381
Balance as restated at 1 January 2020	12,178,704	(246,248,503)
Movements as originally stated	2,947,074	9,748,297
Restatement adjustment	334,627	(334,627)
Balance as restated at 31 December 2020	15,460,405	(236,834,833)

Going concern
The consolidated financial statements of the Group have been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

To date the Group has managed to limit the negative impact of COVID-19 on its operations despite recording approximately 300 on-site positive cases of COVID-19 during FY2021. The main impacts to have arisen during 2021 from the COVID-19 crises were maintaining on-site rosters while affected personnel were isolating and the difficulty in moving personnel in/out of the Philippines. Although the pandemic continues, COVID-19 related pressures are being well managed. Indeed the Group's ability to keep the project in a positive cash flow position since the commencement of the pandemic gives reason to believe the impact of COVID-19 will not affect the future going concern status of the Group.

Indeed, operational performance during 2021 consolidated on the production improvements that first became evident during 2019 and, notwithstanding COVID-19 impacts, produced a consolidated operating profit of US$29.4 million. Since year end normal operations have continued and positive free cash flows are expected to continue.

Although the Group's current liabilities continue to exceed its current assets, primarily due to the estimated external borrowings the Group expects to repay within the next 12 months, there is no obligation to adhere to a set loan principal or interest repayment schedule. The Group's October 2020 debt restructure removed any set principal or interest repayment schedule. Excess free cashflow is only required to be paid to lenders on a minimum quarterly basis when net working capital is in excess of US$5million. In addition, the Group is not in default if it is unable to make a lender quarterly repayment.

As a result of this debt restructure, and the ongoing existence of a US$5million positive net working capital balance, together with the sustained positive cash flows currently being produced (and expected to be produced in the future) by the Runruno Project, the Directors believe there is no material uncertainty over the Group's going concern.

The Board believes that the Runruno Project will continue to operate successfully and produce positive cash flows ensuring the continuing viability of the Group, and the Company, and their ability to operate as a going concern, meeting their commitments as and when they fall due.

As a result the Board considers it appropriate that the financial statements should be prepared on a going concern basis.

Changes in accounting policies and disclosures
The accounting policies and disclosures applied in the preparation of these financial statements are consistent with the accounting policies and disclosures applied in the preparation of the prior period financial statements.

New standards and interpretations
The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective from the beginning of the accounting period on 1 January 2021. The new standards, interpretations and amendments effective from 1 January 2021 had no significant impact on the Group.

There are a number of international accounting standards, amendments to standards, and interpretations which have been issued that are effective in future accounting periods and which have not been adopted early. None of these standards, amendments to standards or interpretations are expected to have a significant effect on the Group.

Basis of consolidation
The Group financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2021. A subsidiary is an entity controlled, directly or

indirectly, by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiary companies have been included in the Group's financial statements from the date of acquisition when control was passed to the Group using the acquisition method of accounting. The Group financial statements include the results of the Company and its subsidiaries as if they were a single reporting entity. On consolidation, intra-Group transactions and balances are eliminated.

Foreign currency
Transactions in currencies different to the company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on the settlement of monetary items are recognised in the statement of total comprehensive income.

On consolidation, the assets and liabilities are translated to US Dollars at the rates prevailing at the balance sheet date. Income and expenses are translated at the average exchange rates for the period. Exchange differences are recognised within other comprehensive income in the consolidated statement of total comprehensive income.

Taxation and deferred tax
Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the statement of total comprehensive income 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 Company's liability for current tax is calculated using tax rates that have been substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base 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 only to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited, as applicable, as a taxation debit/credit to the statement of total comprehensive income, except when it relates to items charged or credited directly to other comprehensive income in which case, the deferred tax is recognised in the other comprehensive income section within the statement of total comprehensive income.

Deferred tax assets and liabilities are offset when the Group 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, on either the same taxable Group Company or different Group entities, which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Share based payments
The Company may enter into equity-settled share-based transactions with its Directors, employees of its subsidiaries, its contractors or its lenders in which the counterparty provides services/goods to the Company in exchange for remuneration in the form of certain equity instruments of the Company. The equity instruments can comprise of shares, warrants and share options.

The services/goods received by the Company in these share-based transactions are measured by reference to the fair value of the equity instruments at the date of grant and are recognised as an expense in the statement of total comprehensive income with a corresponding increase other reserves in equity.

Inventories
Inventories of finished goods (bullion), gold in circuit and stockpiles of processed ore are brought to account and stated at the lower of costs and estimated net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Costs are assigned to ore stockpiles and gold in circuit items of inventory based on weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business (excluding derivatives) less the estimated costs of completion and the estimated costs necessary to make the sale.

Consumables have been valued at cost less an appropriate provision for obsolescence. Cost is determined on a first-in-first-out basis.

Intangible assets
Exploration costs
Costs relating to the exploration of precious and base metal properties are capitalised as intangible assets in the balance sheet once the Group has obtained the legal right to explore an area.

Capitalised exploration costs are reclassified to tangible assets once technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The capitalised exploration costs are tested for impairment annually.

Where exploration costs have been incurred and capitalised for a specific tenement and the commercial and technical requirements to demonstrate positive economic returns using approved mining techniques has not been established, the Company recognises these costs as an intangible asset and tests these costs annually for impairment. These costs are considered fully impaired unless the results of exploration indicate the presence of mineral resources that have the potential to be defined as an inferred resource in accordance with industry standards.

Other intangible assets
Intangible assets acquired separately are initially recognised at cost. Intangible assets acquired as part of a business combination are measured at their fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Amortisation charges are recognised in cost of sales. Computer software is amortised over its expected useful life of 3 years using the straight-line method. Licences acquired to support mining operations will be amortised over the expected useful life of the mining operation (or the term of the licence if shorter) when development is complete and mining commences. Intangible assets are tested annually for impairment.

Property, plant and equipment
Property, plant and equipment are initially recognised at cost plus directly attributable expenses and are subsequently carried at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated over their expected useful lives, using the straight-line method.

The classes of depreciable assets, their expected useful lives and their depreciation methods are:

Buildings & leasehold improvements	10 years	Straight-line
Drilling equipment	5 years	Straight-line
Motor vehicles	3-5 years	Straight-line
Fixtures, fittings and equipment	3 years	Straight-line
Process plant	applying the units of production over the useful life of the mine.	
Residual Storage Impoundment	applying the units of production over the useful life of the mine.	
Mining properties	applying the units of production over the useful life of the mine.	

Mining properties costs have arisen entirely because of a reclassification of the intangible assets deferred exploration costs, advances to surface occupants, and mining licenses. As of 20 October 2011, the extraction of gold from the Runruno site was assessed as being both technically feasible and commercially viable. Further costs since this date have been capitalised directly to mining properties.

Construction in progress tangible assets have been incurred after 1 December 2011, the date the board of Directors announced that the Group had moved into the capital construction phase of its development. The costs were substantially incurred throughout 2012 to 2017.

Construction in progress costs are allocated to a property, plant and equipment tangible asset category, once the relevant asset has been assessed as being available for use as intended by management. The costs will be treated as being reclassified and will be depreciated according to the adopted method of the appropriate asset category.

The right-of-use assets are recognised for all leases, except for low value assets and/or short duration leases. These assets are measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date. The Group will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Investments

Investments in subsidiaries are recognised at cost less any impairment losses in the Company accounts.

Equity accounting is applied to investments in associates on a Group basis. Investments in associates are recognised at the cost of investment as adjusted for post-acquisition changes in the Group's share of net assets of the associate. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Provision for mine rehabilitation and decommissioning

Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) at the end of the reporting period when the related environmental disturbance occurs, based on the estimated future costs using information available at the end of the reporting period. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is classified as net finance and other costs in the statement of total comprehensive income. At the time of establishing the provision, a corresponding asset is capitalised and depreciated over future production from the operations to which it relates.

The provision is reviewed on an annual basis for changes to obligations or legislation or discount rates that affect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depreciated prospectively.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each end of the reporting period and the cost is charged to the statement of total comprehensive income.

Revenue recognition

Gold sales

The Group is principally engaged in the business of producing gold. Revenue is recognised when the Group transfers control of its gold to a customer at the amount at which payment is expected. Sales revenue represents the gross proceeds receivable from the customer.

For gold sales, the enforceable contract is each purchase order, which is an individual, short-term contract, while the performance obligation is the delivery of the metals.

Recognition of sales revenue for the gold is based on determined metal in concentrate and the London Bullion Market Association (LBMA) quoted prices, net of smelting and related charges.

Revenue is recognized when control passes to the customer, which occurs at a point in time when the metal concentrate is credited to the buyer's account and provisionally paid by the buyer. Under the terms of offtake agreements with the customer, the Company issues a provisional invoice for the entire volume of concentrate loaded to the customer's vessel. Final invoice is made thereafter upon customer's outturn of concentrates delivered and submission of their final assay report. Adjustment is accordingly made against the final invoice with respect to provisional collections received by the Company within two days to determine amounts still owing from/to customers.

As the enforceable contract for the arrangements is the purchase order, the transaction price is determined at the date of each sale (i.e., for each separate contract) and, therefore, there is minimal future variability within scope of IFRS 15 and no further remaining performance obligations under those contracts.

Revenue from the sale of by-products such as silver is accounted for as a credit to the cost of sales.

Financial instruments
<u>Financial Assets</u>
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

Financial assets at amortized cost (debt instruments)
The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

<u>Financial liabilities</u>
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as economic, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include payables, loans and borrowings and derivative forward contracts.

Subsequent measurement
Payables
This category pertains to financial liabilities that are not held for trading or not designated as at fair value through profit or loss upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and accrued liabilities).

Payables are recognised initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction cost.

As at December 31, 2021 and 2020, the Company's payables include trade and other payables.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statements of total comprehensive income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of total comprehensive income.

Derivative assets and liabilities
Derivative financial instruments (e.g. commodity derivatives such as forwards and options to economically hedge exposure to fluctuations in gold prices and foreign exchange rates) are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives are accounted for at fair value through profit or loss, where any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss for the year. As at 31 December 2021, the derivative instruments held by the Group were gold price put/call option contracts and USD:PHP exchange rate forward contracts.

Both the Group and the Company have recognised derivative assets and liabilities arising from the forward put/call option contracts for gold sales and exchange rate forward contracts as at 31 December 2021.

Compound financial instruments
Compound financial instruments comprise both liability and equity components. At issue date, the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option. The liability component is accounted for as a financial liability. The difference between the net issue proceeds and the liability component is the equity component, and is accounted for as equity.

Any transaction costs associated with the issue of a compound financial instrument are allocated in proportion to the equity and liability components.

The interest expense on the liability component is calculated by applying the effective interest rate for the liability component of the instrument. The difference between the interest expense and the interest payments made are included in the carrying amount of the liability.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates, assumptions and judgements that affect the application of policies, and reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from reported amounts in the financial statements.

The key sources of estimation uncertainty and judgements which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are:

Judgements

Impairment and impairment reversals of assets

The Group assesses at each reporting date whether there are any indicators that its assets and cash generating units (CGUs) may be impaired or require previous impairment provisions to be reversed. Operating and economic assumptions which could affect the valuation of assets using discounted cash flow models are regularly reviewed and updated as part of the Group's monitoring of operational and financial performance and forecasting processes. Judgement is required in determining the level at which these assessments are made, be that at the asset or cash generating unit level. Further judgment of whether operating and economic changes are significant and impact the performance potential of an asset or CGU is required. These judgements determine whether there is an indication of impairment or an impairment reversal required. Assets that have previously been impaired must be assessed for indicators of both further impairment and impairment reversal. Such assets are recorded in the consolidated balance sheet at their recoverable amount at the date of the last impairment assessment (less annual depreciation/amortisation); therefore a change in operational plans, assumptions or economic conditions could result in further impairment or an impairment reversal if an indicator is identified.

Treatment of foreign currency movement on inter-company debt

The Group accounting policy in relation to foreign currency is consistent with, and governed by, the International Accounting Standard IAS21 – The Effects of Changes in Foreign Exchange Rates.

This standard considers treatment of currency movements on inter-group loans and whether inter-group loans are to be classified as a 'monetary asset' (with currency movements treated within profit and loss), or as a part of the Company's net investment in subsidiaries (with currency movements taken directly to the foreign translation reserve). Under the standard, an inter-group loan for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance a part of the entity's net investment in subsidiaries.

The Group parent company has made significant advances to its subsidiaries over an extended number of years; which for many years there was no current/planned settlement expectation. These advances are currently at call interest free loans. These balances have historically been treated as investment in foreign operations (up to an including within the current period), however, expectations over the repayment of portions of the loans has changed (refer note 8(b)) and as such where loan repayments are to be expected in the short term these portions will be moved out of the Net investment in foreign operations allocation for the purposes of consolidation accounting.

Judgement is therefore required to determine whether the inter-company loans are treated as monetary assets, with currency movements taken to profit and loss, or whether they are treated as a portion of the Company's net investment in subsidiaries, with currency movements taken directly to foreign translation reserve. This judgement may change in from period to period for some, or all, of the inter-company loan amounts.

Estimates

Current v Non-current borrowings

Under the Group's restructured debt arrangements there is no fixed schedule of interest and principal repayments. Rather the Group's repayment obligation is now limited to making a minimum quarterly repayment of that amount which equals the available net working capital (NWC) over and above a US$5 million NWC buffer. If at the end of any quarter the NWC is less than US$5 million there is no debt repayment obligation and there is no resultant event of default if no repayment is made.

As a result the amount of debt principal that will be repaid within 12 months from balance sheet date is not known with certainty. Thus the amount of debt principal that is classified as either a current liability (payable within 12 months), or a non-current liability (payable after 12 months) needs to be estimated.

In order to estimate the amount of debt principal that will be repaid within the next 12 months the Group has taken into consideration the following:

- The level of debt repayments made during 2021; and
- Forecast minimum debt repayment obligations based upon predicted cash flows for the 2022 year after taking into consideration:
    - Current gold prices and industry consensus forecast gold prices for the remainder of 2022;
    - Current and forecast levels of gold recovery and gold production; and
    - Current and forecast operational and CAPEX costs (AISC).

The outcome of these considerations was to estimate that US$36 million in principal and interest payments will be made in FY2022 (2021: US39.7 million); of which it is estimated that US$24.57 million of Group debt principal owing as at 31 December 2021 is to be settled (US$nil of Company debt principal owing as at 31 December 2021). Thus it was estimated that US24.57 million of Group debt principal and no Company debt principal is considered a current liability.

Impairment and impairment reversals of assets
An annual review is made of the carrying amount of an asset which may not be recoverable, or has previously been subject to an impairment charge. An asset's carrying value is written down, or conversely written up, to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use). To determine value in use the Group reviews future operations using the latest life of mine (LOM) model detailing future cash flows that the Runruno operation is expected to produce. The key assumptions for these value-in-use calculations are those regarding risk discount rates, the price of gold, gold recovery levels, plant availability levels, changes in the resource statements and forecast changes in operational and CAPEX costs, the availability of economic funding and the ability to renew its mining permit(s).

The net present value of these expected future cash flows is used to determine if an impairment, or impairment reversal, is required.

The year ended 31 December 2021 review of the net present value of expected future cash flows did not result in either an impairment charge or an impairment charge reversal being raised against its mining properties, plant and equipment.

Recovery of intercompany receivable accounts
Receivables due from group companies are assessed under the expected credit losses model. In each case, the most appropriate assessment is for the Company to consider the output from the impairment tests and value-in-use calculations carried out in respect of the Group's mining properties, plant and equipment assets.

In both the years ended 31 December 2020 and 2021 the Company booked a partial reversal of a 2018 year impairment made against its loans receivable from its subsidiaries. These impairment reversals recognise the improved trading outcomes of operating subsidiaries such that it is estimated that the Company will receive a larger than previously estimated recovery of loans made to subsidiaries.

Refer to note 8 for detail on the impairment reversal/charges.

Determination of mineral resources and ore reserves

The determination of mineral resources and ore reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for pensions and for decommissioning and restoration.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated which may impact asset carrying values, depreciation and amortisation rates, deferred stripping costs and relevant provisions.

An updated estimation of mineral resources and ore reserves was calculated and publicised in February 2022. This new statement of mineral resources and ore reserves has been calculated and reported in accordance with the Aus.IMM “Australian Code for reporting of Identified Mineral Resources and Ore Reserves”; and was verified by Xenith Consulting, who are competent persons as identified by the Code.

Estimating gold-in-circuit and gold stockpile inventories
Gold-in-circuit is measured by the Company’s metallurgists based on the gold grade/recovery across different structures of the process plant. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained concentrates in dry metric tonnes is based on assay data, and the estimated recovery percentage is based on the expected processing outcomes. Stockpile tonnages are verified by periodic surveys. Refer to note 17.

Although regular assay data is collected and production recoveries closely monitored these estimates that are valid at the time of estimation may be significantly different to the final gold recovered once processing of the inventories is completed.

Recovery of VAT and other duties
Non-current receivables include amounts the Group believe it is entitled to recover from the Philippine government in respect of past paid VAT, stamp duty and import duties. The Company‘s Philippine operating subsidiary, FCF Minerals Corporation (“FCF”), operates the Runruno mine in accordance with the terms of a Financial and Technical Assistance Agreement (“FTAA”) with the Philippine government. Under the terms of the FTAA, FCF is exempt from numerous taxes including corporate income tax, VAT, stamp duty and import duty until July 2022. After July 2022 FCF is obligated to pay the above taxes plus a government ‘profit-share tax’ such that all government and business taxes equal at least 50% of the net cash surplus (as defined in the FTAA) generated by the Runruno mine.

Although the Group has been exempt from paying the above listed taxes since entering into the FTAA, it has nonetheless for operational reasons needed to outlay significant amounts in paying these various taxes. FCF is pursuing reimbursement of these payments through numerous court actions. Notwithstanding the terms of the FTAA, FCF has yet to successfully recover any of these amounts from the Philippine government.

In each year from 2018 to 2021 the Group has estimated that an impairment charge should be raised against this non-current receivable. Refer to note 16 for detail on the impairment charges.

Provision for environmental rehabilitation and decommissioning costs
The amount recognised as a provision represents management’s best estimate of the consideration required to complete the necessary restoration and rehabilitation activity at the end of the LOM. These estimates are inherently uncertain and could materially change over time. There is judgement in the input assumptions used in determining the estimated rehabilitation and decommissioning provision. Inputs used that require estimating include:

- closure costs, which are determined in accordance with regulatory requirements,

- inflation rate, which has been adjusted for a long-term view,
- risk-free rate, which is compounded annually and linked to the life-of-mine,
- the rate at which the progressive back-fill rehabilitation is undertaken,
- whether the final construction of the RSI facility is completed during normal operations, and
- life-of-mine and related Mineral Resources and Mineral Reserves.

Provision for Pensions

The Group makes provision for an unfunded, non-contributory defined benefit retirement plan covering substantially all regular employees who have rendered at least six months of continuous service. Benefits are dependent on the years of service and the respective employee's compensation. The valuation of the retirement plan obligation is estimated using the projected unit credit actuarial cost method, and calculated by an independent qualified consulting group. The principal estimates used in determining the defined benefit retirement plan obligations are listed in note 21.

3. Revenue

	2021	*2020*
	US$	*US$*
Sale of gold doré	129,171,321	120,098,576
Sale of gold concentrate	672,168	2,000,101
	129,843,489	122,098,677

All gold doré sales are made to a single refinery customer with 95% of sales proceeds received within 3-5 days of the gold doré having been shipped from the Runruno operation. The Group also sells small amounts of gold concentrate to a second refiner, with 50% of sales proceeds received upon export, with the balance received following further assaying and final processing.

4. Operating profit for the year is stated after charging:

	2021	*Restated 2020*
	US$	*US$*
Depreciation of property, plant and equipment (note 12)	19,341,675	16,925,778
Amortisation (note 13)	27,908	56,457
Foreign exchange losses	865,236	1,455,886
Staff costs (note 7)	10,692,885	11,561,960
Auditors remuneration (note 5)	196,523	216,751

5. Auditor's remuneration

	2021	*2020*
	US$	*US$*
Fees payable to the Group and Company's auditor for the audit of the Group and Company's accounts	134,573	156,871
Fees payable to the Company's auditor for other services	6,876	6,432
Fees payable to the Company's auditor for taxation compliance services	55,074	53,448
	196,523	216,751

6. Segmental analysis

Operating segments have been identified based on the Group's internal reporting to the Chief Operating Decision Maker ('CODM') and in particular the components of the Group which are regularly reviewed by the CODM. The operating segments included in internal reports are determined on the basis of their significance to the Group. The CODM has been determined to be the Board of Directors as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. The primary segments have been identified into three geographic areas of the UK, Philippines and Singapore. The CODM uses 'profit/(loss) before tax', 'cash & cash equivalents' and 'total liabilities' as the key measures of the segments' results and these measures reflect the segments' underlying performance for the period under evaluation.

The segment results for the year ended 31 December 2021 and 2020 and the reconciliation of the segment measures to the respective statutory items in the consolidated financial information are as follows:

6. Segmental analysis (continued)

Year ended 31 December 2021	UK	Philippines	Singapore	Total
	US$	US$	US$	US$
Segment results				
Sales revenue	-	129,843,489	-	129,843,489
Group operating (loss)/profit	(4,742,240)	34,149,063	(16,192)	29,390,631
Other income & charges	-	(1,794,056)	-	(1,794,056)
Finance costs	(12,321,582)	(3,910,614)	-	(16,232,196)
Loss on sale of assets	-	(78,206)	-	(78,206)
Share of profits of associates	-	18,232	-	18,232
(Loss)/profit before tax	**(17,063,822)**	**28,384,419**	**(16,192)**	**11,304,405**
Segment assets				
Segment tangibles & intangibles	-	96,011,520	-	96,011,520
Segment receivables & inventories	232,616	28,479,954	3,511	28,716,081
Segment cash	199,978	4,523,224	13,768	4,736,970
Equity-accounted investees	-	182,265	-	182,265
Total segment assets	432,594	129,196,963	17,279	129,646,836
Segment liabilities				
Segment loans	(78,856,268)	(23,834,279)	-	(102,690,547)
Segment trade & other payables	(468,222)	(11,797,471)	(12,842)	(12,278,535)
Segment provisions and retirement benefits obligations	-	(4,015,050)	-	(4,015,050)
Segment derivative liabilities	(332,996)	-	-	(332,996)
Segment deferred tax	-	(805,680)	-	(805,680)
Total segment liabilities	(79,657,486)	(40,452,480)	(12,842)	(120,122,808)
Total segment net (liabilities)/assets	**(79,224,892)**	**88,744,483**	**4,437**	**9,524,028**
Segment other information				
Amortisation of intangible assets	-	(27,908)	-	(27,908)
Depreciation of property, plant and equipment	-	(19,341,675)	-	(19,341,675)
Additions to property, plant and equipment	-	11,542,751	-	11,542,751

Segment net assets are analysed net of intercompany transactions.

The results of each segment have been prepared using accounting policies consistent with those of the Group as a whole.

6. Segmental analysis (continued)

Restated Year ended 31 December 2020	UK	Philippines	Singapore	Total
	US$	US$	US$	US$
Segment results				
Sales revenue	-	122,098,677	-	122,098,677
Group operating (loss)/profit	(4,944,095)	35,407,951	(1,636)	30,462,220
Other income & charges	-	(2,328,414)	-	(2,328,414)
Finance costs	(11,721,801)	(6,981,211)	-	(18,703,012)
Share of profits of associates	-	2,625	-	2,625
(Loss)/profit before tax	**(16,665,896)**	**26,100,951**	**(1,636)**	**9,433,419**
Segment assets				
Segment tangibles & intangibles	-	103,211,162	-	103,211,162
Segment receivables & inventories	49,973	31,875,110	3,511	31,928,594
Segment cash	569,732	8,360,611	1,449	8,931,792
Equity-accounted investees	-	164,033	-	164,033
Total segment assets	619,705	143,610,916	4,960	144,235,581
Segment liabilities				
Segment loans	(67,596,759)	(59,817,845)	-	(127,414,604)
Segment trade & other payables	(362,682)	(11,175,565)	(6,500)	(11,544,747)
Segment provisions and retirement benefits obligations	-	(5,578,989)	-	(5,578,989)
Segment deferred tax	-	(808,757)	-	(808,757)
Total segment liabilities	(67,959,441)	(77,381,156)	(6,500)	(145,347,097)
Total segment net (liabilities)/assets	**(67,339,736)**	**66,229,760**	**(1,540)**	**(1,111,516)**
Segment other information				
Amortisation of intangible assets	-	(56,457)	-	(56,457)
Depreciation of property, plant and equipment	-	(16,925,778)	-	(16,925,778)
Additions to property, plant and equipment	-	13,106,215	-	13,106,215

7. Staff numbers and costs - Group

	2021	2020
The average number of persons, including Directors, was:	*Number*	*Number*
Administration	20	19
Development & operations	794	700
	814	**719**

	2021	2020
Staff costs of the above persons were:	*US$*	*US$*
Wages and salaries	9,940,820	9,641,894
Social security costs	425,658	356,549
Retirement and pension costs	326,407	1,563,517
	10,692,885	**11,561,960**

Directors' emoluments:	**2021**	*Restated 2020*
	US$	*US$*
Directors		
D Bowden[1]	1,377,773	1,320,000[2]
D Cather[1]	95,634	-
A Chubb	51,222	-
S Smith[3]	23,036	-
A Stancliffe[3]	45,729	30,873
G Walker[4]	123,980	98,406
J Wrathall	51,223	-
	1,768,597	**1,449,279**

The Directors are considered to be the only members of key management personnel. The Directors' Report - Directors' remuneration section on page 21 includes details of the components of Directors' emoluments and forms part of these financial statements.

Relationship Agreements dated 23 October 2020 with MTL Luxembourg Sarl and Runruno Holdings Limited detail the terms of remuneration that each of these companies, and/or the respective Director, receives for the supply of their representative Directors.

[1] Includes consulting fees paid to private consulting companies.
[2] Restated 2020 disclosure to include omitted the year-end accrual of an unpaid bonus of US$360,000.
[3] Fees in relation to S Smith and A Stancliffe were paid to their appointee, MTL Luxembourg Sarl.
[4] Fees in relation to G Walker were paid to his appointee, Runruno Holdings Limited until 25 October 2021, however, as from 25 October 2021, director fees have been paid directly to G Walker.

Share options held by Directors:

As at 31 December 2021, the following share options were outstanding (2020: none):

7. Staff numbers and costs – Group (continued)

Date of grant	Exercise price	Expiry date	Number of Options 31 December 2021	Number of Options 31 December 2020
28 October 2021	£0.01*	28 October 2024	19,800,000	-

*The exercise price of these options is defined as the nominal value of the Company's ordinary shares. At the forthcoming June 2022 AGM, it is proposed that the Company undertake a capital reorganisation that includes a change in the nominal value of the Company's ordinary shares from £0.01 to £0.0001. Should this proposal be approved the exercise price of these options will change from £0.01 to £0.0001. It is not proposed that the change in nominal share value impacts the number of options on issue or the option expiry date.

8. Other charges and income applied against profit and loss

8(a). Impairment charge and impairment reversal - Group

Property, plant and equipment (PPE)
Under IAS 36 - *Impairment of Assets*, each asset that forms a cash generating unit (CGU) should be tested annually for impairment. The Group considers that the entire Runruno project (encompassing capitalised property, plant and equipment, mining licence costs and deferred exploration expenditure) comprises a single cash generating unit as all stages of the project are interdependent in terms of generating cash flow and do not have the capacity to generate separate and distinct cash flow streams. Accordingly, the annual recoverable value assessment made in accordance with IAS 36 is made on a whole of project basis.

The Group assesses the recoverable amount of the Runruno project CGU based on the value in use of the Runruno operations using cash flow projections over the remaining expected LOM and at appropriate discount rates. Based on assumptions current as at 31 December 2021 the Group reviewed its recent operational performance and its future expectations based on the current planned mining schedule to estimate the recoverable amount the Runruno project could deliver.

The recoverable amount estimates were based on the following key assumptions and source information:

- gold resources to be mined based on current estimated reserves and resources and new remaining LOM mining schedule, adjusted for forecast mine and grade dilution;
- estimated average gold recoveries forecast to be achieved over the remaining LOM based on average gold recoveries achieved to date;
- estimated ongoing capital expenditure required for the remaining LOM;
- estimated operating and administration costs for the remaining LOM including an inflation factor;
- future gold revenues based upon industry consensus gold price predictions as at December 2021;
- future gold revenues calculated for the remaining LOM of 6 years; and
- risk discount rates of 15.5% (2020: 15.5%).

For both the years ended December 2020 and 2021 the estimated recoverable value of the Runruno project calculated in accordance with IAS 36 approximated the current book value of the Group's property, plant and equipment (PPE). Accordingly, there has been no requirement to book either an impairment charge or an impairment reversal in relation to the Group's PPE book values for either the year ended December 2020 or 2021.

8(a). Impairment charge and impairment reversal - Group (continued)

Receivables due

Impairment charges have been raised against trade and other receivables due, both within and after one year, in relation to stamp duties, and VAT on importations and other goods and services. Under the fiscal terms incorporated into the FTAA these taxes and duties are recoverable, however, given the Group continues to have little success in securing appropriate refunds of these taxes it has paid annual impairment charges have been raised. (Refer note 16 - trade and other receivables due after one year; note 19 - trade and other receivables due within one year). In addition an impairment charge has been raised against advances made to associates.

The total impairment charges raised against all receivables was US1.5 million (2020: US$1.3 million).

8(b). Impairment charge and impairment reversal – Company

Receivables due

To a large extent the Runruno project has been funded by loans from the parent Company and these together with the Company's investment in its subsidiaries and associates is represented by the value of the Runruno project cash generating unit. The 2018 estimate of the value of the Runruno project cash generating unit resulted in these loans and investments being fully written off.

Repayment of these loans and recovery of the investments is dependent upon the Runruno project producing sufficient cash surpluses. Subsequent reviews of what the future estimated cash flows that the Runruno project may produce have estimated that the Company's subsidiaries should produce positive cash flows over the remaining life of the project, enabling it to partially repay past parent company advances. Thus the Company estimates the expected parent company loan repayments to be at least the year-end subsidiary net asset balance. From a review of the subsidiaries net assets as at 31 December 2021 it was estimated that at least US$88 million of these parent company advances could be repaid. As a result, the Company has booked an impairment reversal of US$24 million in 2021 (2020: US$23 million) of receivables due from subsidiaries (note 19 – trade and other receivables due within one year).

8(c). Net finance costs and other income

	2021	*Restated 2020*
	US$	*US$*
Exchange gain/(loss)	(897,870)	(925,354)
Loan interest and fees	(15,034,790)	(17,033,574)
Warrant amortisation expense	(299,536)	(744,890)
Other bank interest/fees	-	806
Finance costs and other income	**(16,232,196)**	**(18,703,012)**

9. Taxation

The taxation (benefit)/expense comprises the following

	2021	*2020*
	US$	*US$*
Current year corporation tax expense	14,812	11,222
Current year deferred tax (benefit)/expense	(3,043)	8,527
Total tax expense for the year	**11,769**	**19,749**

The total tax expense for the year can be reconciled to profit for the year as follows:

	2021	*Restated 2020*
	US$	*US$*
Profit before tax	11,304,405	9,433,419
Tax on profit at UK corporation tax rate of 19% (2020: 19%)	2,147,837	1,792,350
Effects of:		
Income not taxable	(1,442,986)	(3,012,203)
Differing tax rates in different jurisdictions	1,558,992	2,182,370
Deferred tax asset not recognised	556,933	1,423,484
Non-taxable and non-allowable items	(2,808,835)	(2,365,825)
Short-term timing differences	(172)	(427)
Total taxation (benefit)/expense for the year	**11,769**	**19,749**

10. Deferred tax liability and asset

	Tax Liability		**Tax Asset**	
	2021	2020	**2021**	2020
	US$	US$	US$	US$
Undepleted asset retirement obligation	583,572	579,457	-	-
Capitalised expenses	131,638	157,964	-	-
Other short term timing differences	90,470	71,336	-	-
	805,680	**808,757**	**-**	**-**

The differences between the deferred tax expense through the Consolidated Statement of Total Comprehensive Income and the deferred tax liability on the Consolidated Balance Sheet has occurred from translation differences arising on consolidation. Liabilities are translated using the closing foreign exchange rate prevailing at 31December 2021 whereas the foreign currency composition of the statement of total comprehensive income is translated using the average rate for the whole of the year.

Deferred tax asset

For the year ended 31 December 2021 the Group has net unused tax losses of US$92.2 million (2020: US$80.6 million) available for offset against future profits. However, due to the Group's on-going tax loss situation, the current FTAA tax holiday and the profit sharing terms of the FTAA, the deferred asset has not been recognised on the Consolidated Balance Sheet due to uncertainty over its future reversal.

10. Deferred tax credit, liability and asset (continued)

For the year ended 31 December 2021 the Group has net unused tax losses available for offset against future profits as follows:

	2021	*Restated 2020*
	US$	*US$*
UK	59,762,889	48,206,449*
Philippines**	32,406,481	32,406,481**
Group unused tax losses available	**92,169,370**	**80,612,930**

* The 2020 figure has been restated to match the losses carried forward as per the Company's 2020 corporate income tax return.
** The 2020 figure incorrectly disclosed the income tax benefit of Philippino carried forward tax losses. This figure has been corrected to show actual tax losses available in the Philippines. Further, these income tax losses expire in December 2023 and are available to be offset against future Philippines sourced profits, however, the Group may not benefit from them due to operation of the government profit sharing provisions of the FTAA. Under the terms of the FTAA, FCF is exempt from numerous taxes including corporate income tax until July 2022. After July 2022 FCF is obligated to pay corporate income tax (and other indirect taxes) plus a government 'profit-share tax' such that all government and business taxes equal at least 50% of the net cash surplus (as defined in the FTAA) generated by the Runruno mine.

11. Earnings per share

	2021	*Restated 2020*
	US$	*US$*
Earnings		
Net profit attributable to equity shareholders for the purpose of basic and diluted earnings per share	**11.292,636**	**9,413,670**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,071,334,586	2,071,334,586
Number of dilutive shares under warrant/option	115,983,670	96,285,358
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,187,318,256**	**2,167,619,944**
Earnings per share		
Basic earnings per share	**0.55**	**0.45**
Diluted earnings per share	**0.52**	**0.43**

The earnings per share was calculated on the basis of net profit attributable to equity shareholders divided by the weighted average number of ordinary shares.

12. Property, plant and equipment - Group

	Motor vehicles	Office furniture & equipment	Buildings & leasehold improvements	Drilling, mining & milling equipment	Construction in progress (CIP)	Process plant	Residual Storage Impoundment (RSI)	Mining properties	*Total*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Cost									
As at 1 January 2020	940,838	1,528,393	3,830,312	22,782,230	3,332,860	113,239,090	25,576,770	130,095,642	301,326,135
Additions	152,208	50,240	41,966	3,170,094	3,312,978	538,011	-	5,840,718	13,106,215
As at 31 December 2020	1,093,046	1,578,633	3,872,278	25,952,324	6,645,838	113,777,101	25,576,770	135,936,360	314,432,350
Additions	237,764	18,327	17,528	1,959,722	3,902,630	2,316,445	-	3,090,335	11,542,751
Change in mine closure obligation estimate	-	-	-	-	-	-	-	719,402	719,402
Re-classification	-	-	268,049	-	(7,177,968)	-	6,909,919	-	-
Disposals	-	-	-	(251,673)	-	-	-	-	(251,673)
As at 31 December 2021	**1,330,810**	**1,596,960**	**4,157,855**	**27,660,373**	**3,370,500**	**116,093,546**	**32,486,689**	**139,746,097**	**326,442,830**
Impairment									
As at 1 January 2020	-	-	-	-	-	(34,738,122)	-	(115,261,878)	(150,000,000)
Reversal (refer note 8(a))	-	-	-	-	-	-	-	-	-
31 December 2020	-	-	-	-	-	(34,738,122)	-	(115,261,878)	(150,000,000)
Reversal (refer note 8(a))	-	-	-	-	-	-	-	-	-
As at 31 December 2021	**-**	**-**	**-**	**-**	**-**	**(34,738,122)**	**-**	**(115,261,878)**	**(150,000,000)**

12. Property, plant and equipment – Group (continued)

	Motor vehicles	Office furniture & equipment	Buildings & leasehold improvements	Drilling, mining & milling equipment	Construction in progress (CIP)	Process plant	Residual Storage Impoundment (RSI)	Mining properties	*Total*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Depreciation									
As at 1 January 2020	(890,644)	(1,497,435)	(1,619,838)	(9,962,341)	-	(14,989,611)	(4,329,436)	(11,058,135)	(44,347,440)
Charge for the period	(34,566)	(27,127)	(397,339)	(2,391,935)	-	(9,806,883)	(3,268,820)	(999,108)	(16,925,778)
As at 31 December 2020	(925,210)	(1,524,562)	(2,017,177)	(12,354,276)	-	(24,796,494)	(7,598,256)	(12,057,243)	(61,273,218)
Charge for the period	(70,042)	(34,642)	(409,404)	(3,314,666)	-	(9,869,725)	(4,074,978)	(1,568,219)	(19,341,675)
Disposals	-	-	-	113,468	-	-	-	-	113,468
As at 31 December 2021	**(995,252)**	**(1,559,204)**	**(2,426,581)**	**(15,555,474)**	**-**	**(34,666,219)**	**(11,673,234)**	**(13,625,462)**	**(80,501,425)**
Net book value									
As at 31 December 2021	**335,358**	**37,757**	**1,731,274**	**12,104,898**	**3,370,499**	**46,689,205**	**20,813,455**	**10,858,757**	**95,941,405**
As at 31 December 2020	167,836	54,071	1,855,101	13,598,048	6,645,838	54,242,485	17,978,514	8,617,239	103,159,132

Refer note 8(a) for impairment charge/reversal consideration of these assets.

The Group’s lenders hold fixed and floating security charges over the Group’s property, plant and equipment.

13. Other intangible assets

Group	*Exploration expenses US$*	*Software US$*	*Total US$*
Cost			
As at 1 January 2020	63,078	602,474	665,552
Additions	17,523	58,920	76,443
As at 31 December 2020	80,601	661,394	741,995
Additions	338,203	45,994	384,197
As at 31 December 2021	**418,804**	**707,388**	**1,126,192**
Amortisation and impairment			
As at 1 January 2020	(63,078)	(552,907)	(615,985)
Charge for the period	-	(56,457)	(56,457)
Impairment charge for the period	(17,523)	-	(17,523)
As at 31 December 2020	**(80,601)**	**(609,364)**	**(689,965)**
Charge for the period	-	(27,908)	(27,908)
Impairment charge for the period	(338,203)	-	(338,203)
As at 31 December 2021	**(418,804)**	**(637,272)**	**(1,056,076)**
Net Book Value			
As at 31 December 2021	**-**	**70,115**	**70,115**
As at 31 December 2020	-	52,030	52,030

Exploration costs incurred during 2020 and 2021 have been fully impaired as exploration has not progressed to a point where it is considered probable that an inferred resource can be determined.

14. Investments in subsidiaries - Company

	2021	*2020*
	US$	*US$*
Cost	8,783,629	8,783,629
Impairment brought forward	(8,783,629)	(8,783,629)
	-	-

The investments in subsidiaries are as follows:

Company	*Registered address*	*Percentage holding*	*Nature of business*
Metals Exploration Pte	6 Temasek Boulevard, #29-00 Suntec Tower Four Singapore 038986	100%	Holding and investment company
FCF Minerals Corporation	Unit 1407, Pacific Star Building Sen. Gil Puyat Avenue cor. Makati Avenue Makati City 1200, Philippines	100%	FTAA licensee, holder of mining rights and gold production
MTL Philippines	Unit 1407, Pacific Star Building Sen. Gil Puyat Avenue cor. Makati Avenue Makati City 1227, Philippines	100%	To hold exploration rights

Metals Exploration Pte Ltd is a direct subsidiary of Metals Exploration plc, while FCF Minerals Corporation and MTL Philippines, Inc. are direct subsidiaries of Metals Exploration Pte Ltd.

Metals Exploration plc ROHQ established in the Philippines, is an overseas branch of the Company and therefore its results are reported together with the Company’s.

The principal place of business of the subsidiary companies listed above is the same as their country of registration.

15 Investments in associates - Group

	2021	*2020*
	US$	*US$*
At 1 January 2021	164,033	161,408
Share of profits of associates	18,232	2,625
At 31 December 2021	**182,265**	**164,033**

Associate company	**Domicile**	**Assets**	**Liabilities**	**P&L reserves at 31 Dec 2021**	**Sales**	**Gains/(losses)**	**Ownership of ordinary shares on issue**
		US$	*US$*	*US$*	*US$*	*US$*	**%**
Cupati Holdings Corporation	Philippines	281,094	(52,628)	228,466	101,258	51,392	39.99%
Woggle Corporation	Philippines	102,108	(6,923)	95,185	-	(5,811)	39.99%

The investments in associates are held indirectly by the Metals Exploration Plc company through its investment in Metals Exploration Pte.

16. Trade and other receivables due after one year - Group

	2021	2020
	US$	US$
Other receivables	5,529,628	5,500,577
	5,529,628	**5,500,577**

Other receivables include VAT/import duties on importations and other goods and services and stamp duties. Although until July 2022 the Group operates under an exemption from these paying taxes the Group continues to have little success in advancing its legal challenges to recover these past paid government imposts. A total impairment charge of US$5.08 million has been recognised against these receivables (2020: US$3.57 million).

17. Inventories - Group

	2021	2020
	US$	US$
Gold doré on hand	1,248,485	732,394
Gold in circuit	1,476,942	2,162,264
Gold in ore stockpiles	4,035,563	4,972,469
Consumable inventories	10,706,895	7,003,616
Provision for obsolete consumable inventories	(250,000)	(250,000)
	17,217,885	**14,620,743**

Gold inventories are recorded at the lower of cost and net realisable value.

During the year ended 31 December 2021, consumable inventories recognised as an expense in cost of sales was US$24,618,137 (2020: US$18,172,877).

18. Cash and cash equivalents

Group	2021	2020
	US$	US$
Cash on hand	10,953	3,213
Current accounts	4,726,017	8,928,579
	4,736,970	**8,931,792**

Company	2021	2020
	US$	US$
Current accounts	199,978	569,732
	199,978	**569,732**

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counter-parties are banks with a high credit rating.

19. Trade and other receivables due within one year

Group	***2021***	*2020*
	US$	*US$*
Receivables from gold sales	3,988,410	7,963,493
Other receivables	1,777,991	3,515,216
Prepayments	202,167	328,565
	5,968,568	**11,807,274**

95% of receivables from gold doré sales are received within 3-5 days of the gold doré having been shipped from the Runruno operation. The Group's trade receivables are derived through sales of gold doré to a sole refinery customer whose credit quality is assessed by considering the customers financial position, past performance and other factors. During the financial period the Group also sold small amounts of gold concentrate to a second refiner. Terms of trade for these sales are 50% upon export with the balance received following further assaying and final processing. Within 5 days of year end, the Group had collected 95% (2020: 95%) of the trade receivables outstanding as at 31 December 2021. The Group believes the credit risk is limited as the customers pay within a short period of time and no provision for impairment of receivables has been made (2020: Nil).

Company	***2021***	*2020*
	US$	*US$*
Receivables from subsidiaries	88,496,608	64,995,679
Other receivables	120,716	1,749
Prepayments	111,900	48,224
	88,729,224	**65,045,652**

A provision for impairment of receivables from subsidiaries was raised in 2018 using an expected credit loss model. The expected credit loss was estimated on the basis that recovery of amounts from the subsidiaries is uncertain. Subsequent reviews of the receivables from subsidiaries resulted in an impairment reversal of the 2018 impairment in FY2021 of US$24 million (2020: US$23 million reversal). Refer to note 8(b).

20 Derivative liabilities

Gold option contracts

During FY2021 the Group entered into zero cost gold price collar contracts over 9,000 ounces of gold production. The zero cost collar contracts consisted of put options at US$1,600 per ounce, to protect the Group from a significant drop in the gold price; offset by sold call options at prices ranging from US$1,893 to US$1,905 per ounce. As at 31 December 2021, the Group had one outstanding gold put option at US$1,600 offset by a sold call option at US$1,905 over 3,000 ounces of gold production.

This gold price collar contract settled in January 2022 at no profit or loss to the Group.

There were no gold option contracts in place as at 31 December 2020.

20. Derivative liabilities (continued)

Philippine Peso forward contracts
During FY2021 the Group entered into contracts totaling US$22 million for the forward purchase of Philippine Peso at an USD exchange rate of 50PHP.

As at 31 December 2021 the Group has forward contracts to purchase Philippine Peso at 50PHP totaling US$16 million. The Group and the Company have recognised a current liability as at 31 December 2021 being the change in the fair value of the forward contract value based on the same USD:PHP exchange rate.

There were no forward currency contracts in place as at 31 December 2020.

21. Retirement benefits obligations - Group

The Group has an unfunded, non-contributory defined benefit retirement plan covering substantially all regular employees who have rendered at least six months of continuous service. Benefits are dependent on the years of service and the respective employee's compensation. The valuation of the retirement plan obligation is determined using the projected unit credit actuarial cost method. There was no planned termination, curtailment or settlement in either 2021 or 2020.

The relevant Philippine regulatory framework, RA 7641, known as the 'Retirement Pay Law', requires a provision for retirement pay to qualified private sector employees in the absence of any retirement benefits under any collective bargaining and other agreements being not less than those provided under the law.

In 2020 the retirement plan was adjusted based upon the project's estimated remaining life of mine. As a result a corresponding past service costs was recognised in that year. The amounts of retirement benefits costs recognised in the statements of comprehensive income are determined as follows:

	2021	*2020*
	US$	*US$*
Current service costs	329,818	187,225
Past service costs	-	656,015
Interest costs	68,456	49,919
	398,274	**893,159**

The amounts were distributed as follows:

	2021	*2020*
	US$	*US$*
Cost of sales		
Current service costs	201,493	181,608
Past service costs	-	636,334
Interest costs	65,409	48,422
	266,902	**866,364**
Administration expenses		
Current service costs	128,325	5,617
Past service costs	-	19,681
Interest costs	3,047	1,497
	131,372	**26,795**
	398,274	**893,159**

21. Retirement benefits obligations – Group (continued)

Changes in the present value of the unfunded retirement benefits liability are determined as follows:

	2021	*2020*
	US$	*US$*
Balance at beginning of year	1,799,863	973,000
Current service costs	329,818	187,225
Past service costs	-	656,015
Interest costs	68,456	49,919
Benefits paid	(202,641)	(107,233)
Actuarial loss (gain) due to:		
Changes in financial assumptions	(90,653)	125,838
Experience adjustments	(33,202)	(122,168)
Changes in demographic assumptions	-	37,267
Balance at year end	**1,871,641**	**1,799,863**

The principal assumptions used in determining the defined benefit retirement plan obligations are as follows:

	2021	*2020*
Discount rate	5.13%	3.94%-4.09%
Salary increase rate	2.00%	2.00%
Expected remaining working lives of employees	4 years	4-11 years
Turnover rate	14% at age 18 decreasing to 0% at age 60	13% at age 18 decreasing to 0% at age 60
Mortality rate	2017 Philippine Intercompany Mortality Table	2017 Philippine Intercompany Mortality Table
Disability rate	1952 Disability Study, Period 2, Benefit 5	1952 Disability Study, Period 2, Benefit 5

The sensitivity analyses below has been determined based on reasonably possible changes of each significant assumption on the defined benefits retirement liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase/	***2021***	*2020*
	(decrease)	*US$*	*US$*
Discount rates	+1%	1,766,379	1,781,544
	-1%	1,913,447	1,959,201
Salary pay increases	+1%	1,924,515	1,969,651

21. Retirement benefits obligations – Group (continued)

Shown below is the maturity analysis of the undiscounted benefit payments:

	2021	2020
	US$	*US$*
Less than one year	67,293	98,896
More than one year to five years	3,675,966	378,213
More than five years to 10 years	-	3,727,830
	3,743,259	**4,204,939**

22. Trade and other payables due within one year

Group	**2021**	2020
	US$	*US$*
Trade payables	4,071,263	5,596,124
Other payables	1,759,573	2,376,044
Other tax and social security payable	173,154	99,079
Accruals	4,324,010	3,961,239
	10,328,000	**12,032,486**

Company	**2021**	2020
	US$	*US$*
Trade payables	265,323	138,023
Other tax and social security payable	1,434	50,089
Accruals	122,570	174,570
	389,327	**362,682**

Trade payables comprise amounts outstanding for trade purchases and on-going costs, and together with other payables and accruals are measured at amortised cost.

23. Loans

Group

In May 2014 the Group entered into a loan with two foreign international resource banks for US$83,000,000 in project finance (the “Facility Agreement”). In January 2020 the Facility Agreement was acquired by companies associated with the Company’s Mezzanine Lenders (the “New Lenders”).

In October 2020 the Group completed a debt restructuring with the New Lenders, whereby the Group no longer has an obligation to meet any fixed interest and principal repayment schedule (the “New Senior Debt”). The Group’s repayment obligation under the New Senior Debt is now limited to making a quarterly repayment of that amount which equals the available net working capital (“NWC”) over and above a minimum US$5 million NWC buffer. NWC is defined as the Group’s available cash on hand plus gold sales proceeds due, and gold doré on hand or in transit, less all current liabilities (including budgeted operational, CAPEX and exploration expenses, taxes, hedging costs and government charges, but excluding all unpaid debt principal and interest). During FY2021 the Group made regular monthly repayments to pay down the New Senior Debt faster than the minimum amount required under the restructured arrangements.

The principal plus capitalised interest balance owing by the Group under the Facility Agreement as at 31 December 2021 was US$24,570,061 (2020: US$61,289,409).

Since 2015 the Company has entered into numerous facility agreements with two major shareholders, MTL (Luxembourg) Sarl and Runruno Holdings Limited (the “Mezzanine Lenders”). The purpose of these unsecured advances was for general corporate and working capital requirements of the Company and to enable completion of the Runruno Project.

As at 31 December 2021 the Group’s outstanding loan position was:

	2021	*2020*
	US$	*US$*
Senior Lenders loans due within one year*	24,570,061	30,000,000
Mezzanine Lenders loans due within one year*	-	-
Less: Capitalised debt restructuring transaction costs**	(735,782)	(735,782)
Total loans due within one year	**23,834,279**	**29,264,218**
Senior Lenders loans due after one year*	-	31,289,409
Mezzanine Lenders loans due after one year*	79,043,427	68,083,454
Less: Remaining value of warrants issued in conjunction with mezzanine loans	(187,159)	(486,695)
Less: Capitalised debt restructuring transaction costs**	-	(735,782)
Total loans due after one year	**78,856,268**	**98,150,386**

* Given the Group is not subject to a fixed repayment schedule, in accordance with the new debt facilities, there is no certainty to what amount of debt will be repaid within one year from balance date. Thus the determination of what debt is deemed current and what is deemed non-current is subject to estimation. In making this calculation the Group has taken into account the Group’s estimate of what principal repayments will be made during the 2022 year. Refer to Note 2 for further discussion of this estimation.

** Transaction costs incurred during 2020 in relation to the October 2020 debt restructuring have been capitalised in accordance with accounting standard IFRS9. The capitalised debt restructuring transaction costs are being amortised to profit and loss over the relevant expected debt repayment terms.

23. Loans (continued)

Company

In the period 2015-2018, the Company entered into numerous facility agreements with its Mezzanine Lenders. The purpose of these advances was for general corporate and working capital requirements of the Company and to enable completion of the Runruno project.

In October 2020 under the debt restructuring the various original mezzanine facilities were consolidated into two new facilities (the "New Mezzanine Facilities") and a £100,000 revolving credit facility. There is no obligation to make any repayment of any amounts due under the New Mezzanine Facilities until the New Senior Debt is fully repaid. The New Mezzanine Facility interest rate will initially be 15% per annum, reducing to 7% per annum once the New Senior Debt has been fully repaid. This is expected to occur in Q4 2022.

The principal and accrued interest/fees balance owing by the Company to the Mezzanine Lenders as at 31 December 2021 was US$79,043,427 (2020: US$68,083,454).

As at 31 December 2021 the mezzanine loan position was:

	2021	*2020*
	US$	*US$*
Mezzanine Lenders loans due within one year*	-	-
Mezzanine Lenders loans due after one year*	79,043,427	68,083,454
Less: Remaining value of warrants issued in conjunction with loans	(187,159)	(486,695)
Total loans due after one year	**78,856,268**	**67,596,759**

* Under the October 2020 debt structure no mezzanine debt is payable until the full repayment of the New Senior Debt. Full repayment of the New Senior Debt is expected to occur in Q4 2022. Refer to Note 2 for discussion of the Company's estimate of what principal repayments will be made during the 2022 year.

These Company loan liabilities are included in the Group loans above.

24. Provision for mine rehabilitation and decommissioning

	2021	*2020*
	US$	*US$*
At 1 January 2021	3,291,388	2,880,092
Unwinding of discount and effect of change in estimate	723,662	411,296
At 31 December 2021	**4,015,050**	**3,291,388**

The Group makes provision for the future cost of rehabilitation of the process plant on a discounted basis. Provision for mine rehabilitation and decommissioning represents the present value of future rehabilitation and decommissioning costs. These provisions have been created based on the Group's internal estimates. These estimated costs were reviewed in December 2021 and include labour, equipment hire, consumables and transportation for disposal. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. However, actual costs will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation and expenditure of other costs is likely to depend on when the mine ceases to produce at economically viable rates, and the timing that the event for which the other provisions provided for will occur.

25. Called up share capital

	2021	*2020*
	US$	*US$*
Allotted ordinary shares at 1 January 2021 (2,071,334,586 ordinary shares of £0.01 par value)	27,950,217	27,950,217
Allotted ordinary share at 31 December 2021 (2,071,334,586 ordinary shares of £0.01 par value)	**27,950,217**	27,950,217

Share rights

Ordinary shares confer the right to vote and to participate in dividends, capital, and other distributions including on winding up. Ordinary shares are not redeemable.

26. Share-based payments

Share options

During the financial year the Company issued 19,800,000 options, exercisable at nominal par value on or before 28 October 2024. There were no share options on issue as at 31 December 2020.

	2021	*2021*
	Number of options	*Average weighted exercise price £*
Options on issue at 1 January 2020	-	-
Options issued	19,800,000	0.01
Options on issue at 31 December 2021	**19,800,000**	0.01
Options that have vested as at 31 December 2021	**6,600,000**	0.01

These options are subject to the following vesting conditions:

- Provided the option holder remains a director then, one third vest upon issue, one third vest on the first anniversary of issue and one third vest upon the second anniversary of issue; and
- The options can only be exercised if the Company's 30 day volume weighted average price of each Company share traded on AIM exceeds £0.0215 during the life of the option.

The share based payment expense, based upon a fair value measurement of the options, recognised in 2021 was US$10,982(2020: Nil).

This fair value measurement of the share options issued in October 2021 was £0.007 per option, based upon the following:

- A Black-Scholes option valuation model was adopted,
- A share price at the date of option issue of £0.015,
- An option exercise price of £0.01,
- An estimated share volatility of 50%,
- An option life of 3 years,
- Nil dividends during the life of the options,
- A risk free interest rate of 2%,

27. Compound financial instruments

Warrants

During the year ended 31 December 2017, two tranches of warrants were issued by the Company in conjunction with securing a past mezzanine funding package.

	Tranche 1	Tranche 2
Exercise Price*	£0.055	£0.070
Expiry Date	31 December 2023	31 December 2023
Number of warrants*	75,000,000	25,000,000

The fair value of these warrants as at the date of issue was independently calculated to be US$1,526,937 and has been brought to account as an equity reserve. The unwinding of the fair value of these warrants is charged through the statement of comprehensive income. There were no warrants issued in 2021 or 2020.

* At the forthcoming AGM, it is proposed that the Company undertake a capital reorganisation that includes a sub-division of ordinary shares and a change in the nominal value of the Company's ordinary shares from £0.01 to £0.0001. If approved, this proposed capital reorganisation will have no impact upon the number of warrants on issue, the warrant exercise prices or the warrant expiry dates.

28. Net cash provided by/(used in) operating activities

Group	***2021***	*Restated 2020*
	US$	*US$*
Profit before tax	11,304,405	9,433,419
Depreciation and amortisation	19,369,583	16,982,235
Provisions	735,529	929,756
Impairment charge	1,450,078	2,328,414
Share of profits of associates	(18,232)	(2,625)
Share based payment expense	10,982	-
Loss on disposal of asset	78,206	-
Interest paid classified as financing activity	2,422,070	667,926
Foreign exchange (gain)/loss	(1,498,514)	1,465,886
(Increase)/decrease in receivables	4,286,820	(10,383,175)
(Increase) in inventories	(2,597,142)	(5,142,286)
Increase in payables	10,971,983	12,529,899
Net cash provided by operating activities	**46,515,768**	**28,809,449**

Company	***2021***	*2020*
	US$	*US$*
Profit before tax	11,953,382	11,308,987
Impairment (reversal)	(23,853,800)	(22,987,091)
Provisions	332,996	-
Share based expense	10,982	-
Foreign exchange (gain)	(16,001)	(46,850)
(Increase)/decrease in receivables	(97,371)	294,481
Increase in payables	11,305,093	11,514,472
Net cash used in operating activities	**(364,719)**	**83,999**

29. Reconciliation of liabilities from financing activities

Group	1 January 2021 US$	Cash flow US$	Non-cash movements US$	31 December 2021 US$
Loans (current)	30,000,000	(39,675,000)	34,245,061	24,570,061
Loans (non-current)	99,372,863	-	(20,329,436)	79,043,427
Non-cash deferred borrowing costs and warrant discount	(1,958,259)	-	1,035,318	(922,941)
	127,414,604	(39,675,000)	14,950,943	102,690,547

Company	1 January 2021 US$	Cash flow US$	Non-cash movements US$	31 December 2021 US$
Loans (current)	-	-	-	-
Loans (non-current)	68,083,454	-	10,959,973	79,043,427
Non-cash deferred warrant discount	(487,695)	-	300,536	(187,159)
	67,595,759	-	11,260,509	78,856,268

30. Capital commitments

As at 31 December 2021 the Group had US$nil outstanding capital commitments (2020: US$nil).

31. Related party transactions

Only members of the Board of Directors of Metals Exploration plc are deemed to be key management personnel. The Board has responsibility for planning, controlling and directing the activities of the Group. Key management compensation is disclosed in note 7, Directors' emoluments section and note 26, Share-based payments. At period end the following amounts were due in relation to Directors' emoluments:

Amounts owing to Directors	2021 US$	Restated 2020 US$
D Bowden[1]	573,479	366,000[2]
D Cather[3]	2,811	-
G Walker	11,243	-
Amounts owing to related parties		
Runruno Holdings Limited[4]	-	8,487
	-	8,487

[1] Includes consulting fees due to private consulting company and year-end performance bonus accruals.
[2] 2020 disclosure omitted the year-end accrual of an unpaid bonus of US$360,000.
[3] Includes consulting fees due to private consulting company.
[4] Excluding loan amounts disclosed in note 23.

Fees in relation to corporate broking and research services were paid to Hannam & Partners, of which Non-Executive Director Mr A Chubb is a partner. In the FY2021, the total fees paid to Hannam & Partners, while Mr Chubb was a director, was US$35,000.

31. Related party transactions (continued)

During the year, the Company received funds from a subsidiary to fund operations. At the year end, the Company had loans due by its subsidiaries totaling US$253 million (2020: US$272 million). As at 31 December 2021 these loan amounts owed by subsidiaries were impaired to a net recoverable amount of US$88 million (2020: US$65million). (Refer note 8(b)).

At the year end, the Group owed US$78,895 (2020: US$92,500) to its associates and the Group was owed US$2.29 million (2020: US$3.07 million) from its associates.

32. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, borrowings, derivative gold price and currency contracts, and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The carrying values of financial assets at the year-end are as follows:

Group	***Cash and cash equivalents***	***Trade and other receivables***	***Total***
	US$	*US$*	*US$*
As at 31 December 2021	4,736,970	6,773,794	11,510,764
As at 31 December 2020	8,931,792	13,180,824	22,112,616
Company			
As at 31 December 2021	199,978	88,608,508	88,808,486
As at 31 December 2020	569,732	65,054,691	65,624,423

Cash and cash equivalents and trade and other receivables are held at amortised cost.

The carrying values of financial liabilities at the year-end are as follows:

Group	***Trade payables***	***Accruals and other payables***	***Derivative liabilities***	***Loans***	***Total***
	US$	*US$*	*US$*	*US$*	*US$*
As at 31 December 2021	4,071,263	6,083,583	332,996	102,690,547	113,178,389
As at 31 December 2020	5,596,514	5,849,545	-	127,414,604	138,860,273
Company					
As at 31 December 2021	265,323	122,570	332,996	78,856,268	79,577,157
As at 31 December 2020	138,023	174,570	-	67,596,759	67,909,352

Trade payables, accruals and other payables and loans are held at amortised cost.

The Group’s operations expose it to a variety of financial risks including liquidity risk, foreign currency exchange rate risk, commodity price risk and credit risk. The policies set by the Board of Directors are implemented by the Group’s finance departments and senior management.

32. Financial instruments (continued)

Liquidity risk

The Group actively monitors its cash resources to ensure it has sufficient available funds for operations and planned expansions. The Group has been cash flow positive in both 2020 and 2021 and surplus funds are being applied, in the main, to reduce the Group's borrowings. The October 2020 debt restructuring provides the Group with a greater degree of liquidity certainty due to the ability to hold a minimum of US$5 million in net working capital without risk of default under the Group lending facilities.

The contractual maturities of the financial liabilities at the year-end are as follows:

Group	***Trade and other payables***	***Derivative liabilities***	***Loans****	***Total****
	US$	*US$*	*US$*	*US$*
As at 31 December 2021				
1 – 6 months	10,154,846	332,996	16,000,000	26,487,842
6 – 12 months	-	-	8,570,061	8,570,061
1 – 2 years	-	-	27,625,000	27,625,000
2 – 5 years	-	-	51,418,427	51,418,427
Total contractual cash flows	10,154,846	332,996	103,613,488	114,101,330
As at 31 December 2020	*US$*	*US$*	*US$*	*US$*
1 – 6 months	11,446,059	-	15,632,109	27,078,168
6 – 12 months	-	-	13,632,109	13,632,109
1 – 2 years	-	-	30,553,627	30,553,627
2 – 5 years	-	-	67,596,759	67,596,759
Total contractual cash flows	11,446,059	-	127,414,604	138,860,663

Company	***Trade and other payables***	***Derivative liabilities***	***Loans****	***Total****
	US$	*US$*	*US$*	*US$*
As at 31 December 2021				
1 – 6 months	387,893	332,996	-	720,889
6 – 12 months	-	-	-	-
1 – 2 years	-	-	27,625,000	27,625,000
2 – 5 years	-	-	51,418,427	51,418,427
Total contractual cash flows	387,893	332,996	79,043,427	79,764,316
As at 31 December 2020				
1 – 6 months	312,593	-	-	312,593
6 – 12 months	-	-	-	-
1 – 2 years	-	-	-	-
2 – 5 years	-	-	67,596,759	67,596,759
Total contractual cash flows	312,593	-	67,596,759	67,909,352

* The Group and Company's contractual future loan interest is presently not capable of being calculated given the flexible debt repayment arrangements. In addition the timing of future loan principal repayments can only be estimated (Refer note 2 – Accounting estimates).

32. Financial instruments (continued)

As at 31 December 2021, the average interest rate applicable to the Group's outstanding loans was 13.1% (2020: 11.0%) and 15.0% (2020: 15.0%) on the Company's outstanding loans.

Credit risk
Credit risk is the risk of financial loss to the Group or Company if counterparty to a financial instrument fails to meet its contractual obligations. The Group and Company are exposed to credit risk attributable to its cash balances; however, this risk is limited because the counterparties are large international banks.

The Group is exposed to credit risk for trade receivables due from third parties. This risk is limited because the counterparties to the gold sales are internationally recognised substantial organisations. Further, the Group receives significant payment for the gold upon the presentation of transportation documents. Based on the above the Group considers the expected credit loss to be immaterial and no provision for expected credit loss has been required (2020: US$nil)

Other receivables include VAT on importations and other goods and services paid by the Group, notwithstanding the Group is exempt, under the terms of its FTAA, from these imposts until July 2022. An impairment charge has been raised on the basis that the Group continues to have little success in advancing its legal challenges to recover these receivables. As at 31 December 2021 an impairment charge of $5.08 million has been recognised. All VAT paid for the period up to 31 December 2019 has been impaired as at 31 December 2021 (2020: All VAT paid for the period up to 31 December 2018).

The Company is exposed to credit risk to the extent that amounts owed by its subsidiaries and associates may not be recoverable in the future. An impairment reversal has been raised in relation amounts owed by its subsidiaries to partly reverse a 2018 expected credit loss.

The maximum exposure to credit risk at the year-end is best represented by the carrying amounts of trade and other receivables, and cash and cash equivalents.

32. Financial instruments (continued)

Market risk and sensitivity analysis

Commodity price risk

The market price of gold is one of the most significant factors in determining the profitability of the Group's operations. The price of gold is subject to volatile price movements over short periods of time and is affected by numerous industry and macro-economic factors that are beyond the Group's control. In 2021 the gold price ranged from US$1,712 to US$2,007 per ounce, and the Group received an average gold selling price of US$1,792 per ounce (2020: US$1,782 per ounce).

The Group has adopted a policy to implement a gold price hedge strategy over no more than 40% of annual production by entering into zero cost gold price collars. Refer to note 20 for the Group's December 2021 financial instruments with exposure to gold prices.

The impact of a 10% increase/decrease in the Group's average gold sale price achieved during the financial year would have resulted in the Group's profit before tax being decreased/increased by US$12,985,000 (2020: US$12,210,000). The impact is expressed on the assumption that the market price changes by 10% with all other variables held constant.

Interest rate risk

The Group has interest bearing assets comprising cash and cash equivalents which earn interest at a variable rate. Interest income is not material to the Group.

The Group has fixed interest bearing liabilities and the impact on the reported profit for the year is an interest expense of US$13,937,521 (2020: US$14,914,952).

Foreign currency exchange rate risk

The Group and Company are exposed to foreign currency exchange rate risk having cashflows predominantly in US Dollars, Philippine Pesos and Pounds Sterling. The Group monitors exchange rates actively and converts funds raised to other currencies when deemed appropriate in order to meet expected future foreign currency commitments.

The Group's major currency risk is the USD:PHP exchange rate. During 2021 the Group converted US$74.0 million into Philippine Peso (2020: US$72.6 million). A 10% increase/decrease in the US Dollar during the year, with all other variables held constant, would have resulted in the profit before tax profit being US$6.7 million higher or US$8.2 million lower (2020: US$6.6 million higher or US$8.1 million lower). Refer to note 20 for details of the Group's hedging instruments to protect against currency risk.

As at 31 December 2021 the Group had Philippine Pesos denominated assets and liabilities including cash of $584,000 and current liabilities of $7,726,000 (2020: cash of US$1,485,000 and current liabilities of US$9,843,000). The currency risk exposure from these assets and liabilities is covered by the Philippine currency forward contracts in place as at 31 December 2021. Refer to note 20 for details of the Group's hedging instruments to protect against currency risk. There was no currency risk cover in place as at 31 December 2020.

33. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of net debt, which includes borrowings (note 23), cash and cash equivalents (note 18) and equity (note 25).

The Group is not subject to any externally imposed capital requirements.

34. Contingent liabilities

The Group has no contingent liabilities identified as at 31 December 2021 (2020: US$nil).

35. Post balance sheet events

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods, other than:

- the Group has made interest and principal debt repayments of US$12.0 million.

36. Ultimate controlling parties

As part of the October 2020 debt restructuring, the Company entered into a Revolving Credit Facility (RCF) under which the Company is obligated to seek prior approval from both the mezzanine lenders, MTL Luxemburg SARL (MTLL) and Runruno Holdings Limited (RHL), for a number of operational matters. If these prior approvals are not properly sought the RCF deems an 'event of default' to have occurred. In this situation all outstanding debt becomes due and payable, and MTLL and RHL become entitled to a penalty/termination payment of £2 million each. The RCF operates for 10 years after the full repayment of the existing Group debt unless otherwise terminated by the Company by payment of the £2 million termination penalty to both MTLL and RHL. In March 2021, RHL assigned its interests in both the senior facility and the major mezzanine facility to D & A Holdings Limited (an associated company controlled by the same entity).

Although the Company has no ultimate controlling party, as a result of the above both MTLL and RHL are considered parties holding significant influence. MTLL owns 46.8% of the Company, while RHL holds 19.0% of the Company.