

# **METALS EXPLORATION PLC**

Registered Number 05098945

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

## Contents

ABOUT METALS EXPLORATION .....	1
PRODUCTION AND FINANCIAL HIGHLIGHTS.....	2
CHAIRMAN’S REPORT .....	3
CHIEF EXECUTIVE OFFICER'S REPORT.....	5
AUDIT COMMITTEE REPORT .....	11
REMUNERATION COMMITTEE REPORT .....	14
SUSTAINABILITY REPORT .....	19
CORPORATE GOVERNANCE STATEMENT .....	24
DIRECTORS’ REPORT.....	28
STATEMENT OF DIRECTORS’ RESPONSIBILITIES.....	37
INDEPENDENT AUDITOR’S REPORT .....	38
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME .....	45
CONSOLIDATED BALANCE SHEET .....	46
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....	47
CONSOLIDATED CASH FLOW STATEMENT .....	49
COMPANY BALANCE SHEET.....	50
COMPANY STATEMENT OF CHANGES IN EQUITY .....	51
COMPANY CASH FLOW STATEMENT.....	52
NOTES TO THE FINANCIAL STATEMENTS .....	53

## ABOUT METALS EXPLORATION

### Philippine gold producer

Metals Exploration plc (“Metals Exploration”, “MTL”, the “Company”, or the “Group”) is a Philippines focused gold producer operating the Runruno gold mine 250 kilometres north of Manila in the mineral rich Nueva Viscaya province, on Luzon island.

### 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, to build a multi-project business and to deliver performance that stakeholders can be proud of.

Well-defined values embedded into the business processes and structures along with consistent leadership actions and behaviours 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.

### Corporate information

<b>Directors</b>	N.K. von Schirnding	(Independent Non-Executive Chairman)
	D.P. Bowden	(Chief Executive Officer and Executive Director)
	A.H. Chubb	(Non-Executive Director)
	T.J. Livesey	(Independent Non-Executive Director)
	S.M. Smith	(Non-Executive Director)
	G.R. Walker	(Non-Executive Director)
<b>Company Secretary</b>	MSP Corporate Services Limited	
<b>Registered office</b>	38 – 43 Lincoln’s Inn Fields London WC2A 3PE	
<b>Auditors</b>	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD	
<b>Nominated &amp; Financial Adviser</b>	Strand Hanson Limited 26 Mount Row London W1K 3SQ	
<b>Broker &amp; Financial Adviser</b>	H&P Advisory Ltd, trading as Hannam & Partners 3rd Floor, 7-10 Chandos Street London W1G 9DQ	
<b>Solicitors</b>	Armstrong Teasdale LLP 38 – 43 Lincoln’s Inn Fields London WC2A 3PE	Squire Patton Boggs 2 & A Half Devonshire Square London EC2M 4UJ
<b>Registrars</b>	Share Registrars Limited 3 The Millennium Centre, Crosby Way Farnham Surrey GU9 7XX	
<b>Company’s registered number</b>	05098945	

## PRODUCTION AND FINANCIAL HIGHLIGHTS

FY2023	FY2022	% CHANGE
<i>GOLD PRODUCTION (ounces)</i>		
<b>85,194 oz</b>	<b>72,537 oz</b>	Up 17.5%
<i>AVERAGE GOLD RECOVERY (% of head grade)</i>		
<b>88.7%</b>	<b>85.7%</b>	Up 3.5%
<i>LOST TIME INJURIES</i>		
<b>NIL</b>	NIL	Nil – no lost time injuries
<i>SALES REVENUE (US\$ MILLIONS)</i>		
<b>\$166.7</b>	\$124.4	Up 34.0%
<i>OPERATING PROFIT (US\$ MILLIONS)</i>		
<b>\$29.2</b>	\$23.8	Up 22.7%
<i>PROFIT BEFORE TAX (US\$ MILLIONS)</i>		
<b>\$119.6</b>	\$8.7	Up 13.7times
<i>Adjusted EBITDA (US\$ MILLIONS) (EBITDA less impairments)</i>		
<b>\$82.6</b>	\$44.9	Up 84.0%
<i>FREE CASH GENERATED FROM OPERATIONS (US\$ MILLIONS)</i>		
<b>\$74.6</b>	\$38.2	Up 95.3%
<i>NET DEBT (US\$ MILLIONS)</i>		
<b>\$23.6</b>	\$81.1	Down 70.9%
<i>TOTAL DEBT REPAYMENTS (US\$ MILLIONS)</i>		
<b>\$64.8</b>	\$33.8	Up 91.7%
<i>TOTAL GOVERNMENT TAXES &amp; FEES (US\$ MILLIONS)</i>		
<b>\$18.2</b>	\$13.9	Up 30.9%
<i>TOTAL COMMUNITY PROGRAMME EXPENDITURE (US\$ MILLIONS)</i>		
<b>\$1.4</b>	\$1.3*	Up 7.7%

\* restated to remove expenditure related to pre-2022 year commitments

## CHAIRMAN'S REPORT

Dear Shareholder,

I am pleased to be joining Metals Exploration at what is an exciting milestone in the Company's growth trajectory.

2023 proved a defining year for the business with an array of new records broken at its Runruno project, including record annual gold revenues of US\$167 million directly on the back of a record production of 85,194 ounces. This, we are proud to relate, exceeded the upper revised production guidance for the year.

I am also very pleased to report to shareholders that for the year ended 31 December 2023, your Company made a profit before interest, tax, depreciation and amortisation (EBITDA) of US\$180.3 million (2022: US\$43.7 million) and an EBITDA adjusted for impairment charges/reversals of US\$82.6 million (2022: US\$44.9 million).

This outstanding achievement is a testament to the recent corporate turnaround implemented by management following the new leadership appointments in 2019 and the subsequent hard work and dedication of the entire workforce in the Philippines. These strong results have culminated in an entire deleveraging of the balance sheet transferring value from lenders to equity shareholders.

Shareholders will undoubtedly be pleased to know we are now essentially debt free, a pivotal moment for Company: for the first time in Metals Exploration history, we can talk meaningfully about growth. With only three/four years of life-of-mine left on the Runruno project, Metals Exploration has turned its attention to ensuring the longevity of the business and continued value creation for you, our shareholders. Future cash flow will be directed to investing in growth opportunities, initially in the Philippines beyond our Runruno project.

This is already well underway with our recent proposed acquisition of 72.5% of the issued share capital of Yamang Mineral Corporation, and 100% of the issued share capital of Yamang Corporation Pte Ltd, which includes the "Abra Project". The project comprises an exploration licence over an area of 16,200 hectares in the Abra region, approximately 200km north of MTL's existing operations in Runruno. The acquisition, subject to lender and shareholder approval, will provide exploration potential, with the initial exploration programme to focus on the Lacub and Manikbel areas.

This growth strategy is yet another illustration of the exceptional turnaround strategy so clearly evident in the 2023 year-end financial performance.

In the short space of time I have been at Metals Exploration, I have been impressed by the operations and the 'Metals Exploration' way of working. The Company has, under the guidance of CEO Darren Bowden, not only nurtured a robust social licence to operate but also built a respected brand in the Philippines.

Having visited the Runruno site for the first-time last month, I can personally attest to the fact this change has reverberated across the Company in its entirety, having a profound effect at each level. This is a case study in the making and has progressed the Company dramatically, from underperforming to exceeding its own revised production guidance in just a few years.

Metals Exploration has been successfully operating in the Philippines for the past 15 years. Naturally, the Company is proud to have developed and maintained strong relationships amongst all our stakeholders, from the central Government down to the local communities. Our position as a successful and ESG compliant operator is decidedly advantageous as we embark on our strategy to acquire more assets in the Philippines, and potentially the wider region, and to mirror the success we have realised with our Runruno project.

Throughout our record-breaking performance this year, Metals Exploration is proud to have maintained an exemplary operational and environmental track record. Metals Exploration continues to be active in promoting responsible mining practices, combined with numerous environmental protection and enhancement programmes. These are in addition to our Community & Social Development programme, which continues to focus on health, education, capacity building and enterprise development.

The Company's strong sustainability performance has been recognised by the Philippine Government Awards: Metals Exploration was honoured to receive the Presidential Mineral Industry Environmental Award (PMIEA) in the Surface Mining Operation Category for the second year in a row in 2023, the highest government mining award attainable in the Philippines. We also received 3<sup>rd</sup> Runner-up for the Best Mining Forest Contest in the Metallic Category, an acknowledgement of the team's diligent efforts to uphold the highest environmental standards. These awards are a particularly notable achievement as an indication of support from local communities and government agencies. In the ASEAN Mineral Awards 2023, the Company was pleased to place as the 1<sup>st</sup> Runner-up in recognition of outstanding best practices in Sustainable Mineral Development (Mineral Mining – Metallic). ESG and the communities that we work in remain at the forefront of everything that we do at Metals Exploration.

Looking ahead to FY2024, my first month at Metals Exploration has given me every confidence that our production guidance of 74,000-80,000 ounces is well within reach. The continuing strong cash flow from operations at Runruno, without any ongoing debt repayments, will catalyse the Company's transformative growth period, providing us with opportunities to deliver significant shareholder value as well as looking at organic growth and M&A opportunities.

I am excited to continue nurturing the stakeholder relationships in the Philippines that serve as a cornerstone for the next chapter in the Company's trajectory, and, importantly, working diligently to continue the work begun by the accomplished team I have joined.



Nick von Schirnding  
Independent Non-Executive Chairman  
22 May 2024

## CHIEF EXECUTIVE OFFICER'S REPORT

The Group is pleased to report on what was a stellar year with record gold production, record gold sale revenue and record operating and net profits for the year. Pleasingly, the Group closed out the year with gold production exceeding its published, and re-stated, gold production guidance for the year.

With the Group's robust business fundamentals providing a strong platform from which to grow, we go into 2024 focused on opportunities to transform the Group into a multi-project company.

Most importantly, the Group continues to create a net-positive impact for its stakeholders and local communities. Our environmental, sustainability and social programmes continue to be of a very high standard, ensuring the Company continues to be accountable, transparent, and responsible in its corporate purpose.

### SAFETY AND HEALTH

Safety remains at the core of the Group's business. During the year there were no material safety and health incidents throughout all Group operations. A safe working culture is actively promoted by a dedicated occupational safety and health department and is embraced across the Group and by all departments. All staff recognise their individual responsibilities for their own safety and the safety of others.

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 22.7 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.

### FINANCIAL YEAR 2023 ("FY2023") OVERVIEW

Operational profit was US\$29.2 million (FY2022: US\$23.8 million) following record gold production for FY2023 of 85,194 ounces, being significantly higher than FY2022's production of 72,537 ounces. The gold production was achieved with average gold recovery improving to 88.7% from 85.7% in FY2022. The all-in-sustaining-cost ('AISC') for FY2023 was US\$1,126 per ounce (FY2022: US\$1,235 per ounce), which was slightly above the lower FY2023 AISC guidance of US\$1,120 per ounce.

During FY2023 the gold price remained strong resulting in an average sales price of US\$1,944 per ounce (FY2022: US\$1,797 per ounce). Total sales for FY2023 were US\$166.7 million (FY2022: US\$124.4 million).

During FY2023 the cash generated from operations was US\$74.6 million (FY2022: US\$38.2 million). This enabled the Group to make US\$64.8 million in debt interest/principal repayments during FY2023 (FY2022: US\$33.8 million).

Management's operational focus during FY2023 was to consolidate plant performance improvements and operational reliability. Mill throughput was maintained above nameplate design levels, while numerous modifications and equipment upgrades throughout the process circuit have improved general performance and reliability of the plant.

### GROUP DEBT

In October 2020 the Group completed a debt restructuring with Runruno Holdings Limited and D & A Holdings Limited (together the "RHL Group") and MTL (Luxembourg) S.à r.l. ("MTL Lux"). In the period to November 2022 the Group made regular monthly senior loan repayments such that, except for a nominal US\$2,586, the senior debt was fully repaid. This nominal amount had been left unpaid to ensure various securities remained in place until the mezzanine loans were elevated to the status of secured borrowings (the "Elevation"). The Elevation process required completion of complex and multi-country documentation and the registration of new security arrangements in numerous jurisdictions. Although the necessary material documentation was agreed by all parties it has not been executed due to a dispute in relation to the applicable rate of interest applying to, and hence, the quantum of the remaining mezzanine debt.

The October 2020 debt restructuring agreements envisaged the interest rate applicable to the mezzanine debt being reduced from 15% pa to 7% pa once the senior debt is repaid and the elevation of the mezzanine debt to “new” senior debt is complete. The Company’s position was that the intent of the October 2020 debt restructure was that the interest rate applicable to the mezzanine debt should have reduced from 15% pa to 7% pa in November 2022.

The Company’s position was that the final payment due to the lenders under the Company’s mezzanine debt facilities was made on 25 March 2024, on the basis of the lower interest rate of 7% (as opposed to 15%) applying from 3 November 2022, which the Company believed should apply under such facilities.

The Company’s minority 29.3% mezzanine debt lenders, the RHL Group, disputed that the interest rate applicable to their portion of the mezzanine debt reduced from 15% to 7% from 3 November 2022. Further, the RHL Group claimed that several events of default have occurred under the Group’s senior and mezzanine facilities, such that the relevant default interest rate (being a total of 12% under the senior debt facility and 20% under the mezzanine debt facilities) should apply with effect from 5 October 2023. The Company disputed these allegations.

In light of the RHL Group’s position in respect of the application of 15% interest to its loans under the mezzanine facilities, MTL Lux. (holding 70.7% of the mezzanine debt), contrary to historical assurances otherwise, sought to receive this interest rate on its own loans to the Company. MTL Lux has formally recorded that it does not believe penalty interest should apply.

After a detailed consideration of the Company’s legal position in this matter, and associated issues such as the cost of an ongoing dispute with the Company’s two largest shareholders, the Company has attempted to resolve this matter by making a payment, in May 2024, of approximately 50% of the total quantum currently under dispute.

However, as this dispute has not been fully resolved, the Company has, at 31 December 2023, created a provision for possible increased interest of US\$2.6 million, being the remaining difference between 15% per annum and 7% per annum on the mezzanine loans for the period 3 November 2022 to 31 December 2023.

The Company continues to negotiate with MTL Lux and the RHL Group on this matter.

## **RUNRUNO MINE**

### ***Mining Operations***

Total material moved during FY2023 was above budget at 12.4Mt (million tonnes) (FY2022: 13.7Mt).

Mining operations during FY2023 were concentrated in Stages 3 and 4. In-pit backfilling, which will reduce closure and environmental restoration costs upon the eventual closure of the mine, continues in Stages 1 and 2, with resultant reduced haulage times.

During FY2023, a drill programme was undertaken with the aim of discovering additional economic resources outside of the current mine plan pit-shell, especially to the north, east and west of the current Stage 5 pit design. The objective was to discover new economically mineable ounces that would increase the Runruno life of mine (“LOM”). The area drilled encountered evidence of significant mining having been conducted by the illegal small-scale miners that delayed the Group’s access to these areas. Unfortunately, no material new resources were discovered from this drill programme.

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

### ***Gold Reserve Statement***

As the resource extension drilling was not successful there has been no calculation of an updated ore reserve statement.



The most recent gold reserve statement was issued in February 2022, based on data as at 1 August 2021, as follows:

**Table 1 – Ore Reserve estimate – published in February 2022**

Reserve	Ore	Gold	
Category	Mt	g/t	Moz
Proved	-	-	-
Probable	9.94	1.35	0.43
<b>Total</b>	<b>9.94</b>	<b>1.35</b>	<b>0.43</b>
Inferred resources included in LOM model pit			
Inferred material	0.69	1.11	0.02

Using a Surpac block model, the Group modelled an internal estimation of the subsequent depletion of ore due to mining that has occurred since the above model was calculated (the period 1 August 2021 to 31 December 2023). The estimated resource depletion and the resulting depleted reserve statement (note that these calculations have not been independently verified) as at 31 December 2023 are:

**Table 2 – Ore depletion estimate**

Reserve	Ore	Gold	
Category	Mt	g/t	Moz
Estimated ore mined from August 2021 to December 2023	4.80	1.35	0.21

**Table 3 – December 2023 Depleted Ore Reserve estimate**

Reserve	Ore	Gold	
Category	Mt	g/t	Moz
Proved	-	-	-
Probable	5.14	1.35	0.22
<b>Total</b>	<b>5.14</b>	<b>1.35</b>	<b>0.22</b>
Inferred resources included in LOM model pit			
Inferred material	0.50	1.00	0.02

### **Process Plant**

Plant performance in FY2023 continued to show improvement in gold recovery from both the flotation and BIOX<sup>®</sup> circuits. During FY2023, the Group achieved an overall gold recovery of 88.7%, an improvement upon FY2022 which was 85.7%. Total gold produced in FY2023 was 85,194 ounces compared to 72,537 ounces in FY2022.

During FY2023, further upgrades to the process plant return water and BIOX<sup>®</sup> tank cooling systems were undertaken, improving plant availability and throughput rates. This upgrade also improved the ability to control BIOX<sup>®</sup> temperatures with further marginal production gains in BIOX<sup>®</sup> anticipated. These modifications combined with a largely uninterrupted supply of power during FY2023 resulted in a stable operating environment leading to the record average gold recoveries achieved over the year.

Unplanned downtime during FY2023 resulted mainly from tails line failures and repairs to the SAG mill girth gear, conveyor belts and return water line. Overall unplanned downtime has reduced through the Group's programme of proactive maintenance.

Notwithstanding the above, the process plant operated above design throughput with the following points of note:

- The crushing and grinding circuit operated above design throughput, achieving a utilisation rate of 91.8% (FY2022: 86.5%) and processing 2.10Mt of ore (FY2022: 2.07Mt);
- The gravity circuit achieved a recovery of 28.5% (FY2022: 27.9%);
- Fine-tuning of the flotation circuit resulted in incremental increases in recovery to 93% (FY22: 91%);
- The CIL circuit achieved an overall CIL recovery of 91.6% (FY2022: 89.9%);
- A major upgrade to the cooling water circuit was completed providing greater control of temperatures in the BIOX®; improving sulphur oxidation to 76.1% (FY2022: 67.5%); and
- The other plant circuits and ancillary systems all operated adequately.

### ***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.

The final scheduled lift to the RSI has been completed, with construction of the in-rock final spill-way underway. This final in-rock spillway will ensure the RSI has the capacity to cope with a 'Probable Maximum Flood' event.

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. The in-rock final spillway is expected to be completed in Q1 2025.

The performance of the RSI is continuously monitored by independent international consulting engineers.

### ***Government Industry Awards***

During Q4 2023, the Group was awarded the following Philippine Government awards:

- Presidential Mineral Industry Environmental Award (PMIEA) in the Surface Mining Operation Category 2023, awarded for the second year in a row.
- 3<sup>rd</sup> Runner-up, Best Mining Forest Contest – Metallic Category 2023.
- Ronald Wayan, Safety Officer, was the winner on the Best Safety Inspector (Surface Award).

In addition, the Group was selected to represent the Philippines at the third ASEAN Mineral Awards. At these awards the Group was awarded:

- 1<sup>st</sup> Runner-up in recognition of outstanding best practices in Sustainable Mineral Development (Mineral Mining – Metallic).
- 2<sup>nd</sup> Runner-up in recognition of outstanding best practices in Sustainable Mineral Development (Mineral Processing – Metallic).

These awards are given to mining companies in recognition of outstanding levels of dedication, initiatives and innovations in the pursuit of excellence in environmental protection, health & safety management and social/community development. Winning the Presidential award is the highest Government mining award attainable in the Philippines.

**NEW PROJECTS**

As noted in our 2022 Annual Report, it was the Group's strategy to investigate acquiring other mining opportunities in the Philippines. A number of Philippines located projects have been reviewed and in January 2024 the Company announced an initial acquisition of the Abra project, subject to lender and shareholder approval, has been made. Other Philippines located projects continue to be assessed for suitability.

**Abra**

In January 2024 the Company agreed to acquire a controlling interest in the YMC group, subject to lender and shareholder approval. The YMC group holds an extensive exploration tenement in the Abra region of Luzon, Philippines. The purchase price is US\$1.6 million (offset by approximately US\$1.1 million cash held by the YMC group) and the issue of options to subscribe for up to 41 million new ordinary shares of £0.0001 each in the capital of the Company.

The Abra tenement covers 16,200 hectares on Luzon, Philippines, approximately 200km north of the Company's Runruno mine, in the Cordillera region, which is a prolific gold belt in the Philippines, with proven mineral endowment, having produced over 40Moz of gold historically.

**OUTLOOK**

Annual production guidance for FY2024 for the Runruno mine has been set at 74,000 – 80,000 ounces at an AISC of between US\$1,175 – US\$1,275 per ounce. FY2024 operations are expected to maintain the general operational results produced during FY2023, such that free cash flow is maintained from a stable consistent level of mining and gold production.

The Group's positive operational cash-flows in Q1 2024 have been utilised to finalise, subject to resolving the interest rate matter, the full repayment of the Group's external debt. Free cash flow for the remainder of 2024 will be accumulated and applied to accelerate exploration of new projects and/or to acquire additional exploration and development opportunities, initially focused on the Philippines and potentially the wider region.



**Darren Bowden**, *Chief Executive Officer*

22 May 2024

**Competent Persons' Statement**

*The information contained in this report that relates to the Gold Reserves Estimate, issued in February 2022, 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.*

## AUDIT COMMITTEE REPORT

Dear Shareholders,

I am pleased to report to you on behalf of the Audit Committee.

Since April 2021, the Audit Committee has been comprised of only non-lender appointed, non-executive directors, which has consolidated the Group's commitment to improved corporate governance.

The Group's established financial reporting structures have continued to perform effectively in the year, and the Committee has continued to oversee the proper maintenance of these structures. The Group's robust framework of internal controls facilitated a smooth external audit process, helping to ensure the integrity of the 2023 Annual Report.

### Aims of the Audit Committee

The overall aim of the Audit Committee is to assist the Board in discharging its duties regarding the financial statements, to ensure that a robust framework of accounting policies is in place and enacted, and to oversee the maintenance of proper internal financial controls and risk management. The Committee monitors the integrity of the Financial Statements of the Interim and Annual Reports and formal announcements relating to the Group's financial performance, including advising the Board that the Annual Report taken as a whole is fair, balanced and understandable.

The Committee reviews significant financial reporting issues, key judgements and accounting policies and disclosures in financial reports, reviews the effectiveness of the Group's internal control procedures and risk management systems and considers how the Group's internal audit requirements shall be satisfied, making recommendations to the Board. It reviews the independent auditor's audit strategy and implementation plan and its findings in relation to the Annual Report and Interim Financial Statements. It monitors the relationship with the Group's independent auditor including the consideration of audit fees and independence.

### Membership and attendance

The Audit Committee consisted of myself, Andrew Chubb, as the Chair, together with two other Non-Executive Directors, David Cather and Tim Livesey, until September 2023 when Mr Cather resigned as a director of the Company. On 18 March 2024, Mr von Schirnding was appointed as the third committee member in replacement of Mr Cather.

The Committee aims to meet at least three times each year. The external audit team and the Chief Financial Officer are invited to attend meetings of the Committee, and I am satisfied that we were presented with papers of good quality, and in a timely manner. Attendances at committee meetings during the year were:

<i>Audit committee member/qualifications</i>	<i>Eligible to attend</i>	<i>Attended</i>
Andrew Chubb (B.Law (Hons)) – Chair	4	4
Tim Livesey (B.Sc (Hons) Geology)	4	4
David Cather (B.Sc (Hons) Mining) (resigned 18 September 2023)	3	3
Nick von Schirnding (B.A-LLPB) (appointed 18 March 2024)	-	-

The external auditors, for the relevant periods they acted in that role, attended all committee meetings held during the year.

### **Key responsibilities**

The main responsibilities of the Audit Committee are contained within its terms of reference that have been approved by the Board and are available on our website. The terms of reference and the key responsibilities of the Audit Committee are set out below:

- Maintain the integrity of the annual and interim financial statements of the Company and review any significant reporting matters they contain;
- Review the Annual Report and Accounts and other financial reports;
- Maintain the accuracy and fairness of the Company's financial statements, including through ensuring compliance with applicable accounting standards and the AIM Rules;
- Review the adequacy and effectiveness of the Company's internal control environment and risk management systems;
- Review the adequacy and effectiveness of the Company's Whistleblowing policies;
- To consider the need for, and to oversee, internal audit activities; and
- Oversee the relationship with, and the remuneration of, the external auditor, reviewing their performance and advising the Board members on their appointment.

### **Activities of the Audit Committee during the year**

On behalf of the Board, the Audit Committee has closely monitored the maintenance of internal controls and risk management during the year. Key financial risks are reported during each Audit Committee meeting, including developments and progress made towards mitigating these risks.

The Committee received regular reports from the Chief Financial Officer throughout the year and was satisfied with the effectiveness of internal controls and risk mitigation. The Committee also received and considered reports from the external auditor, PKF Littlejohn LLC ("PKF"), and prior to their resignation from CLA Evelyn Partners Limited ("EP"), which included control findings relevant to their audit.

### **Significant reporting matters**

The Audit Committee has reviewed management's assessment of critical accounting judgements and key sources of estimating uncertainty disclosed in note 2.

As part of the review, the Committee considered whether:

- There are any material or sensitive omissions from the Annual Report narrative;
- The Annual Report narrative is a true and balanced reflection of events and performance in the year;
- There is consistency throughout the Annual Report and Financial Statements; and
- There is a clear explanation of key performance indicators, their link to performance and strategy and equal prominence of statutory performance measures.

The Committee is satisfied that management have considered these matters appropriately and that a reasonable conclusion has been reached, and appropriate disclosure made, based on the information available to the Group. The Committee is not aware of any significant failings or weaknesses in the Company's existing system of internal controls. The Committee has determined that an internal audit function is not an appropriate mechanism for the Company in the context of the Company's current level of complexity of its operations.

### **Going concern**

The Directors consider the continuing strong operating and financial performance of the Group provides ample evidence that there currently is no material uncertainty surrounding the Company and the Group's ability to continue as a going concern.

Accordingly, the Company and Group financial statements are prepared on a going concern basis. Further detail regarding the reasoning behind this conclusion can be found in the Directors' Report on page 32.

**External audit**

The Audit Committee considers various matters when reviewing the appointment of an external auditor including their performance in conducting the audit and its scope, terms of engagement including remuneration and their independence and objectivity. Details of auditor's fees are included in the notes to the financial statements.

Since the Company's incorporation CLA Evelyn Partners Limited ("EP") (formerly Smith & Williamson) had acted as the Group and Company auditor. During this period, EP had also provided corporate tax services. After considering primarily the length of time EP had served as audit partners, as well as the potential for possible independence issues relating to additional services, it was mutually agreed with EP that they should be replaced as Group and Company auditor.

On 1 December 2023, following a thorough tender process run by the Audit Committee and the CFO, PKF Littlejohn LLC were appointed as Group and Company auditor.

The Audit Committee has confirmed it is satisfied with PKF's industry experience, knowledge of the Company and its effectiveness as external auditor. PKF does not provide any non-audit services to the Group or the Company. As such the Audit Committee has recommended the reappointment of PKF to the Board. There will be a resolution to this effect at the forthcoming annual general meeting.

**The year ahead**

The Audit Committee remains focussed on ensuring that the robust framework of internal controls and risk management currently in place throughout the Group is maintained. Financial risk management will continue to be closely monitored, and any potential risks mitigated where appropriate.

The Audit Committee will also continue its close dialogue with the Company's external auditors, highlighting any emerging financial risks or matters facing the Company throughout the coming year and ensuring that the Company's financial reporting mechanisms continue to be constantly updated in line with best practice and subjected to scrutiny and challenge.



**Andrew Chubb**, Chair of the Audit Committee

22 May 2024

## REMUNERATION COMMITTEE REPORT

Dear Shareholders,

It is my pleasure to report to you on behalf of the Remuneration Committee.

As part of the Group's commitment to improved corporate governance, only non-lender, appointed non-executive directors have been members of the Remuneration Committee since April 2021.

Throughout 2023 the Committee has continued to focus on aligning reward with performance and providing incentives, such that the Company's remuneration framework best facilitated an environment that delivered the swift repayment of the Group's external debt. This allowed the Group to focus on strategic opportunities to grow the Group's activities. Certain covenants within the Group's debt documents require lender approvals of any equity incentive schemes and the Committee's efforts in seeking a lender approved acceptable long-term incentive programme continue.

### Aims of the Remuneration Committee

The Committee's overall aim is to align employee remuneration with the successful delivery of long-term shareholder value. Our core principles that enable us to achieve this goal are:

1. To offer competitive remuneration to executive management that attracts, retains and motivates highly skilled individuals;
2. To align remuneration packages with performance-related metrics that mirror our short and long-term business strategies; and,
3. To encourage accountability in the workplace and link reward with success.

The Group currently operates the following remuneration framework:

- Annual salary and associated benefits; and
- Discretionary bonuses that are granted following the Committee's assessment of performance against certain key business indicators.

### Membership and attendance

The Remuneration Committee consisted of myself, Tim Livesey, as the Chair, together with two other Non-Executive Directors, David Cather and Andrew Chubb, until September 2023 when Mr Cather resigned as a director of the Company. On 18 March 2024, Mr von Schirnding was appointed as the third committee member in replacement of Mr Cather.

The Committee aims to meet at least two times each year. Attendances at Committee meetings during the year were:

Remuneration committee member	Eligible to attend	Attended
Tim Livesey – Chair	3	3
Andrew Chubb	3	3
David Cather (resigned 18 September 2023)	2	2
Nick von Schirnding (appointed 18 March 2024)	-	-

No Director is involved in any decisions relating to their own remuneration. None of the Committee has any personal financial interest, conflicts of interests arising from cross-directorships, or day-to-day involvement in running the business.



### Terms of reference

The terms of reference of the Remuneration Committee, that have been approved by the Board and are available on our website, are set out below:

- Determine and propose to the Board the Company's overall remuneration policy and monitor the efficacy of the policy on an ongoing basis;
- Determine and propose to the Board the remuneration of the Executive Directors and senior management;
- Determine the objectives and headline targets for any performance-related bonus or incentive schemes;
- Monitor, review and approve the remuneration framework for other senior employees; and,
- Review and approve any termination payment, such that these are appropriate for both the individual and the Company.

### Executive remuneration package and service contracts

There was no change to the CEO's base remuneration and no material changes to other executive remuneration packages during the year. The Group's remuneration framework includes payment of an annual salary and short term bonus. At present there is no long-term incentive programme in place. Executives are provided with life assurance cover equivalent to two times their base salary (capped at £500,000). There are no pension/superannuation schemes in place for executives or non-executive directors. Termination of executive contracts are subject to a three month notice period or an in lieu base salary termination payment.

### Management Incentive Programme ("MIP") – 2023 Performance

The CEO and other senior executives are eligible to participate in a MIP. The MIP awards an annual short-term bonus based on performance achieved against pre-determined key performance indicators ("KPIs"). Given the Group priority on being cash generative to reduce external debt, the KPIs are focused on operations and productivity performance.

The following table details the KPIs adopted by the Committee in its assessment of the Group's performance and the quantum of the MIP bonus, which were applied to FY2023.

Performance indicator	Standard target weighting	2023 Rating	2023 Performance
Environmental/Safety/Health and compliance	25%	Exceptional	Zero LTIs recorded; TRIFR < 0.95, no material FTAA/RSI/Environmental incidents
Free cash generated before debt principal/interest/fees	35%	Maximum target achieved	Free cash generated 245% of budget.
Gold Recovery v budget	25%	Maximum target achieved	Average gold recovery 106.4% of budget
Total Expenditure v budget	5%	Award target threshold achieved	Actual spend 103% of budget
Total Material Movements v budget	5%	Maximum target achieved	Actual mined material 110.4% of budget
Mill Throughput v plant design	5%	Maximum target achieved	Actual throughput 120.2% of design

#### Glossary:

*KPI – Key performance indicator; LTI – Lost time injury; TRIFR – Total reportable injury frequency rate  
FTAA – Financial and Technical Assistance Agreement; RSI – Residual storage impoundment*

Of the total MIP bonus, 15% is satisfied by an issue of new Ordinary Shares, at an issue price equal to the 30-day VWAP market value prior to the date the MIP bonus is approved by the Board (subject to shareholder approval).

Shareholders will be asked, at a shareholder meeting, to approve the future issue of 3,785,447 new Ordinary Shares to executives as part of the 2023 MIP bonus award. In June 2023, following the 2023 AGM, 7,147,850 new Ordinary Shares were issued to management as part of the 2022 MIP award.

#### Non-executive director remuneration

All non-executive directors are appointed under a letter of engagement that sets out the terms, responsibilities and remuneration attaching to their appointment. The remuneration of lender nominated non-executive directors is governed by the terms of a revolving credit facility and relationship agreements between the Company and the two major shareholders. The remuneration of non-lender nominated non-executive directors is determined by the full board.

#### Director remuneration

The Directors' remuneration for the year was as follows:

<i>Year ended 31 December 2023</i>	<b>Fees/salary</b> US\$	<b>Short-term performance bonus</b> US\$	<b>Share- based payments</b> US\$	<b>Total</b> US\$
Darren Bowden <sup>1</sup> <i>Executive director/CEO</i>	805,610	-	-	805,610
Steven Smith <sup>2</sup> <i>Interim Chairman &amp; Non-executive director</i>	70,117	-	-	70,117
Tim Livesey <i>Independent non-executive director</i>	84,764	-	20,947	105,710
Andrew Chubb <i>Non-executive director</i>	62,326	-	5,210	67,537
Guy Walker <i>Non-executive director</i>	73,545	-	-	73,545
David Cather <sup>1</sup> <i>Independent Chairman (resigned 18 September 2023)</i>	70,117	-	5,210	74,297
<b>Total</b>	<b>1,166,478</b>	<b>-</b>	<b>31,368</b>	<b>1,197,846</b>

<i>Year ended 31 December 2022</i>	<b>Fees/salary</b> US\$	<b>Short-term performance bonus</b> US\$	<b>Share based payments</b> US\$	<b>Total</b> US\$
Darren Bowden <sup>1</sup> <i>Executive director/CEO</i>	805,610	- <sup>3</sup>	-	805,610 <sup>3</sup>
David Cather <sup>1</sup> <i>Independent Chairman</i>	92,024	-	28,469	120,493
Tim Livesey <i>Independent non-executive director (appointed 5 May 2022)</i>	40,240	-	36,081	76,321
Andrew Chubb <i>Non-executive director</i>	61,349	-	28,469	89,818
Guy Walker <i>Non-executive director</i>	65,030	-	-	65,030
Steven Smith <sup>2</sup> <i>Non-executive director</i>	61,349	-	-	61,349
Jeremy Wrathall <i>Independent non-executive director (resigned 5 May 2022)</i>	21,109	-	8,982	30,091
<b>Total</b>	<b>1,146,711</b>	<b>-</b>	<b>102,001</b>	<b>1,248,712</b>

**Notes:**

<sup>1</sup> Includes consulting fees paid to private consulting companies.

<sup>2</sup> Fees paid in accordance with a Services Agreement between the Company and MTL (Luxembourg) Sarl.

<sup>3</sup> Restated to eliminate 2022 year-end bonus accruals were cancelled during FY2023.

No element of the Directors' remuneration (other than the share options and shares issued as part of the MIP bonus as noted above) is currently related to the Company's future share price.

**Director interests in shares and options**

No directors own any shares in the Company apart from Mr Bowden who owns 8,257,355 Ordinary Shares.

Directors' beneficial interests in unissued ordinary shares granted by the Company under share options as at FY2023 year-end are as follows:

Director	Option expiry date	Option exercise price	Issued during year	Vested at year end	Options held at year end
Andrew Chubb <i>Non-executive director</i>	On or before 28 October 2024	Nominal share value	-	6,600,000	6,600,000
Tim Livesey <sup>1</sup> <i>Independent non-executive director</i>	On or before 17 June 2025	Nominal share value	-	4,400,000	6,600,000

**Vesting/exercise conditions**

Provided the option-holder remains a director of the Company,

- the remaining 2,200,000 options will vest on 17 June 2024.

The relevant Non-Executive Directors' independence is not considered to be compromised due to holding these options as the level of share options are deemed to be sufficiently immaterial.

**The year ahead/Long-term incentive programme**

Under the Group's debt finance agreements material changes to the Group's remuneration policies and the level of executive and senior management remuneration requires the approval of the Group's two lenders in accordance with the various loan agreements.

It is hoped that a resolution to approve a long-term incentive programme, that has the support of the Company's lenders and major shareholders, will soon be proposed for shareholder approval at a Company general meeting.

Other than the introduction of a long-term incentive programme for executives and senior management, it is not proposed to make any change to remuneration policy.

A handwritten signature in blue ink, appearing to read 'T. Livesey', with a large, stylized flourish at the end.

**Tim Livesey**, Chair of the Remuneration Committee  
22 May 2024

## SUSTAINABILITY REPORT

In accordance with Philippine Government requirements, the Group issues a biennial in-depth sustainability report. Shareholders are recommended to access the most recent biennial sustainability report, titled 'Charting a Legacy', issued in May 2024, covering the 2022 and 2023 calendar years, which is available on the Company website at [www.metalsexploration.com/esg](http://www.metalsexploration.com/esg).

The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards and provides stakeholders with a transparent account and comprehensive information on our sustainability performance and governance and climate-risk related disclosures.

### RISK MANAGEMENT

The Group's Code of Conduct enumerates its ethics. Operational procedural standards, aligned with legal requirements, have been established for all activities we undertake. Operations are certified with ISO 14001:2015 compliance and the Group is a member of the Chamber of Mines of the Philippines "Towards Sustainable Mining" initiative. The reporting of any infractions, particularly on safety concerns and potential environmental non-compliance, is participatory and cuts across all employees regardless of position.

### COMMUNITY AND SOCIAL DEVELOPMENT

As part of our commitment to enriching the lives of local communities, the Group allocates 1.5% of direct mining and processing costs to be applied in its Social Development and Management Program ("SDMP"). Through the SDMP the Group partners with local communities to identify and implement impactful socio-economic programmes that drive sustainable development in our host and neighbouring areas. Implementation of the SDMP passes through a series of community consultations to identify appropriate socio-economic programmes. The Group's SDMP programmes are focused on:

- 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 FY2023 was US\$1.4 million, up from US\$1.3 million for FY2022 programmes. 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.

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 SDMP and other programmes under them as a component of the Group's commitment to its Corporate Social Responsibility ("CSR").

### SAFETY AND HEALTH

A safety and health programme is created each year to establish a robust foundation for the implementation of measures that prioritise the well-being and protection of workers. This ensures that workers are provided with a just, safe, and humane working environment. It is updated annually to ensure that the programme remains up-to-date and sufficiently addresses the evolving hazards and risks of the operations.

There were no material safety and health incidents throughout the project site. A safe working culture is actively promoted by a dedicated occupational safety and health department. To date the operation has accumulated in excess of 22.7 million man-hours with no lost time incidents.

**HUMAN CAPITAL**

Employees are the lifeblood of our operations. Without their dedication to exemplary performance, and a work ethic that aligns with the values of our Company, the growth and development that the Group has achieved through the years will not be attained. It is therefore crucial for our Company to invest in our people to be able to power the business and continue operations, as well as support them in their journey towards a rewarding career and achievement of success that ripples through their lives and their communities.

Our policy is to recruit and retain the most talented and high-performing people who share the Group's commitment to sustainable development. Great care is taken in every step of the employment process with an emphasis on equality, diversity, work-place safety and employee welfare.

**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, having received numerous government/industry awards in this area over a number of years. The Group implements innovative technologies to enhance the efficiency and effectiveness of existing programmes across all operational facets, including our environment-related projects. Use of technologies like low-cost hydroseeding technology combined with a zero waste initiative, and maintaining a tree nursery and a clonal tree nursery research facility, are essential for the sustainability of our environmental restoration efforts.

**WASTE MANAGEMENT**

Safe management of tailings and other waste products are crucial to the safety of our communities and longevity of our operations. All tailings are sent to the residual storage impoundment facility (RSI) which has been constructed to international standards applicable to water storage dams, which are much higher than international standards applicable to mining tailings.

While the Group has a strong waste management record to date, it understands the risks associated with tailings management are a particular concern to our stakeholders and the Group is determined to maintain high levels of safe tailings management.

**REFORESTATION AND REHABILITATION**

The Group acts positively to reduce the potential environmental impacts of its operations. It undertakes this obligation through immediate and continuous rehabilitation activities, by the re-greening of disturbed areas, the 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 and 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 5.21 hectares within the FTAA area were rehabilitated during FY2023 (FY2022: 7.17 hectares) to bring the total area rehabilitated since commencement of mining to 49.34 hectares.

In addition, the Group participates in the National Forest Programme and the National Greening Programme. During FY2023, the Group was responsible for a further 195 hectares of reforestation (FY2022: 241 hectares).

As a manifestation of our unwavering and exemplary commitment, the Group has received the Presidential Mineral Industry Environmental Award (PMIEA) in the Surface Mining Operation Category for the second year in a row.

**WATER MANAGEMENT**

Mining activities require a large and constant supply of water, and the Group recognises that access to safe water is a fundamental right for local communities.

The Group operates a dynamic water management programme to avoid possible impacts on the downstream water quantity, quality and aquatic environment. The ASTER technology contained in the final segment of the process plant destroys all cyanide species from tailings before the tailings are pumped into the RSI.

The Group aims to reduce its monthly average water consumption by at least 1% per annum.

**ANTI-SLAVERY AND HUMAN TRAFFICKING**

Our anti-slavery policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our supply chains. Our Company abides by various legislation and frameworks, including the UK Modern Slavery Act 2015, the Philippine Anti-discrimination Act of 2011, Republic Act 7877, the Philippine Anti-Sexual Harassment Act of 1995, and the United Nations Guiding Principles on Business and Human Rights.

**CLIMATE CHANGE REPORTING**

The Group recognises its social responsibility to align its efforts to contribute to global climate change goals and targets including net-zero emissions by 2050. Policies to minimise the Group's greenhouse gas emissions ("GHG"), are followed, as far as economically practicable.

*Task Force on Climate-related Financial Disclosures*

The Group is committed to managing the impact of its operations on the planet and the impact of climate change on its operations, particularly to ensure continued operational and financial resilience in a changing world and marketplace. The Group understands the importance of these matters to its investors, partners, and regulatory authorities and as required by the Listing Rules, has adopted the Task Force on Climate-related Financial Disclosure's framework for communicating climate related financial risks.

This is the first year the Group has published a report in line with the TCFD Recommendations and the Group has endeavoured to make disclosures consistent with the TCFD recommended disclosures taking into consideration the short remaining mine life at the Runruno mine and the size and complexity of the Group as a whole. The Group will continue to develop and enhance its infrastructure, strategies, structures, resources and tools to manage the risks and opportunities presented by climate change.

*TCFD PILLAR – Governance**Board Oversight*

The Group recognises the threats and impacts posed by climate change. As a responsible mining company, the Group recognises its crucial role in the transition to a low-carbon economy. The Group aims to align our efforts to contribute to global climate goals and targets. One of the ambitious goals of the Company is to become the first carbon neutral mining operator in the Philippines.

*Management Oversight*

Management is involved in identifying and evaluating risks that may affect the operations. These risks are constantly assessed to prevent potential environmental, economic and sociocultural impacts to our stakeholders. Within the Group's operations the use of renewable energy is supported by purchasing our power from a hydroelectric power company. In addition, the Group has adopted methods and technologies that increase the efficiency of its operations without causing significant harm to the environment. The Group initiates efforts to include stakeholders in its programs and initiatives in mitigating and addressing the impacts of climate change.

*TCFD PILLAR – Strategy**Identified climate-related risks and opportunities*

The identified key climate-related threats include increased risk of potential emergencies such as earthquakes, floods, typhoons and dam failures. In response to these identified threats, the Group has developed an emergency control plan (ECP) to ensure preparedness for these potential emergency situations. The ECP is shared with local communities to facilitate a planned effective and timely response, aiming to mitigate threats and minimise consequences to life, environment, and property.

*Impact of climate-related risks and opportunities on strategy and planning*

The Group continues to investigate opportunities to reduce its GHG emissions while seeking to minimise the potential effects of longer-term risk to power sources from potential climate-related risks.

*Resilience of strategy*

Management has incorporated climate scenarios into the Group's strategic operational planning and review process. The Board encourages senior management to assess principal and emerging climate-related risks on a regular basis. Any changes in risks identified are to be reported to and discussed at Board level and incorporated into the strategy and planning of the Group.

*TCFD Pillar – Risk Management**Processes for identifying and assessing climate-related risks*

The Company's Risk Management Plan is designed to identify, assess and mitigate risks to minimise and control any potential impacts.

*Processes for managing climate-related risks*

The Board and Senior management co-ordinate the Group's analysis and planning of the effects of climate change on our business. The Board regularly discusses the impact of any risks identified through the organisation. The mitigation of GHG emissions and identification of climate related risks has been integrated into our corporate policy, project and procurement evaluation criteria to ensure it is consistently applied and managed. The Group continuously monitors and reports key performance indications relating to environmental matters.

*Process for integrating climate-related risks into the overall risk management*

New or evolving climate change risks identified by both senior and local management are reported to and discussed at Board level and incorporated into the strategy, planning and climate policy of the Group. Where possible, plans to mitigate the effect of climate change on our operations and our local communities will be integrated into the Group's environmental management and social and labour plans.

*TCFD Pillar – Metrics and Targets**Metrics used by the Group*

The Group annually sets targets to move forward towards its net-zero ambition. Targets are set for the reduction of water, diesel, and electricity consumption, and waste generation. Further, a target to increase reforestation and restoration is also set.

*Greenhouse Gas Emissions*

The Group is committed to measuring and reporting our scope 1 and 2 greenhouse gas emissions as noted below. Scope 3 emissions are not currently measured given the size and life of Group's mine.

*Targets used by the Group*

The Group has only the single Philippine located operation, with a remaining life of mine of approximately three/four years. In the short term, the Group's continues to evaluate areas where GHG emissions can be further reduced. Once the Group has identified the scope of further potential reductions, their time, capital cost and practicability of implementation, as short-term targets for the Group will be assessed.

Over the long term, as part of the Group's business strategy, the Board continues to evaluate opportunities to diversify its business activities, which in turn will involve the consideration of climate-related risks.

**GREENHOUSE GAS EMISSIONS**

Scope 1 GHG emissions from operations refers to direct activities 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.

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 Philippine government recorded supplier-specific emission factors. Within our operations we support the use of renewable energy by purchasing our electricity from a hydroelectric company.

These Scope 1 and 2 GHG emissions are regularly reported to the Philippines mines department.



The Group's total carbon footprint (generated outside of the UK) was measured as follows:

	2023	2022*
	CO <sub>2</sub> e Tonnes	CO <sub>2</sub> e Tonnes
Scope 1 GHG emissions	21,429	23,668
Scope 2 GHG emissions	74,737	70,309
Operational GHG emissions Total	96,166	93,977
	Total CO <sub>2</sub> e Tonnes per ounces gold produces	Total CO <sub>2</sub> e Tonnes per ounces gold produced
Operational GHG Emissions Intensity	1.13	1.30

\* restated

### ENVIRONMENTAL MONITORING

The Group maintains very high compliance standards and employs industry leading initiatives to ensure the highest environmental performance. The Group conducts regular internal comprehensive environmental monitoring to ensure compliance with its licence provisions, Philippine Regulations and any appropriate contemporary standards. This monitoring extends to reference sites outside the immediate operational area. The Government undertakes quarterly monitoring by an independent, community based Multipartite Monitoring Team; while an independent third-party consultant group specialising in environment monitoring services is also engaged to independently monitor the Group's 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 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.

## CORPORATE GOVERNANCE STATEMENT

The Board has chosen to adopt the Quoted Companies Alliance’s Corporate Governance Code for small and mid-size quoted companies (the “QCA Code”).

The QCA Code identifies ten principles that focus on the pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which the Company was created. The principles of the QCA Code are embedded into the Company’s internal reporting and governance structures to the extent expected of a company of Metals Exploration’s size, stage of development and resources.

The Company’s governance structures are further governed by the Company’s Articles of Association (“Articles”) together with relationship agreements (the “Relationship Agreements”) and a revolving credit facility (the “RCF”) with the Company’s two largest shareholders, MTL (Luxembourg) S.à r.l. (“MTL Lux”) and Runruno Holdings Limited (“RHL”).

The Relationship Agreements regulate the relationship between the Company and its two largest shareholders to ensure, amongst other things, that the Company and its business shall be managed for the benefit of the shareholders of the Company as a whole. The Relationship Agreements grant each shareholder the right to appoint one director, for so long as it (together with its successors or assignees) continues to hold more than 10% of the voting rights of the Company.

The RCF sets out the remuneration payable to directors nominated by the two largest shareholders. Further, the RCF requires the prior consent of both these shareholders (together with its successors or assignees) for the Company to undertake a number of operational decisions.

The Company’s current compliance, or otherwise, with each of the ten principles of the QCA Code are detailed below.

	Principle	Disclosure
1	<b>Establish a strategy and business model which promotes long-term value for shareholders</b>	<p>The Board’s strategy and corporate plan is to:</p> <ul style="list-style-type: none"> <li>- Provide shareholders with capital growth potential, delivered by developing mineral projects into profitable mines.</li> <li>- Undertake cost-effective and precise exploration on those targets considered most likely to deliver future positive shareholder returns.</li> <li>- Respect the indigenous culture of the exploration and development areas and to promote social and economic development for the traditional custodians.</li> <li>- Manage the inherent value of its mining properties portfolio by delivering an efficient mining operation.</li> <li>- Conduct operations in a safe and environmentally responsible manner to industry best practice standards.</li> <li>- Offer employment opportunities to those who live in the project area.</li> <li>- Reward loyal and dedicated employees who drive the Company’s objectives.</li> <li>- Consider acquisition opportunities to foster additional long-term capital growth potential.</li> </ul> <p>This Annual Report sets out key risks and uncertainties that may represent challenges to the successful execution of the Company’s strategy and business model, and how such risks and uncertainties are managed by the Company. These risks are set out in the Directors Report and notes 33 and 34 to the financial statements.</p>

2	<b>Seek to understand and meet shareholder needs and expectations</b>	<p>The Company engages openly with its shareholders via announcements made via a regulatory information service, its corporate website and other social media platforms and investor webinars. The Board encourages investors to participate, if possible, at its Annual General Meeting and General Meetings. The Board believes that the Annual Report and Accounts, and the Interim Results published at the half-year stage, play an important part in presenting all shareholders with an assessment of the Company's position and prospects.</p> <p>The Company's website contains information on the Company's business, corporate information and specific disclosures required under the AIM Rules and the QCA Code. Management will also conduct periodic meetings either in person or electronically to shareholders, private client brokers and investment analysts.</p>
3	<b>Consider stakeholder and social responsibilities and their implications for long term-success</b>	<p>The Company's long-term success relies upon good relations with all its stakeholder groups, both internal and external. The Board affords highest priority to ensuring that it maintains a strong understanding of the needs and expectations of all stakeholders, monitoring feedback from them and considers such feedback in developing future policy.</p> <p>The Company undertakes its exploration and mining activities in a manner that seeks to minimise or eliminate negative environmental impacts and to maximise positive impacts of an environmental nature.</p> <p>The Company operates a comprehensive safety and health programme to ensure the wellness and security of its employees. The control and eventual elimination of all work-related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive safety and health programme is the primary means for delivering best practices in safety and health management.</p> <p>Employment opportunities and regular training are offered for local Filipinos, while gender diversity policies are actively followed.</p> <p>Employee involvement is fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.</p> <p>The Company has a dedicated community relations division that is active in developing and assisting with various community social programs with special focus on health, education and infrastructure projects.</p>
4	<b>Embed effective risk management, considering both opportunities and threats, throughout the organisation</b>	<p>The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the execution of the Company's strategic objectives and business model. The Board reviews this internal reporting on a regular basis.</p> <p>The Board monitors financial controls through the setting and approval of an annual budget and a formal delegation of authority matrix combined with the regular review of key risk areas and monthly management accounts. The management accounts contain a number of indicators that are designed to reduce the possibility of misstatement in the financial statements.</p> <p>Each year, on behalf of the Board, the Audit Committee reviews the effectiveness of the Company's system of internal controls. This is achieved primarily via a comprehensive review of risks which cover both financial and non-financial issues potentially affecting the Company and from discussions with the external auditor. Details of the key risks, and their management, are contained in the following Directors' Report and notes 33 and 34 to the financial statements. The Board is not aware of any significant failings or weaknesses in the Company's existing system of internal controls.</p> <p>Operational risk management is the driver for how the Company does business and dictates requirements to design, plan and adequately respond to internal and external events. This ensures that proper incident response, and effective monitoring can be implemented to minimise anticipated risks and reduce harm and disruption to people, the environment, and the Company's operations.</p>
5	<b>Maintain the Board as a well-functioning, balanced team led by the Chair</b>	<p>The purpose of the Board is to ensure that the business is managed for the long-term benefit of all shareholders, whilst at the same time having regard for employees, customers, suppliers and our impact on the environment and the communities in which we operate. The full Board is responsible and accountable to shareholders for the management and success of the Company and for providing effective controls to assess and manage the risks that the Company faces.</p> <p>The Company's business is directed by the Board and is managed on a day-to-day basis by the Chief Executive Officer ("CEO"). The Board monitors compliance with the objectives and policies of the Company through monthly performance reporting, budget updates and periodic operational reviews. The Board has formal face-to-face meetings at least twice a year, while restricted agenda meetings are</p>

		<p>held on an ad hoc basis when required. Minutes of the meetings of the Directors are circulated to the Board for approval.</p> <p>On appointment, Non-Executive Directors commit to set aside sufficient time on the business of the Company to maintain a full understanding of the business which will include an annual visit to the Company’s operations in the Philippines.</p> <p>Board membership and attendance:</p> <table border="1" data-bbox="437 416 1449 748"> <thead> <tr> <th><i>Board member/role</i></th> <th><i>Meetings eligible to attend</i></th> <th><i>Meetings attended</i></th> </tr> </thead> <tbody> <tr> <td>Nick von Schirnding – Independent Non-Executive Chair (appointed 18 March 2024)</td> <td>-</td> <td>-</td> </tr> <tr> <td>Darren Bowden – CEO &amp; Executive Director</td> <td>6</td> <td>6</td> </tr> <tr> <td>Tim Livesey – Independent Non-Executive Director</td> <td>3</td> <td>3</td> </tr> <tr> <td>Andrew Chubb – Non-Executive Director</td> <td>6</td> <td>6</td> </tr> <tr> <td>Steven Smith – Non-Executive Director</td> <td>6</td> <td>6</td> </tr> <tr> <td>Guy Walker – Non-Executive Director</td> <td>6</td> <td>6</td> </tr> <tr> <td>David Cather –Independent Non-Executive Chair (resigned 18 September 2023)</td> <td>3</td> <td>2</td> </tr> </tbody> </table> <p>Steven Smith has been nominated to the Board by the substantial shareholder MTL Lux, while Guy Walker was nominated to the Board by the substantial shareholder RHL.</p> <p>The two directors nominated by MTL Lux and RHL are not independent but have relevant experience from which the Company can benefit. Andrew Chubb is not independent, as he is a partner of the Company’s corporate broker and advises the Company in this role.</p> <p>The members of the Board, as a whole, have suitable knowledge of the Company and expertise to discharge their duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. Any Director must declare a conflict of interest in relation to a particular item of business before commencement of discussion on the topic.</p> <p>The Board has delegated some of its responsibilities to various Committees, which operate within specific terms of reference which can be found on the Company’s website. In the event of a proposal to appoint a new Director, each Director is given the opportunity to meet the candidate prior to any formal decision being taken. Under the Articles and the RCF, new director appointments require the approval of the Company’s two largest shareholders. Due to the small size of the Company, no Nomination Committee has been established.</p> <p>The Company has established an Audit committee – refer to page 11 for the Audit Committee Report. In addition, the Company has established a Remuneration Committee – refer to page 14 for the Remuneration Committee Report.</p> <p>In accordance with the Company’s Articles, the Relationship Agreements and the RCF, the Non-Executive Directors nominated by the Company’s two largest shareholders are not required to be re-elected at the Company’s Annual General Meetings. Further, their remuneration and terms and conditions of appointment are governed by the Relationship Agreements and the RCF.</p> <p>The remuneration and terms and conditions of appointment of Non-Executive Directors not nominated by the two largest shareholders are set by the Chair and the Board and are governed by the Articles.</p>	<i>Board member/role</i>	<i>Meetings eligible to attend</i>	<i>Meetings attended</i>	Nick von Schirnding – Independent Non-Executive Chair (appointed 18 March 2024)	-	-	Darren Bowden – CEO & Executive Director	6	6	Tim Livesey – Independent Non-Executive Director	3	3	Andrew Chubb – Non-Executive Director	6	6	Steven Smith – Non-Executive Director	6	6	Guy Walker – Non-Executive Director	6	6	David Cather –Independent Non-Executive Chair (resigned 18 September 2023)	3	2
<i>Board member/role</i>	<i>Meetings eligible to attend</i>	<i>Meetings attended</i>																								
Nick von Schirnding – Independent Non-Executive Chair (appointed 18 March 2024)	-	-																								
Darren Bowden – CEO & Executive Director	6	6																								
Tim Livesey – Independent Non-Executive Director	3	3																								
Andrew Chubb – Non-Executive Director	6	6																								
Steven Smith – Non-Executive Director	6	6																								
Guy Walker – Non-Executive Director	6	6																								
David Cather –Independent Non-Executive Chair (resigned 18 September 2023)	3	2																								
6	<p><b>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b></p>	<p>The skills and experience of the Board are set out in their biographical details on the Company’s website. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.</p> <p>MSP Corporate Services Limited, a professional company secretarial services provider, acts as Company Secretary.</p>																								
7	<p><b>Evaluate Board performance</b></p>	<p>The collective performance of the Board is reflected in the success of the business. Evaluation of the performance of the Board, its Committees and individual members has historically been implemented</p>																								

	<b>based on clear and relevant objectives, seeking continuous improvement</b>	<p>on an on-going and ad hoc basis given the stage of the Company's development. The Company does not therefore currently comply with Principle 7 in that it has no formal board evaluation process.</p> <p>Succession planning is currently the responsibility of the Board as a whole and the establishment of a Nomination Committee is not considered necessary due to the current size of the Board.</p>
8	<b>Promote a corporate culture that is based on ethical values and behaviours</b>	<p>The Board recognises that its decisions will impact the corporate culture of the Group as a whole and that this will affect the performance of the business. The Board is also very conscious that the tone and culture that it sets will greatly impact all aspects of the Group and the way that employees behave and operate. The importance of maintaining sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.</p> <p>The Company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of the Company's business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of, <i>inter alia</i>, sustained real growth in future profitability.</p> <p>In addition, employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents, which, in turn, as a mining company, the Board considers, to be a fundamental part of recognising and establishing ethical values and behaviours throughout the Company's operations.</p>
9	<b>Maintain Governance structures and processes that are fit for purpose and support good decision making by the Board</b>	<p>The Company maintains appropriate governance structures and processes according to its current size and complexity, and its stage of development and level of resources.</p> <p>There is a clear division of responsibility between the Independent Non-Executive Chairman and the CEO. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. In addition, the Chairman is responsible for the implementation and practice of sound corporate governance.</p> <p>The CEO is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company's operations.</p> <p>The role of Non-Executive Directors includes questioning and challenging the CEO and assisting where possible in developing strategic proposals; reviewing and commenting on the integrity of the Company's financial reporting systems and the information they provide; recommending appropriate standards of corporate governance; reviewing internal control systems; ensuring that risk management systems are robust; and reviewing corporate performance and ensuring that performance is appropriately reported to shareholders.</p> <p>Notwithstanding the above, the RCF requires certain operational matters to be pre-approved by the Group's two largest shareholders. These lending covenants are exceptions to compliance with Principle 9 that are expected to continue until the termination of the RCF.</p>
10	<b>Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b>	<p>The Company recognises that meaningful engagement with its shareholders is integral to the continued success of the Group. The Company engages with its shareholders through meetings, webinars, presentations and roadshows when appropriate.</p> <p>The Board believes that the Annual Report and Accounts, and the Interim Results published at the half-year stage, play an important part in presenting all shareholders with an assessment of the Company's position and prospects. All regulatory announcements are published on the Company's website. The Annual General Meeting and General Meetings are an opportunity for shareholders to discuss the Company's business with the Directors.</p> <p>The Board is supported by the Audit and Remuneration Committees, each of which has access to such information, resources and advice that it deems necessary, at the Company's cost, to enable the committees to discharge their duties as are set out in the Terms of Reference of each committee.</p> <p>Further the Board is supported in its dialogue with shareholders by its corporate broker and an investor relations consultancy group.</p>

## DIRECTORS' REPORT

The Directors present their Annual Report together with the audited financial statements of Metals Exploration plc (the "Company") and its subsidiary undertakings (the "Group"), for the year ended 31 December 2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Group is to identify, acquire, explore and develop mining and processing projects, mining companies, businesses or opportunities with particular emphasis on precious and base metals mining opportunities in the Philippines.

The Company was incorporated on 8 April 2004 under the Companies Act 1985 (now Companies Act 2006) and is registered in England and Wales with registered number 05098945. The Company was admitted to trading on AIM in October 2004.

The principal activity of the Company is that of a holding company for its subsidiary undertakings, which are set out in note 14 of the financial statements.

### FINANCIAL RESULTS

For the year ended 31 December 2023 the profit before tax of the Group for the year was US\$119.6 million (2022: US\$8.7 million). This result included a net impairment of assets reversal of US\$97.7 million (2022: impairment expense of US\$1.2 million).

### DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: US\$nil).

### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the current and future development of the Group's business is given in the Chairman's Statement on page 3 and the Chief Executive Officer's Report on page 5.

### NOMINATED ADVISER & CORPORATE BROKER

The Company's nominated adviser is Strand Hanson Limited. The Company's corporate broker is Hannam & Partners ("H&P Advisory Limited").

### AUDITOR

PKF Littlejohn LLP were appointed as auditor of the Company on 1 December 2023, in accordance with Section 485 of the Companies Act 2006 following the resignation of CLA Evelyn Partners Limited. It is proposed that PKF Littlejohn LLP be re-appointed as auditor of the Company at the Company's forthcoming Annual General Meeting.

### DIRECTORS & DIRECTORS' INTERESTS

The Directors of the Company during the year and since the year end were:

Nick Von Schirnding	(Independent Non-Executive Chairman), appointed 18 March 2024
Darren Bowden	(Chief Executive Officer and Executive Director)
Andrew Chubb	(Non-Executive Director)
Tim Livesey	(Independent Non-Executive Director)
Steven Smith	(Non-Executive Director)
Guy Walker	(Non-Executive Director)
David Cather	(Independent Chairman and Non-Executive Director), resigned 18 September 2023

Refer to the Remuneration Report for details of Directors' beneficial interests in unissued ordinary shares granted by the Company under share options.

**ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

There was no issue of securities to directors during FY2023, however, during FY2022, the Company issued:

- 6,600,000 options to acquire new ordinary shares to Mr Livesey. These options are subject to vesting conditions as noted in the Remuneration Report.
- 8,257,335 new ordinary shares to Mr Bowden in lieu of a cash payment of a portion of his management incentive bonus award.

Apart from outstanding share options, a full summary of which is disclosed in the Remuneration Report, there are no other arrangements entered into to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE**

No contract of significance to which the Company, or any of its subsidiary companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the year; other than:

- Steven Smith is a 10% shareholder in MTL Guernsey Limited ("MTLG"), which has a nominal amount still owing to it under the Senior Debt Facility.
- Andrew Chubb is a partner of Hannam & Partners, the Company's broker and financial adviser.

**PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP**

The Board of Directors review the principal risks and uncertainties facing the Group on an ongoing and regular basis. Assessments are made as to how to manage these and mitigate as much risk as possible through various controls. Many of these risks and uncertainties are common to all mining projects. The principal risks and uncertainties facing the Group are identified as follows:

***Market risk***

The profitability of the Group's projects is impacted by the risks associated with the gold market. Profitability can be affected by factors beyond the Group's control, such as a prolonged decline in world gold prices. The Group regularly tracks gold prices and regularly refines its models on financial profitability in order to have available for the Board at all times, a current view on the future financial viability of its active projects. The Group has attempted to mitigate this risk by entering into limited hedge arrangements in relation to future gold prices. Refer note 20.

The Group is exposed to currency risks in its operations; particularly in relation to Philippine domestic peso currency exposure from costs associated with mining and gold recovery. Currency exposures are carefully monitored, and forward contracts are in place to insure against major adverse currency movement risk. Refer note 20.

***Nature of mining, resource estimation and mineral processing***

Mineral resource and reserves estimation provides no assurance that the potential tonnage and grades will be achieved. The exploration of mineral rights is speculative in nature and any published results are expressions of judgement developed using industry tested measuring techniques, none of which can be relied upon with complete certainty. Each set of published results builds upon the previous published information and includes any new and reliable information from systematic drill results, mining, and recovery and reconciliation activities and is independently verified by qualified persons. However, this still involves experience, judgement, skill and estimation, all of which are imprecise, interpretative and open to challenge. The actual results of mining may differ upwards or downwards from the published reserves upon which the Group relies in its business projections.

The size of the deposit, its grade, depth and type of orebody, are only some of the particular attributes which determine the costs and recovery methods required to be employed. There is also the length of haul to the processing plant, age and maintenance programmes for plant and equipment, land access, environmental protection and community relations, capital costs, reclamation and closure costs and labour and host community relations. The quantities, costs and assumptions used to identify and interpret these variables can be modelled to the lowest level of detail possible, but they do not provide absolute certainty that the expected cost of mining will be achieved.

The metallurgy of the Group's ore requires a complex set of processes to extract economic levels of gold doré. Maintaining efficient processing operations requires specialised equipment and consumables, combined with an experienced and motivated processing team. It is also subject to numerous factors some of which are within the Group's ability to control, and some that are external factors outside the control of the Group.

#### ***Reserves and life of mine***

Based upon the Group's current delineated gold reserves and planned mining schedule it is predicted that the Runruno project's remaining life of mine is approximately 3-4 years.

Exploration and development of mineral deposits involve a wide range of significant risks and require a significant investment over an extended period of time. These risks are seldom constant with new types invariably arising and adding to the industry's and Group's challenges.

Exploration success that results in the discovery of new gold resources that can be developed into new economic gold mineral reserves that in turn can extend the Runruno project life of mine is not guaranteed.

#### ***Mining regulatory risk***

Mining investors are exposed to a high level of regulatory risk under the governing bodies responsible for the Philippine mining sector. There is a wide array of 'rules and regulations' ("Rules") that govern the regulatory regime for foreign mining investment in the Philippines and the Rules are created and enforced by several layers of government and government agencies nationally, provincially and locally. The Philippines mining industry is subject to frequent audit and review activity by regulatory agencies.

Failure to receive, extend or amend any Regulatory Approval, or delays in receiving, extending or amending any Regulatory Approval may adversely affect the properties, business or operations of the Group including, but not limited to, increasing the costs of the Group's activities; limiting the Group's capacity to produce gold; delaying the implementation of any planned changes to the Group's activities; or requiring the full or partial suspension of the Group's operations.

The Group has almost 500 approvals, licences and permits to conduct mining, processing and related activities at its Runruno Gold Project in the Philippines (collectively "Regulatory Approvals") and is routinely required to obtain new permits and Regulatory Approvals or to amend, renew or extend its existing permits and Regulatory Approvals.

As at the date of this Report, neither the Group nor the Runruno project is subject to any suspension or closure order. The Group has applied for, or is in the process of, applying for the issue, extension or renewal of a number of Regulatory Approvals and cannot be certain that they will be issued, extended or renewed on acceptable terms or within the required timeframes.



**Key personnel**

The Group's future success is substantially dependent upon the continued service of senior management, and its highly skilled and trained personnel at all levels of management, however the retention of relevant members of staff cannot be guaranteed. There can be no certainty that the Group can recruit suitably qualified or skilled employees in a competitive, highly skilled, specialist industry and it is possible the Group will face periods of varying lengths of management and skills shortages.

Where key personnel cannot be retained in the medium to long term, the Group's commercial production could be compromised at various intervals.

**Environmental risk**

Mining operations are by nature environmentally risky ventures. As a responsible miner the Group takes its environmental responsibilities very seriously and is subject to stringent rules and regulations before, during and after its period of exploration and mining development. Open pit mining is mining on a large-scale and has the potential to become entangled in environmental disputes. The Group employs every effort to avoid and mitigate even the most minor of damage to the environment, but it is aware it will always be exposed to these risks for as long as it is present at Runruno.

Any breach of its environmental code or obligations to the environment as dictated in its Financial or Technical Assistance Agreement ("FTAA") or its Environmental Compliance Certificate may result in a temporary suspension of operations, fines, and even the possibility of closure of mining operations at Runruno. The Group is aware there may be further environmental standards imposed throughout the life of its mining operations which will involve further costs, time and compromises to be compliant.

**Political and country risk**

The Philippines is a challenging jurisdiction for foreign mining companies to succeed. The Mining industry's percentage contribution to the country's GDP has dropped significantly over the last 30-40 years. Philippine political and country perceived risk issues have hindered the development of a world class Philippine mining industry. The Group has no control or influence in these matters and these risks are a constant.

In an effort to reduce these risks, the Group applied for and was granted a FTAA, a contract in law with the government. The 1995 Mining Act allows 100% foreign ownership of mining entities where there is a US\$50 million investment or higher, through the ownership of a FTAA. Mines operating under a FTAA have recourse for disputes to be arbitrated offshore. Despite opposition to the 1995 Mining Act successive Presidents have supported the framework.

***Access to tenement areas***

The Group now has full access to all stages of the mining plan, having finalised the removal of illegal gold miners, and their structures from Stages 3, 4 and 5 of the Runruno mine. No further delays to the Group's mining schedule are expected due to tenement access issues.

***RSI integrity***

The Group's tailings waste is directed to a residual storage impoundment ("RSI") facility. The RSI is being constructed to standards applicable to international water dam construction, which has significantly higher standards than normal mine tailings facilities. However, the failure of the RSI would be catastrophic, and as such the continued integrity of this structure is of the utmost importance.

Third party audits of the design and construction integrity of the RSI are conducted, and the RSI remains in compliance with local guidelines and local development requirements. Construction of the final in-rock spillway commenced in Q1 2023 and is expected to be completed during Q1 2025. 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.

**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.

Although the Group's current liabilities exceeded its current assets, this is primarily due to the external borrowings as at 31 December 2023.

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

As a result, the Directors believe there is no material uncertainty over the Group's going concern and that it is appropriate that the financial statements should be prepared on a going concern basis.

**KEY PERFORMANCE INDICATORS**

The Directors monitor the performance of the Group through the following key performance indicators:

- Safety – Safety is at the core of the Group’s business. The Group aspires to a world class TRIFR target of <0.95, which was achieved both in FY2023 and FY2022. Indeed, the focus on safety has been successful with over 22.7 million work-hours being recorded since the last lost-time incident. Maintaining a safe working environment at all times, for all employees and contractors, is of paramount importance to the Group. Safety is the lead item for consideration at all management meetings, with safety briefings and safety protocol reviews regularly undertaken. Management remains determined to minimise and where possible eliminate potential safety risks.
- Environment/permit compliance – The Group aims to have no major environmental/permitting incidents and <3 minor reportable environmental/permitting incidents per annum. This target was achieved during both FY2023 and FY2022. Operations are subject to numerous environmental and permit obligations and regulations. A dedicated department monitors the Group’s performance in this regard. Regular reporting of compliance with these obligations and regulations is strictly adhered to. The Group is confident of its satisfaction of the compliance obligations imposed on its operations and its ability to maintain and renew permits as required.
- Gold recovery – Overall gold recovery measured against budget reflects the outcome of ongoing technical work undertaken to improve operational performance. The average gold recovery in FY2023 was 88.7% (FY2022: 85.7%) surpassing the average gold recovery target. Gold recoveries are continuously monitored providing detailed information on day-to-day performance, and for ongoing studies into improving gold recovery even further.
- Free cash flow – Given the Group’s historical high debt level the amount of free cash flow produced to pay down Group debt has been of paramount importance; and performance is determined by comparison of actual results against budget. The cost efficiencies of operations are measured against budgets and forecasts on a weekly and monthly basis. Detailed annual budgets are approved by the Board. Free cash generated from operations of US\$74.6 million (FY2022: US\$38.2 million) exceeded budget.
- Total expenditure – Total operating cost and CAPEX expenditure is measured against budget on a weekly, monthly and annual basis. Projected costs are re-forecast at regular intervals. Total operating cost and CAPEX expenditure, excluding excise tax, for FY2023 of US\$87.6 million (FY2022: US\$89.7 million) was slightly in excess of budget.
- Total movement of material – Actual physical mining performance, both ore and waste, compared to budget is a key driver to ongoing mining operations. Mine schedules are constantly being reviewed to ensure sufficient ore is delivered to the process plant on a timely basis at an economic grade. Actual tonnes mined during the year was 10.4% above budget at 12.4Mt (FY2022: 13.7Mt).
- Mill throughput – Actual tonnes milled of 2.1Mt (FY2022: 2.1Mt) compared to the 1.75Mt name-plant design of the process plant indicates the degree of success plant modifications have made on the Group’s ability to increase production rates above original design expectations.

**EVENTS AFTER THE BALANCE SHEET DATE**

Details of significant events occurring after the balance sheet date are set out in note 36 to the financial statements.

**FINANCIAL RISK MANAGEMENT**

Details of the Group’s policies with respect to financial risk management are given in note 34 to the financial statements.

Although monitoring financial risk falls within the terms of reference of the audit committee, this matter is a standard agenda item at all board meetings. The Group’s finance departments implement policies set by the Board of Directors.

**CORPORATE RESPONSIBILITY AND ENVIRONMENTAL POLICY**

The Group's policy is to conduct operations in a safe and environmentally responsible manner to industry best practice standards, to respect the indigenous culture of the mining project areas, to promote social and economic development and to offer employment and training opportunities to those who live in the mining project areas.

**POLITICAL CONTRIBUTIONS AND CHARITABLE CONTRIBUTIONS**

During FY2023, the Group did not make any political or charitable contributions (FY2022: \$nil).

**ANNUAL GENERAL MEETING**

This report and the financial statements will be presented to shareholders for their approval at the Annual General Meeting ("AGM").

The Company's AGM is expected to be held on 28 June 2024 at the offices of Armstrong Teasdale LLP in London. The Notice of the AGM will be issued shortly.

In accordance with the Company's Articles of Association, Messrs von Schirnding, Bowden, Chubb, and Livesey will retire and will offer themselves for re-election at the AGM.

**SHARE CAPITAL**

On 31 December 2023, there were 2,098,144,271 ordinary shares of £0.0001 each in the capital of the Company in issue.

**SIGNIFICANT SHAREHOLDINGS**

As at 31 December 2023, the Company is either aware of or has been notified of the following shareholders who hold disclosable interests of 3% or more of the nominal value of the Company's ordinary shares:

Significant Shareholders	Shares held as of		Shares held as of	
	31 December 2023	%	31 December 2022	%
MTL (Luxembourg) Sarl <sup>1</sup>	969,532,143	46.6%	970,532,143	46.6%
Runruno Holdings Ltd	393,513,302	18.8%	393,513,302	18.8%
Hargreaves Lansdown <sup>3</sup>	109,545,714	5.2%	85,083,121	4.1%
Baker Steel Capital Managers LLP <sup>2</sup>	99,488,429	4.8%	113,488,429	5.4%
Interactive Investor <sup>3</sup>	77,948,910	4.2%	87,747,000	4.2%

<sup>1</sup> MTL (Luxembourg) Sarl's holding includes 1 million shares owned by Ms. Crompton Candy who is deemed to be acting in concert with MTL Luxembourg.

<sup>2</sup> Baker Steel Capital Managers LLP acting on behalf of various funds for which it acts as full discretionary Investment Manager.

<sup>3</sup> Acting on behalf of its clients.

**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 use the 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 operational updates, meetings and other regular communications. In addition, the Board ensures funds are provided for regular events to encourage employee participation in local community initiatives.

The Group strives to create an equal opportunity work environment where employees can be safe and healthy at all times, while feeling valued and supported. Employees are encouraged to speak out about anything that impacts their performance and/or safety.

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 28% 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.

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 in an endeavour to manage expectations.

*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.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

The Directors at the date of approval of this Annual Report individually confirm that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

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



**Darren Bowden**, Chief Executive Officer  
22 May 2024

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with applicable law and in accordance with UK-adopted international accounting standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for:

- keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- ensuring that they meet their responsibilities under the AIM Rules; and
- the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALS EXPLORATION PLC****Opinion**

We have audited the financial statements of Metals Exploration Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

- Testing the integrity of management's forecast model for a period of 12 months from the date of approval of the financial statements and further, checking the mathematical accuracy of the model, including challenging the appropriateness of key assumptions and inputs with reference to empirical data and external evidence with specific focus on the following key assumptions: gold price, production, costs, gold grade, recoveries and assessed their consistency with approved budgets and the mine development plan, as applicable;
- Comparing budgets to actual figures achieved to assess the reliability of management's forecasts;
- Evaluating management's sensitivity analysis and performing our own sensitivity analysis in respect of the key assumptions and inputs underpinning the forecasts. We assessed the validity of any mitigating actions identified by management;
- Confirming the terms of all borrowing facilities in place and that the terms are not breached and reviewing the repayments of loans and ensuring that they were reflected in the cash flow forecast; and
- Assessing if the going concern disclosures in the financial statements are appropriate and in accordance with the revised ISA UK 570 going concern standard.



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

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

#### **Our application of materiality**

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

We determined materiality for the group and parent financial statements to be:

	<b>Group</b>		<b>Parent</b>	
	<b>\$</b>	<b>Basis</b>	<b>\$</b>	<b>Basis</b>
<b>Overall materiality</b>	1,689,000	1% of revenue	1,654,000	5% of profit before tax
<b>Performance materiality</b>	1,013,400	60% of materiality	992,400	60% of materiality
<b>Triviality</b>	84,450	5% of materiality	82,700	5% of materiality

In determining group materiality, we consider revenue to be the primary measure used by the shareholders in assessing the performance of the group, driving profitability within the group and revenue is expected to provide a more stable measure year on year. The percentage applied to this benchmark of 1% has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the reported profit were appropriately considered.

In determining parent materiality, we consider profit before tax to be the primary measure used by the shareholders in assessing the performance of the company. The parent is generating consultancy revenue from its subsidiaries, and holds little fixed assets for these reasons. The percentage applied to this benchmark of 5% has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the reported profit were appropriately considered.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures. We set the performance materiality at 60% of materiality.

In determining performance materiality, we considered the following factors:

- Our knowledge of the group and parent and its environment, including industry specific trends;
- Significant transactions during the year; and
- The level of judgement required in respect of the key accounting estimates.

We agreed with the audit committee that we would report all individual audit differences identified for the group during the course of our audit in excess of \$84,450 (\$82,700 for the parent) together with any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

We determined materiality for the significant component to be:

	\$	Basis
<b>Overall materiality</b>	1,500,000	Based on a factor of overall group materiality
<b>Performance materiality</b>	900,000	60% of materiality
<b>Triviality</b>	75,000	5% of materiality

We applied the concept of materiality in planning and performing our audit and in evaluating the effects of misstatement.

#### **Our approach to the audit**

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

As part of designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain.

These areas of estimate and judgement included:

- Valuation of property, plant and equipment
- Revenue recognition
- Recoverability of investments in subsidiaries and receivables from subsidiaries
- Valuation of inventory
- Accuracy and completeness of rehabilitation provision
- Valuation and classification of loan payable
- Accuracy and valuation of retirement benefit obligations
- Accuracy and valuation of shared-based payments

We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Of the group's 7 components, including the parent company, 2 were considered material (including parent company – audited by PKF-Littlejohn), financially significant and subject to full scope audit for group purposes. The remaining components were not considered material and we performed a limited scope analytical review together with substantive testing, as appropriate.

A full scope audit was performed for the one significant component in the Philippines. In establishing our overall approach to the Group audit, we determined the scope, direction of the audit process, and the type of work that needed to be undertaken by the component team. We determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. We carried out a site visit to the Philippines in April 2024 and performed an on-site file review of the work performed by the component auditor.

The key audit matters and how these were addressed are outlined below.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<p><b>Carrying value and impairment of property, plant and equipment (Valuation)</b></p> <p>The group holds a significant balance of tangible non-current assets of \$140m which are key to the Group’s mining operations. Management assess the recoverable amounts of these balances on a cash generating unit (CGU) based on the value-in use of the Runruno operations using cash flow projections over the remaining expected life of the mine (LOM) which is ending in <b>2027</b> and at appropriate discounted rates. This is to be used as an impairment indicator in the impairment calculations.</p> <p>Given the significant judgements and estimates used by management in determining the value in use of these assets, there is the risk that the carrying value is not fully recoverable, taking into consideration all applicable factors including current and future mined ore grades, production quantities, revenues, direct costs and discount rates, which all feed into the value in use calculations</p> <p>The disclosure is provided in the financial statements under Note 8.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>• Considering any potential impairment indicators through discussion with management and the onsite visit to the mine site during the audit fieldwork, as well as reviewing of announcements to the market and board minutes for evidence of impairment.</li> <li>• Obtaining and reviewing management’s discounted cash flow model;</li> <li>• Assessing and reviewing indicators of impairment as per IAS 36;</li> <li>• Ensuring the basis of preparation of the model is in line with applicable accounting standards;</li> <li>• Assessing the appropriateness of estimates and inputs including ore grade, commodity price, production, operating costs, capital costs, discount rates, foreign exchange rates; and</li> <li>• Ensuring inputs into the model are in line with third party expert’s opinion of total mineral resources.</li> </ul>

**Other information**

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

- We obtained an understanding of the group and company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the

financial statements. We obtained our understanding in this regard through discussions with management, and our expertise of the sector.

- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, UK-adopted international accounting standards, the AIM Rules for Companies, as well as local laws and regulations in the jurisdiction in which the group and parent company operate.
- Compliance with laws and regulations at the subsidiary level was ensured through enquiry of management, communication with component auditors and correspondence for any instances of non-compliance.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - conducting enquiries of management regarding potential instances of non-compliance;
  - reviewing RNS announcements;
  - reviewing legal and professional fees for evidence of any litigation or claims against the company; and
  - reviewing board minutes and other correspondence from management.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, whether key management judgements could include management bias in relation:
  - Valuation of property, plant and equipment as outlined in the Key audit matters section above
  - Recoverability of investments in subsidiaries and receivables from subsidiaries
  - Valuation of inventory
  - Accuracy and completeness of rehabilitation provision
  - Accuracy and valuation of retirement benefit obligations
  - Accuracy and valuation of shared-based payments
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

**Use of our report**

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

*PKF Littlejohn LLP*

**Joseph Archer (Senior Statutory Auditor)**

**For and on behalf of PKF Littlejohn LLP**

**Statutory Auditor**

*22 May 2024*

15 Westferry Circus

Canary Wharf

London E14 4HD


**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <b>US\$</b>	<b>2022</b> <b>US\$</b>
<b>Continuing Operations</b>			
Revenue	3	166,682,876	124,410,991
Cost of sales		(129,422,805)	(91,667,471)
<b>Gross profit</b>		<b>37,260,071</b>	<b>32,743,520</b>
Administrative expenses		(8,086,753)	(8,924,926)
<b>Operating profit</b>	<b>4</b>	<b>29,173,318</b>	<b>23,818,594</b>
Impairment gain/(loss)	8	97,737,620	(1,202,397)
Net finance and other charges	8	(7,310,461)	(13,765,824)
Provision for (loss) on derivatives	20	(29,759)	(4,883)
Share based payment expense	27	(31,368)	(102,001)
Share of (loss)/profit of associates	15	15,970	(76,854)
<b>Profit before tax</b>		<b>119,555,320</b>	<b>8,666,635</b>
Tax (expense)/benefit	9/10	(306,582)	87,321
<b>Profit for the period attributable to equity holders of the parent</b>		<b>119,248,738</b>	<b>8,753,956</b>
<b>Other comprehensive income:</b>			
<b>Items that may be re-classified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		(3,479,370)	(247,475)
<b>Items that will not be re-classified subsequently to profit or loss:</b>			
Re-measurement of pension liabilities		222,909	(634,652)
<b>Total comprehensive profit for the period attributable to equity holders of the parent</b>		<b>115,992,277</b>	<b>7,871,829</b>
		Cents per share	Cents per share
<b>Earnings per share:</b>			
Basic cents per share	11	<b>5.70</b>	<b>0.42</b>
Diluted cents per share	11	<b>5.64</b>	<b>0.42</b>

**CONSOLIDATED BALANCE SHEET****AS AT 31 DECEMBER 2023**

	Notes	2023 US\$	2022 US\$
<b>Non-current assets</b>			
Property, plant and equipment	12	140,597,506	81,459,218
Other intangible assets	13	7,664	33,049
Investment in associate companies	15	121,381	105,411
Trade and other receivables	16	16,720,701	8,796,133
		<b>157,447,252</b>	<b>90,393,811</b>
<b>Current assets</b>			
Inventories	17	18,695,048	21,215,487
Trade and other receivables	19	5,000,515	8,135,100
Cash and cash equivalents	18	339,997	861,069
		<b>24,035,560</b>	<b>30,211,656</b>
<b>Non-current liabilities</b>			
Loans	23	-	(51,983,413)
Trade and other payables	22	(70,850)	(1,314,556)
Retirement benefits obligations	21	(2,471,289)	(2,463,112)
Deferred tax liabilities	10	(544,697)	(574,038)
Provision for mine rehabilitation	24	(4,145,567)	(3,764,708)
		<b>(7,232,403)</b>	<b>(60,099,827)</b>
<b>Current liabilities</b>			
Trade and other payables	22	(16,063,666)	(12,431,948)
Loans - current portion	23	(23,896,298)	(30,001,208)
Derivative liabilities	20	(357,546)	(308,725)
		<b>(40,317,510)</b>	<b>(42,741,881)</b>
<b>Net assets</b>		<b>133,932,899</b>	<b>17,763,759</b>
<b>Equity</b>			
Share capital	25	282,783	281,638
Share premium account	25	144,350	-
Acquisition of non-controlling interest reserve		(5,107,515)	(5,107,515)
Translation reserve		10,941,631	14,421,001
Re-measurement reserve		(249,740)	(472,649)
Other reserves	27/28	144,351	1,639,920
Profit and loss account	26	127,777,039	7,001,364
		<b>133,932,899</b>	<b>17,763,759</b>
<b>Equity attributable to equity holders of the parent</b>		<b>133,932,899</b>	<b>17,763,759</b>

The financial statements were approved by the Board of Directors on 22 May 2024 and were signed on its behalf by:



Darren Bowden, Chief Executive Officer  
22 May 2024



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	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\$
Balance at 1 January 2023		281,638	-	(5,107,515)	14,421,001	(472,649)	1,639,920	7,001,364	17,763,759
Exchange differences on translating foreign operations		-	-	-	(3,479,370)	-	-	-	(3,479,370)
Change in pension liability		-	-	-	-	222,909	-	-	222,909
Profit for the year		-	-	-	-	-	-	119,248,738	119,248,738
Total comprehensive income/(loss) for the year		-	-	-	(3,479,370)	222,909	-	119,248,738	115,992,277
Share-based payment	27	-	-	-	-	-	31,368	-	31,368
Share issue	25	1,145	144,350	-	-	-	-	-	145,495
Transfer of other reserve to profit and loss account	28	-	-	-	-	-	(1,526,937)	1,526,937	-
Balance at 31 December 2023		282,783	144,350	(5,107,515)	10,941,631	(249,740)	144,351	127,777,039	133,932,899

#### 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. Upon the expiry of the relevant warrants the cumulative fair value of warrants has been transferred to profit and loss account
- Profit and loss account; being the cumulative profit/(loss) attributable to equity shareholders

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Note</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Acquisition of non-controlling interest reserve</i>	<i>Translation reserve</i>	<i>Re-measurement reserve</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Total equity</i>
		<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Balance at 1 January 2022		27,950,217	195,855,125	(5,107,515)	14,668,476	162,003	1,537,919	(225,542,197)	9,524,028
Exchange differences on translating foreign operations		-	-	-	(247,475)	-	-	-	(247,475)
Change in pension liability		-	-	-	-	(634,652)	-	-	(634,652)
Profit for the year		-	-	-	-	-	-	8,753,956	8,753,956
Total comprehensive income/(loss) for the year		-	-	-	(247,475)	(634,652)	-	8,753,956	7,871,829
Share-based payment	27	-	-	-	-	-	102,001	-	102,001
Share issue	25	2,136	263,765	-	-	-	-	-	265,901
Capital reduction	25	(27,670,715)	(196,118,890)	-	-	-	-	223,789,605	-
Balance at 31 December 2022		281,638	-	(5,107,515)	14,421,001	(472,649)	1,639,920	7,001,364	17,763,759

**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 CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <i>US\$</i>	<b>2022</b> <i>US\$</i>
<b>Net cash generated from operating activities</b>	29	<b>74,561,379</b>	<b>38,189,947</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(10,250,030)	(8,227,773)
<b>Net cash (used in) investing activities</b>		<b>(10,250,030)</b>	<b>(8,227,773)</b>
<b>Financing activities</b>			
Repayment of borrowing principal		(61,430,747)	(31,998,689)
Repayment of borrowing interest		(3,369,253)	(1,824,311)
Share issue		280	-
<b>Net cash (used in) financing activities</b>	30	<b>(64,799,720)</b>	<b>(33,823,000)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(488,371)</b>	<b>(3,860,826)</b>
Cash and cash equivalents at beginning of year		861,069	4,736,970
Foreign exchange difference		(32,701)	(15,075)
<b>Cash and cash equivalents at end of year</b>		<b>339,997</b>	<b>861,069</b>

**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <b>US\$</b>	<b>2022</b> <b>US\$</b>
<b>Non-current assets</b>			
Trade and other receivables	19	101,370,146	70,695,188
Investment in subsidiaries	14	-	-
		<b>101,370,146</b>	<b>70,695,188</b>
<b>Current assets</b>			
Trade and other receivables	19	65,568,651	30,117,793
Cash and cash equivalents	18	51,034	168,614
		<b>65,619,685</b>	<b>30,286,407</b>
<b>Non-current liabilities</b>			
Loans	23	-	(51,983,413)
Trade and other payables	22	(70,850)	(143,365)
		<b>(70,850)</b>	<b>(52,126,778)</b>
<b>Current liabilities</b>			
Loans	23	(23,893,712)	(30,000,000)
Trade and other payables	22	(4,037,934)	(735,836)
Derivative liabilities	20	(357,546)	(308,725)
		<b>(28,289,192)</b>	<b>(31,044,561)</b>
<b>Net assets</b>		<b>138,629,789</b>	<b>17,810,256</b>
<b>Equity</b>			
Share capital	25	282,783	281,638
Share premium account	25	144,350	-
Translation reserve		(2,354,705)	(1,090,923)
Other reserves	27/28	144,351	1,639,920
Profit and loss account	26	140,413,010	16,979,621
<b>Equity attributable to equity holders of the parent</b>		<b>138,629,789</b>	<b>17,810,256</b>

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 2023 dealt with in the financial statements of the Company was US\$121,906,452 (2022: US\$10,232,907).

The financial statements were approved by the Board of Directors on 22 May 2024 and were signed on its behalf by:



**Darren Bowden**; Chief Executive Officer

22 May 2024

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2023 & 31 DECEMBER 2022

	<i>Note</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Translation reserve</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Total equity</i>
		<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Balance at 1 January 2022		<b>27,950,217</b>	<b>195,855,125</b>	<b>971,346</b>	<b>1,537,919</b>	<b>(217,042,891)</b>	<b>9,271,716</b>
Exchange differences on translating foreign currencies		-	-	(2,062,269)	-	-	(2,062,269)
Profit for the year		-	-	-	-	10,232,907	10,232,907
Total comprehensive income for the year		-	-	(2,062,269)	-	10,232,907	8,170,638
Share-based payment	27	-	-	-	102,001	-	102,001
Shares issue		2,136	263,765	-	-	-	265,901
Capital reduction	25	(27,670,715)	(196,118,890)	-	-	223,789,605	-
Balance at 31 December 2022		<b>281,638</b>	<b>-</b>	<b>(1,090,923)</b>	<b>1,639,920</b>	<b>16,979,621</b>	<b>17,810,256</b>
Exchange differences on translating foreign currencies		-	-	(1,263,782)	-	-	(1,263,782)
Profit for the year		-	-	-	-	121,906,452	121,906,452
Total comprehensive income for the year		-	-	(1,263,782)	-	121,906,452	120,642,670
Share-based payment	27	-	-	-	31,368	-	31,368
Shares issue		1,145	144,350	-	-	-	145,495
Transfer of other reserve to profit and loss account	28	-	-	-	(1,526,937)	1,526,937	-
Balance at 31 December 2023		<b>282,783</b>	<b>144,350</b>	<b>(2,354,705)</b>	<b>144,351</b>	<b>140,413,010</b>	<b>138,629,789</b>

### 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. Upon the expiry of the relevant warrants the cumulative fair value of warrants has been transferred to profit and loss account
- Profit and loss account; being the cumulative loss attributable to equity shareholders

**COMPANY CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
<b>Net cash (used in) operating activities</b>	29	<b>(112,740)</b>	<b>(37,720)</b>
<b>Financing activities</b>			
Repayment of borrowing principal	30	(61,430,747)	(7,384,358)
Repayment of borrowing interest	30	(3,369,253)	(1,215,642)
Advances from subsidiary		64,800,000	8,600,000
Shares issued		280	-
<b>Net cash provided by financing activities</b>		<b>280</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(112,460)</b>	<b>(37,720)</b>
Cash and cash equivalents at beginning of year		168,614	199,978
Foreign exchange difference		(5,120)	6,356
<b>Cash and cash equivalents at end of year</b>		<b>51,034</b>	<b>168,614</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****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.

**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.

Although the Group's current liabilities continue to exceed its current assets, this was primarily due to external debt at 31 December 2023. Further, the Board of Directors believe that the Runruno mine will continue to operate successfully and produce positive cash flows ensuring the continuing viability of the Group and its ability to operate as a going concern, meeting its commitments as and when they fall due.

As a result, the Directors believe there is no material uncertainty over the Group's going concern and that it is 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 2023. The new standards, interpretations and amendments effective from 1 January 2023 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's financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2023. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****1. Accounting policies (continued)**

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**

The financial statements are presented in United States Dollar ("US\$"). All Group revenue, significant expenses and major sources of financing are transacted in US\$. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Individual companies in the Group have different functional currencies,

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****1. Accounting policies (continued)****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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1. Accounting policies (continued)**

**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.

**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, mine development 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 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****1. Accounting policies (continued)****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 recognised 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. A 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 immaterial sale of by-products such as silver is accounted for as a credit to the cost of sales.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****1. Accounting policies (continued)****Financial instruments**Financial Assets

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.

Financial liabilities*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, which include trade and other 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****1. Accounting policies (continued)***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 2023, 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 liabilities arising from the currency exchange rate forward contracts as at 31 December 2023.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****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 CGU 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 is 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. Refer note 8.

**Estimates****Current v Non-current borrowings**

Under the Group's debt arrangements there was no fixed schedule of interest and principal repayments, with the Group's repayment obligation is limited to making a minimum quarterly repayment subject to a US\$5 million net working capital buffer.

As a result, the amount of debt principal that could be repaid within 12 months from balance sheet date has been 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) has been 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 previous level of debt repayments, and forecast minimum debt repayment obligations based upon predicted future cash flows.

The outcome of these considerations was to estimate that the full outstanding principal as at 31 December 2023 is a current liability (2023: US30.0 million debt considered a current liability).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****2. Critical accounting judgements and key sources of estimation uncertainty (continued)****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 2023 review of the net present value of expected future cash flows resulted in 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 2022 and 2023 the Company booked a partial reversal of previous impairments 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. The timing of the repayment of these loans is unknown hence the split between current and non-current receivables continues to be estimated.

**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. These estimates are based upon the mineral resources and ore reserves estimate publicised in February 2022, adjusted for mining depletion since that calculation was performed.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****2. Critical accounting judgements and key sources of estimation uncertainty (continued)****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 gold inventories is completed.

**Application of FTAA and liability for certain taxes**

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 was exempt from numerous taxes including corporate income tax, VAT, stamp duty and import duty, for a period (defined as the 'Recovery Period') designed to assist FCF to recover its initial investment in establishing the Runruno mine. The FTAA defined the Recovery Period as the earlier of 5 years from commencement of commercial production (ending in July 2022) or the date upon which FCF recovered its initial investments. FCF had not fully recovered its investment in establishing commercial operations at Runruno by July 2022.

In accordance with the provisions of the FTAA, FCF has sought to have the Recovery Period extended. A formal application to extend the Recovery Period beyond July 2022, to enable FCF to recover its investment, was lodged in December 2021, on the basis that FCF has not recovered its initial investment in establishing the Runruno commercial operation.

In considering this matter numerous meetings have been held with the relevant Philippine government department (the "MGB") to seek a satisfactory outcome without the need for a formal extension to the Recovery Period to be granted. Although this matter has not been finalised at the time of this report, FCF believes these discussions will yield an outcome that is acceptable to FCF without the need for a formal Recovery Period extension.

These financial statements are based on the current expected outcome of these discussions with the MGB.

**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 and import duties. FCF is pursuing reimbursement of some of these past payments through court actions, however, to date these actions have been unsuccessful.

Post year-end FCF received advice that its VAT refund submission for the September 2021 quarter has been accepted. VAT submissions lodged since then are also expected to be awarded. As a result, no further impairment of this non-current receivable beyond payments of VAT made to the end of the June 2021 quarter are considered necessary.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**2. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**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 in line with the mine closure program agreed with the Philippine Government. 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.

Refer to note 24.

**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**

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Sale of gold doré	165,612,180	122,339,602
Sale of gold concentrate	1,070,696	2,071,389
	<u>166,682,876</u>	<u>124,410,991</u>

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. Gold concentrate is sold with 50% received upon export and the balance received following further assaying and final processing.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

	<b>2023</b>	2022
	US\$	US\$
Depreciation of property, plant and equipment (note 12)	51,492,601	22,458,340
Amortisation (note 13)	25,385	37,066
Foreign exchange (gains)/losses	(2,642,249)	907,786
Staff costs (note 7)	12,154,186	11,650,711
Auditors remuneration (note 5)	234,282	199,385
	<u>234,282</u>	<u>199,385</u>

**5. Auditor's remuneration**

	<b>2023</b>	2022
	US\$	US\$
Fees payable to the Group and Company's auditor for the audit of the Group and Company's accounts		
Current auditor*	167,134	-
Previous auditor**	11,447	155,153
Fees payable to the previous auditor for other services**	13,660	6,748
Fees payable to the previous auditor for taxation compliance services**	42,042	37,484
	<u>234,282</u>	<u>199,385</u>

\* accrued PKF Littlejohn 2023 Group and Company audit fees

\*\* fees paid to CLA Evelyn Partners Limited who served as the Group's external auditor until December 2023

**6. Segmental analysis**

Operating segments have been identified based on the Group's internal reporting to the Chief Operating Decision Maker ('CODM'). 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 2023 and 2022 and the reconciliation of the segment measures to the respective statutory items in the consolidated financial information are as follows:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**6. Segmental analysis (continued)**

<i>Year ended 31 December 2023</i>	UK US\$	Philippines US\$	Singapore US\$	Total US\$
<b><u>Segment results</u></b>				
Sales revenue	-	166,682,876	-	166,682,876
Group operating (loss)/profit	(1,809,503)	30,967,209	15,612	29,173,318
Other income & charges	(61,127)		-	(61,127)
Impairment reversal		97,737,620		97,737,620
Finance costs	(5,834,144)	(1,476,317)	-	(7,310,461)
Share of profits of associates	-	15,970	-	15,970
(Loss)/profit before tax	<b>(7,704,774)</b>	<b>127,244,482</b>	<b>(15,612)</b>	<b>119,555,320</b>
<b><u>Segment assets</u></b>				
Segment tangibles & intangibles	-	140,605,170	-	140,605,170
Segment receivables & inventories	192,001	40,224,263	-	40,416,264
Segment cash	49,074	280,105	10,818	339,997
Equity-accounted investees	-	121,381	-	121,381
Total segment assets	<b>241,075</b>	<b>181,230,919</b>	<b>10,818</b>	<b>181,482,812</b>
<b><u>Segment liabilities</u></b>				
Segment loans	(23,893,712)	(2,586)	-	(23,896,298)
Segment trade & other payables	(3,814,786)	(12,314,872)	(4,858)	(16,134,516)
Segment provisions and retirement benefits obligations	-	(6,616,856)	-	(6,616,856)
Segment derivative liabilities	(357,546)	-	-	(357,546)
Segment deferred tax	-	(544,697)	-	(544,697)
Total segment liabilities	<b>(28,066,044)</b>	<b>(19,479,011)</b>	<b>(4,858)</b>	<b>(47,549,913)</b>
Total segment net (liabilities)/assets	<b>(27,824,969)</b>	<b>161,751,908</b>	<b>5,960</b>	<b>133,932,899</b>
<b><u>Segment other information</u></b>				
Income tax (expense)	-	(306,582)	-	(306,582)
Amortisation of intangible assets	-	(25,385)	-	(25,385)
Depreciation of property, plant and equipment	-	(51,492,601)	-	(51,492,601)
Additions to property, plant and equipment	-	10,630,889	-	10,630,889

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**6. Segmental analysis (continued)**

<i>Year ended 31 December 2022</i>	UK US\$	Philippines US\$	Singapore US\$	Total US\$
<b><u>Segment results</u></b>				
Sales revenue	-	124,410,991	-	124,410,991
Group operating (loss)/profit	(2,300,314)	26,133,439	(14,531)	23,818,594
Other income & charges	(106,884)	(1,198,896)	(3,501)	(1,309,281)
Finance costs	(12,656,148)	(1,100,766)	(8,910)	(13,765,824)
Loss on sale of assets	-	-	-	-
Share of profits of associates	-	(76,854)	-	(76,854)
(Loss)/profit before tax	(15,063,346)	23,756,923	(26,942)	8,666,635
<b><u>Segment assets</u></b>				
Segment tangibles & intangibles	-	81,492,266	-	81,492,266
Segment receivables & inventories	116,103	38,030,618	-	38,146,721
Segment cash	168,614	684,932	7,523	861,069
Equity-accounted investees	-	105,411	-	105,411
Total segment assets	284,717	120,313,227	7,523	120,605,467
<b><u>Segment liabilities</u></b>				
Segment loans	(81,983,413)	(1,208)	-	(81,984,621)
Segment trade & other payables	(759,566)	(12,982,094)	(4,844)	(13,746,504)
Segment provisions and retirement benefits obligations	-	(6,227,820)	-	(6,227,820)
Segment derivative liabilities	(308,725)	-	-	(308,725)
Segment deferred tax	-	(574,038)	-	(574,038)
Total segment liabilities	(83,051,704)	(19,785,160)	(4,844)	(102,841,708)
Total segment net (liabilities)/assets	<b>(82,766,987)</b>	<b>100,528,067</b>	<b>2,679</b>	<b>17,763,759</b>
<b><u>Segment other information</u></b>				
Income tax benefit	-	87,321	-	87,321
Amortisation of intangible assets	-	(37,066)	-	(37,066)
Depreciation of property, plant and equipment	-	(22,458,340)	-	(22,458,340)
Additions to property, plant and equipment	-	8,227,773	-	8,227,773

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**7. Staff numbers and costs - Group**

	<b>2023</b>	<i>2022</i>
<b>The average number of persons, including Directors, was:</b>	<i>Number</i>	<i>Number</i>
Administration	22	22
Development & operations	764	769
	<b>786</b>	<b>791</b>
	<b>2023</b>	<i>2022</i>
<b>Staff costs of the above persons were:</b>	<i>US\$</i>	<i>US\$</i>
Wages and salaries	11,317,760	10,934,593
Social security costs	497,361	435,616
Retirement and pension costs	339,065	280,502
	<b>12,154,186</b>	<b>11,650,711</b>
	<b>2023</b>	<i>Restated 2022</i>
<b>Directors' emoluments:</b>	<i>US\$</i>	<i>US\$</i>
<b>Directors</b>		
D Bowden <sup>1</sup>	805,610	805,610 <sup>2</sup>
A Chubb	67,537	89,818
T Livesey <sup>1</sup>	105,710	76,321
S Smith <sup>3</sup>	70,117	61,349
G Walker	73,545	65,030
D Cather <sup>1</sup>	75,327	120,493
J Wrathall	-	30,091
	<b>1,197,846</b>	<b>1,248,712</b>

Refer to the Remuneration Report on pages 14-18 that includes details of the components of Directors' emoluments and forms part of these financial statements. The Directors are considered to be the key management personnel.

<sup>1</sup> Includes consulting fees paid to private consulting companies.

<sup>2</sup> Restated to eliminate performance bonus accruals that were cancelled during the year.

<sup>3</sup> Fees in relation to S Smith were paid to his appointee, MTL Luxembourg Sarl in accordance with a Relationship Agreement dated 23 October 2020.

*Share options held by Directors:*

As at 31 December 2023, the following share options, held by directors, were outstanding:

Date of grant	Exercise price	Expiry date	Number of Options 31 December 2022	Issued during year	Options lapsed/director resignation during year	Number of Options 31 December 2023
28 October 2022	£0.0001	28 October 2024	13,200,000	-	(6,600,000)	6,600,000
17 June 2023	£0.0001	17 June 2025	6,600,000	-	-	6,600,000

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**8. Other charges and income applied against profit and loss**

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

The FY2023 impairment reversal of US\$97.8 million consists of:

- PPE - US\$100.0 million impairment reversal (2022: US\$nil),
- Receivables - US\$0.9 million impairment expense (2022: US\$0.9 million),
- Exploration expenditure - \$0.4 million impairment reversal (2022: US\$nil), and
- Inventory - US\$1.7 million impairment charge (2022: US\$0.3 million).

*Property, plant and equipment (PPE)*

Under IAS 36 - *Impairment of Assets*, each asset that forms a cash generating unit (CGU) should be tested at least annually for impairment. The Group considers that the entire Runruno project (encompassing capitalised property, plant and equipment, mining licence costs, deferred exploration expenditure and the provision for mine rehabilitation and decommissioning) 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 2023 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 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 gold prices received for the past 12 months and the industry consensus gold price predictions as at December 2023;
- future gold revenues calculated for the remaining LOM of 3-4 years; and
- risk discount rate of 13.3% (2022: 14.5%).

For the year ended December 2023 the estimated recoverable value of the Runruno project calculated in accordance with IAS 36 exceeded the book value of the Group's property, plant and equipment (PPE), less the provision for mine rehabilitation and decommissioning. Accordingly, an impairment reversal charge of US\$100 million to the Group's PPE book value has been made during FY 2023.

For the year ended December 2022 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), less the provision for mine rehabilitation and decommissioning. Accordingly, there was no requirement to book either an impairment charge or an impairment reversal in relation to the Group's PPE book values FY2022.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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 VAT on importations and other goods and services. Under the fiscal terms incorporated into the FTAA, the Group considers that some of these taxes and duties are recoverable, however, the Group continues to have little success in securing appropriate refunds of these taxes up to the period ended 30 June 2021. However, since year-end the Group has received confirmation that the September 2021 quarter Philippine VAT claim has been accepted. Thus, an annual impairment charge was raised during the year in relation to all VAT paid up to 30 June 2021. (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 VAT receivables was US\$0.9 million (2022: US\$1.2 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 CGU. Previously the value of the Runruno project CGU resulted in these loans and investments being fully impaired.

Repayment of these loans and recovery of the investments is dependent upon the Runruno project producing sufficient cash surpluses. Subsequent reviews of the future estimated cash flows that the Runruno project may produce have estimated that the Company's subsidiaries should be able to repay a significant portion of these past parent company advances. During FY2023 the subsidiary loan receivable was reduced by US\$64.8 million by repayments to the parent company.

The Company's estimates that its operations will produce future cash flows of an order that will enable the majority of the parent company loans to be repaid. As a result, the Company has booked an impairment reversal in FY2023 of US\$127.4 million (based on the US\$64.8 million repaid during FY2023 and estimated future cash flow generated) (2022: US\$22.5 million) of receivables due from subsidiaries.

The FY2023 impairment reversal has resulted in the total impairment of receivables due from subsidiaries reducing to US\$18.1 million from US\$154.0 million in FY2022.

**8(c). Net finance costs and other income**

	<b>2023</b>	2022
	US\$	US\$
Exchange gain/(loss)	3,421,672	(267,179)
Interest income	374	1,389
Loan interest and fees	(10,732,507)	(13,434,936)
Warrant amortisation expense	-	(187,159)
Realised gain on derivatives	-	122,060
Finance costs and other income	<b>(7,310,461)</b>	<b>(13,765,825)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**9. Taxation**

The taxation (benefit)/expense comprises the following

	<b>2023</b>	2022
	US\$	US\$
Current year corporation tax payable	410,227	54,382
Current year deferred tax (benefit)	(103,645)	(141,703)
<b>Total tax expense/(benefit) for the year</b>	<b>306,582</b>	<b>(87,321)</b>

The total tax expense/(benefit) for the year can be reconciled to profit for the year as follows:

Profit before tax	119,555,320	8,666,635
Tax on profit at UK corporation tax rate of 19% (2022: 19%)	22,715,511	1,646,661
<b>Effects of:</b>		
Overseas (expenses) not taxable	(7,575)	(964,072)
Differing tax rates in different jurisdictions	7,854,159	1,121,461
Tax losses (utilised)/carried over not previously recognised	(4,239,995)	(3,574,474)
Non-taxable and non-allowable items	(22,784,539)	1,683,182
Short-term timing differences	(3,230,979)	(79)
<b>Total taxation expense/(benefit) for the year</b>	<b>306,582</b>	<b>(87,321)</b>

**10. Deferred tax liability and asset**

	<b>Tax Liability</b>		<b>Tax Asset</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	US\$	US\$	US\$	US\$
Undepleted asset retirement obligation	338,754	442,400	-	-
Capitalised expenses	131,638	131,638	-	-
Other short term timing differences	74,303	-	-	-
	<b>544,695</b>	<b>574,038</b>	<b>-</b>	<b>-</b>

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 31 December 2023 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 2023 the Group has net unused tax losses of US\$64.4 million (2022: US\$90.7 million) available for offset against future profits. However, due to the restricted ability to apply UK losses against Group income 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

For the year ended 31 December 2023 the Group has net unused tax losses available for offset against future profits as follows:

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
UK	64,419,462	59,025,482
Philippines	-	31,722,235
Group unused tax losses available	<b>64,419,462</b>	<b>90,747,718</b>

**11. Earnings per share**

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
<b>Earnings</b>		
Net profit attributable to equity shareholders for the purpose of basic and diluted earnings per share	<b>119,248,738</b>	<b>8,753,956</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,092,720,603	2,080,759,193
Number of dilutive shares under warrant/option	19,800,000	16,181,534
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,112,520,603</b>	<b>2,096,940,727</b>
<b>Earnings per share</b>	<b>Cents per share</b>	<b>Cents per share</b>
Basic earnings	<b>5.70</b>	<b>0.42</b>
Diluted earnings	<b>5.64</b>	<b>0.42</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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\$
<b>Cost</b>									
As at 1 January 2022	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
Additions	308,595	55,532	-	2,055,021	2,515,225	1,512,193	-	1,781,207	8,227,773
Change in mine closure obligation estimate	-	-	-	-	-	-	-	(251,619)	(251,619)
As at 31 December 2022	1,639,405	1,652,492	4,157,855	29,715,394	5,885,725	117,605,739	32,486,689	141,275,685	334,418,984
Additions	171,429	-	11,506	3,341,583	4,632,862	1,018,440	406,096	1,048,973	10,630,889
Re-classification	-	-	-	-	(6,674,810)	-	6,674,810	-	-
<b>As at 31 December 2023</b>	<b>1,810,834</b>	<b>1,652,492</b>	<b>4,169,361</b>	<b>33,056,977</b>	<b>3,843,777</b>	<b>118,624,179</b>	<b>39,567,595</b>	<b>142,324,658</b>	<b>345,049,873</b>
<b>Impairment</b>									
As at 1 January 2022	-	-	-	-	-	(34,738,122)	-	(115,261,878)	(150,000,000)
31 December 2022	-	-	-	-	-	(34,738,122)	-	(115,261,878)	(150,000,000)
Reversal (refer note 8(a))	-	-	-	-	-	34,738,122	-	65,261,878	100,000,000
<b>As at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,000,000)</b>	<b>(50,000,000)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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\$
<b>Depreciation</b>									
As at 1 January 2022	(995,252)	(1,559,204)	(2,426,581)	(15,555,474)	-	(34,666,219)	(11,673,234)	(13,625,462)	(80,501,426)
Charge for the period	(141,315)	(41,804)	(432,132)	(3,736,939)	-	(10,557,600)	(4,650,804)	(2,897,746)	(22,458,340)
<b>As at 31 December 2022</b>	<b>(1,136,567)</b>	<b>(1,601,008)</b>	<b>(2,858,713)</b>	<b>(19,292,413)</b>	<b>-</b>	<b>(45,223,819)</b>	<b>(16,324,038)</b>	<b>(16,523,208)</b>	<b>(102,959,766)</b>
Charge for the period	(193,827)	(26,532)	(423,380)	(4,278,287)	-	(20,852,988)	(6,257,812)	(19,459,774)	(51,492,601)
<b>As at 31 December 2023</b>	<b>(1,330,394)</b>	<b>(1,627,540)</b>	<b>(3,282,093)</b>	<b>(23,570,700)</b>	<b>-</b>	<b>(66,076,807)</b>	<b>(22,581,850)</b>	<b>(35,982,982)</b>	<b>(154,452,367)</b>
<b>Net book value</b>									
<b>As at 31 December 2023</b>	<b>480,440</b>	<b>24,952</b>	<b>887,268</b>	<b>9,486,277</b>	<b>3,843,777</b>	<b>52,547,372</b>	<b>16,985,745</b>	<b>52,547,372</b>	<b>140,597,506</b>
As at 31 December 2022	502,838	51,484	1,299,142	10,422,981	5,885,725	37,643,798	16,162,651	9,490,600	81,459,218

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**13. Other intangible assets**

<i>Group</i>	<i>Exploration expenses US\$</i>	<i>Software US\$</i>	<i>Total US\$</i>
<b><u>Cost</u></b>			
As at 1 January 2022	418,804	707,388	1,126,192
Additions	-	-	-
As at 31 December 2022	418,804	707,388	1,126,192
Additions	631,019	-	631,019
Written off in period	(1,049,823)	-	(1,049,823)
<b>As at 31 December 2023</b>	<b>-</b>	<b>707,388</b>	<b>707,388</b>
<b><u>Amortisation and impairment</u></b>			
As at 1 January 2022	(418,804)	(637,273)	(1,056,077)
Charge for the period	-	(37,066)	(37,066)
Impairment charge for the period			
As at 31 December 2022	<b>(418,804)</b>	<b>(674,339)</b>	<b>(1,093,143)</b>
Written off in period	418,804	-	418,804
Impairment charge for the period	-	(25,385)	(25,385)
<b>As at 31 December 2023</b>	<b>-</b>	<b>(699,724)</b>	<b>(699,724)</b>
<b><u>Net Book Value</u></b>			
<b>As at 31 December 2023</b>	<b>-</b>	<b>7,664</b>	<b>7,664</b>
As at 31 December 2022	-	33,049	33,049

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**14. Investments in subsidiaries - Company**

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Cost	8,783,629	8,783,629
Impairment brought forward	(8,783,629)	(8,783,629)
	<u>-</u>	<u>-</u>

The Group subsidiaries are:

<b>Company</b>	<b>Country of incorporation</b>	<b>Percentage holding</b>	<b>Nature of business</b>
Metals Exploration Pte	Singapore	100%	Holding and investment company
FCF Minerals Corporation	Philippines	100%	FTAA licensee, holder of mining rights and gold production
MTL Philippines	Philippines	100%	To hold exploration rights
Faratuk Exploration and Mining Corporation	Philippines	100%	To hold mining rights

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

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
At 1 January	105,411	182,265
Share of profits/(losses) of associates	15,970	(76,854)
<b>At 31 December</b>	<b><u>121,381</u></b>	<b><u>105,411</u></b>

<b>Associate company</b>	<b>Domicile</b>	<b>Assets</b>	<b>Liabilities</b>	<b>P&amp;L reserves at 31 Dec</b>		<b>Sales</b>	<b>Gains/(losses)</b>	<b>Ownership of ordinary shares on issue</b>
				<b>2023</b>	<b>2022</b>			
		<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	%
Cupati Holdings Corporation	Philippines	2,645,310	2,345,010	300,300	89,949	47,028		39.99%
Woggle Corporation	Philippines	163,981	314,771	(150,790)	-	(7,103)		39.99%

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

	<b>2023</b>	2022
	US\$	US\$
Other receivables	16,720,701	8,796,133
	<b>16,720,701</b>	<b>8,796,133</b>

Other receivables include VAT/import duties on importations and other goods and services. Notwithstanding that until July 2022 the Group operated under an exemption from these paying taxes, the Group has had little success in recovering these past paid government imposts. A total accumulated impairment charge of US\$7.42 million has been recognised against these receivables (2022: US\$6.54 million).

**17. Inventories - Group**

	<b>2023</b>	2022
	US\$	US\$
Gold doré on hand	1,850,797	2,841,219
Gold in circuit	1,249,891	1,431,828
Gold in ore stockpiles	4,578,999	5,651,224
Consumable inventories	13,265,361	11,841,216
Provision for obsolete consumable inventories	(2,250,000)	(550,000)
	<b>18,695,048</b>	<b>21,215,487</b>

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

During the year ended 31 December 2023, consumable inventories recognised as an expense in cost of sales was US\$31.04 million (2022: US\$30.86 million).

**18. Cash and cash equivalents**

<b>Group</b>	<b>2023</b>	2022
	US\$	US\$
Cash on hand	8,193	8,736
Current accounts	331,804	852,333
	<b>339,997</b>	<b>861,069</b>
<b>Company</b>	<b>2023</b>	2022
	US\$	US\$
Current accounts	51,034	168,614
	<b>51,034</b>	<b>168,614</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**19. Trade and other receivables**

<i>Group – Due within one year</i>	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Receivables from gold sales	3,039,560	5,808,604
Other receivables	1,737,431	2,130,624
Prepayments	223,524	195,872
	<b>5,000,515</b>	<b>8,135,100</b>

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. The Group also sells small amounts of gold concentrate to other refiners. 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% (2022: 95%) of the trade receivables outstanding as at 31 December 2023. 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 (2022: Nil).

<i>Company - Due after one year</i>	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Receivables from subsidiaries	101,370,146	70,695,188
	<b>101,370,146</b>	<b>70,695,188</b>

<i>Company - Due within one year</i>	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Receivables from subsidiaries	65,376,650	30,000,000
Other receivables	101,695	59,285
Prepayments	90,306	58,508
	<b>65,568,651</b>	<b>30,117,793</b>

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. An impairment reversal of the 2018 impairment in FY2023, incorporating both the US\$64.8 million of repayments made during 2023 plus the expected future additional payments generated from future cash flows, of US\$127.4 million (2022: US\$22.5 million reversal) was booked. Refer to note 8(b).

The split between current and non-current receivables from subsidiaries has been estimated based upon the expected loan repayments to be made to the parent company by the subsidiaries during FY2024.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**20 Derivative instruments**

*Gold option contracts*

The Group adopts a gold price hedge policy to protect the Group from a significant drop in the gold price. It does this by entering into zero cost gold price collar contracts that consist of buying put options, offset by selling call options.

During FY2023 hedge contract price protection covered 36,000 ounces of gold production. These contracts settled at no profit or loss to the Group.

During FY2022 hedge contract price protection covered 30,000 ounces of gold production. In October 2022 the Group realised a US\$122,060 profit from exercising a gold price put option. All other FY2022 contracts settled at no profit or loss to the Group.

As at 31 December 2023, the Group had outstanding hedge contract price protection in place over 34,500 ounces of gold production; with put options ranging from US\$1,745 to US\$1,850 offset by sold call options ranging from US\$2,053 – US\$2,435 per ounce (FY2022: 9,000 ounces with put options at US\$1,700 offset by sold call options ranging from US\$2,310 – US\$2,314 per ounce).

*Philippine Peso forward contracts*

The Group incurs significant costs in Philippine Peso and acquires forward USD:Peso exchange contracts as insurance against adverse foreign exchange movements.

The Group has the following forward contracts to purchase Philippine Peso at year-end:

	<i>Amount</i> <i>US\$</i>	<i>PHP:USD</i> <i>Average</i> <i>FOREX rate</i>
<i>Year ended 31 December 2023</i>		
31 March 2024 settlements	6,000,000	54.26
30 June 2024 settlements	4,500,000	53.10
30 September 2024 settlements	6,000,000	55.00
31 December 2024 settlements	6,000,000	54.40
	22,500,000	54.26
<i>Year ended 31 December 2022</i>		
31 March 2023 settlements	4,000,000	53.65
30 June 2023 settlements	5,000,000	54.10
30 September 2023 settlements	6,500,000	54.51
31 December 2023 settlements	4,000,000	56.45
	19,500,000	54.63

The Group and the Company have recognised a current liability as at 31 December 2023 of US\$0.4 million (2022: US\$0.3 million) being the change in the fair value of the forward contract value based on the same USD:PHP exchange rate.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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 2023 or 2022.

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.

The amounts of retirement benefits costs recognised in the statements of comprehensive income are determined as follows:

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Current service costs	348,957	280,502
Interest costs	136,307	83,747
	<b>485,264</b>	<b>364,249</b>

The amounts were distributed as follows:

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Cost of sales	333,782	267,391
Administration costs	15,175	13,111
Interest costs	136,307	83,747
	<b>485,264</b>	<b>364,249</b>

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

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Balance at beginning of year	2,463,112	1,871,641
Current service costs	348,957	280,502
Interest costs	136,307	83,747
Benefits paid	(179,876)	(51,263)
Actuarial loss/(gain) due to:		
Changes in financial assumptions	13,924	(74,702)
Experience adjustments	(311,135)	353,187
Balance at year end	<b>2,471,289</b>	<b>2,463,112</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**21. Retirement benefits obligations – Group (continued)**

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

	<b>2023</b>	2022
Discount rate	5.99%	6.25%
Salary increase rate	2.00%	2.00%
Expected remaining working lives of employees	2 years	3 years
Turnover rate	14% at age 18 decreasing to 0% at age 60	14% at age 18 decreasing to 0% at age 60
Mortality rate	2017 Philippine Intercompany Mortality Table 1952 Disability Study, Period 2, Benefit 5	2017 Philippine Intercompany Mortality Table 1952 Disability Study, Period 2, Benefit 5
Disability rate		

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/ (decrease)	<b>2023</b> US\$	2022 US\$
Discount rates	+1%	2,241,045	2,205,151
	-1%	2,346,926	2,335,846
Salary pay increases	+1%	2,360,103	2,349,494

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

	<b>2023</b> US\$	2022 US\$
Less than one year	24,205	206,615
More than one year to five years	3,355,886	3,807,253
	<b>3,380,094</b>	<b>4,013,868</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**22. Trade and other payables**

**Due within one year**

<i>Group</i>	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Trade payables	8,864,315	8,712,487
Other payables	1,083,842	756,254
Other tax and social security payable	222,174	147,613
Accruals	2,413,573	2,481,382
Provisions	3,479,762	334,212
	<b>16,063,666</b>	<b>12,431,948</b>

<i>Company</i>	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Trade payables	282,873	206,960
Other tax and social security payable	116,622	-
Accruals	158,677	194,664
Provisions	3,479,762	334,212
	<b>4,037,934</b>	<b>735,836</b>

**Due after one year**

<i>Group</i>	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Trade payables –performance bonus accruals	-	1,243,706
Amount owing to associate	70,850	70,850
	<b>70,850</b>	<b>1,314,556</b>

<i>Company</i>	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
Trade payables –performance bonus accruals	-	72,515
Amount owing to associate	70,850	70,850
	<b>70,850</b>	<b>143,365</b>

Trade payables comprise amounts outstanding for trade purchases and on-going costs, and together with other payables and accruals are measured at amortised cost. FY2023 provisions relate to the potential extra mezzanine loan interest and associated legal fees.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****23. Loans**

In May 2014 the Group entered into a loan with two foreign international resource banks for US\$83 million 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 had an obligation to meet any fixed interest and principal repayment schedule (the “**New Senior Debt**”). In the period to November 2022 the Group made regular monthly senior loan repayments such that, except for a nominal US\$2,586, the New Senior Debt has been fully repaid. This nominal amount has been left unpaid to ensure various securities remained in place until the mezzanine loans were elevated to the status of secured borrowings (the “**Elevation**”).

In the period 2015-2018, the Company entered into numerous facility agreements with its Mezzanine Lenders. The purpose of these advances was for 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. In November 2022, notwithstanding the nominal New Senior Debt outstanding all Lenders agreed that the Company could commence to repay the Mezzanine Debt.

The Elevation process requires completion of complex and multi-country documentation and the registration of new security arrangements in numerous jurisdictions. Although the necessary material documentation had been agreed by all parties, they were not executed due to a dispute in relation to the applicable rate of interest applying to, and hence, the quantum of the remaining Mezzanine Debt. The October 2020 debt restructuring agreements envisaged the interest rate applicable to the Mezzanine Debt being reduced from 15% to 7% once the Senior Debt is repaid and the elevation of the Mezzanine Debt to “new” Senior Debt is complete.

The Company’s position was that the final payment due to the lenders under the Company’s mezzanine debt facilities was made on 25 March 2024, on the basis of the lower interest rate of 7% (as opposed to 15%) applying from 3 November 2022, which the Company believed should apply under such facilities.

The Company’s minority 29.3% mezzanine debt lenders, Runruno Holdings Limited and D & A Holdings Limited (together the “**RHL Group**”), disputed that the interest rate applicable to their portion of the mezzanine debt reduced from 15% to 7% from 3 November 2022. Further, the RHL Group claimed that several events of default have occurred under the Group’s senior and mezzanine facilities, such that the relevant default interest rate (being a total of 12% under the senior debt facility and 20% under the mezzanine debt facilities) should apply with effect from 5 October 2023. The Company disputed these allegations.

In light of the RHL Group’s position in respect of the application of 15% interest to its loans under the mezzanine facilities, MTL (Luxembourg) S.à r.l. (holding 70.7% of the mezzanine debt) (“**MTL Lux**”), contrary to historical assurances otherwise, sought to receive this interest rate on its own loans to the Company in accordance with inter-creditor agreements between the two lenders Company. MTL Lux has formally recorded that it does not believe penalty interest should apply.

After a detailed consideration of the Company’s legal position in this matter, and associated issues such as the cost of an ongoing dispute with the Company’s two largest shareholders the Company has attempted to resolve this matter by making a payment, in May 2024, of approximately 50% of the total quantum currently in dispute.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**23. Loans (continued)**

However, as this dispute has not been fully resolved, the Company has, at 31 December 2023, created a provision for possible increased interest of US\$2.6 million being the remaining difference between 15% per annum and 7% per annum on the Mezzanine Debt for the period 3 November 2022 to 31 December 2023.

The Company continues to negotiate with MTL Lux and the RHL Group on this matter.

As at 31 December 2023 the Group's outstanding loan position was:

<b>Group</b>	<b>2023</b>	<b>2022</b>
	<i>US\$</i>	<i>US\$</i>
Senior Lenders loans due within one year	2,586	1,208
Mezzanine Lenders loans due within one year*	23,893,712	30,000,000
<b>Total loans due within one year</b>	<b>23,896,298</b>	<b>30,001,208</b>
Mezzanine Lenders loans due after one year*	-	51,983,413
<b>Total loans due after one year</b>	<b>-</b>	<b>51,983,413</b>

**Company**

As at 31 December 2023 the Company loan position was:

	<b>2023</b>	<b>2022</b>
	<i>US\$</i>	<i>US\$</i>
Mezzanine Lenders loans due within one year*	23,893,712	30,000,000
Mezzanine Lenders loans due after one year*	-	51,983,413
<b>Total loans due after one year</b>	<b>-</b>	<b>51,983,413</b>

\* Given the Group is not subject to a fixed repayment schedule, in accordance with the new debt facilities, there has been 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. Refer to Note 2 for further discussion of this estimation.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**24. Provision for mine rehabilitation and decommissioning**

	<b>2023</b>	2022
	<i>US\$</i>	<i>US\$</i>
At 1 January	3,764,708	4,015,050
Unwinding of discount and effect of change in estimate	380,859	(250,342)
At 31 December	<b><u>4,145,567</u></b>	<b><u>3,764,708</u></b>

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, updated on a periodic basis. These estimated costs were reviewed in December 2023 and include labour, equipment hire, consumables and transportation for disposal, with the provision being unwound for inflation and interest charges for FY2023. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**25. Called up share capital and share premium**

The 17 June 2022 AGM approved a capital reorganisation which consisted of both a capital sub-division and a capital reduction. The objective of this was to (i) enable the Company to issue shares in future at an issue price which significantly exceeds their nominal value; and (ii) to create distributable reserves which would provide the Company with certain flexibility in relation to future distributions of profits to shareholders.

The capital sub-division effected a change in the nominal value of ordinary shares. This was achieved by dividing the existing ordinary shares of £0.01 nominal value into one New Ordinary Share, with a nominal value of £0.0001 and one Deferred Share with a nominal value of £0.0099 each. The Deferred Shares had limited rights as set out in the new Articles of the Company adopted at the FY2022 AGM. The capital reduction element was to cancel, for no consideration, the deferred shares and share premium account by way of creating a reserve to be offset against profit and loss. This capital reduction was completed in July 2022.

In June 2023, the Company issued 7,147,850 new New Ordinary Shares in lieu of a cash bonus to management. In December 2023, following the exercise of options, the Company issued 2,200,000 new New Ordinary Shares. The issued capital of the Company as at 31 December 2023 is shown below:

	<b>December 2023</b>	<i>December 2022</i>	<b>December 2023</b>	<i>December 2022</i>
	<i>Number of shares</i>	<i>Number of shares</i>	<i>US\$</i>	<i>US\$</i>
<i>Ordinary shares of £0.01 par value</i>				
Opening balance	-	2,071,334,586	-	27,950,217
Sub-division	-	(2,071,334,586)	-	(27,950,217)
Closing balance	-	-	-	-
<i>New Ordinary shares of £0.0001 par value</i>				
Opening balance	2,088,796,421	-	281,638	-
Sub-division	-	2,071,334,586	-	279,502
Shares issue	9,347,850	17,461,835	1,145	2,136
Closing balance	<b>2,098,144,271</b>	2,088,796,421	282,783	281,638
<i>Deferred Shares of £0.0099 par value</i>				
Opening balance	-	-	-	-
Sub-division	-	2,071,334,586	-	27,670,715
Capital reduction	-	(2,071,334,586)	-	(27,670,715)
Closing balance	-	-	-	-
Total share capital			<b>282,783</b>	27,950,217
<i>Share premium</i>				
Opening balance			-	195,855,125
Shares issue			144,350	263,765
Capital reduction			-	(196,118,890)
Closing balance			<b>144,350</b>	-

*Share rights*

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**26. Profit and loss**

A component of the capital reduction completed in July 2022 (refer note 25), the credit arising from the cancellation of the deferred share capital and share premium, was applied against the profit and loss account. In FY2023 the warrant fair value reserve was transferred from other reserves to profit and loss following the expiry of the relevant warrants.

The movement in the profit and loss account is shown below.

	<b>2023</b>	<b>2022</b>
	<i>US\$</i>	<i>US\$</i>
<i>Group</i>		
Opening balance	7,001,364	(225,542,197)
Profit for the year	119,248,738	8,753,956
Transfer from other reserves	1,526,937	-
Capital reduction credit	-	223,789,605
At 31 December	<b>127,777,039</b>	<b>7,001,364</b>
<i>Company</i>		
Opening balance	16,979,621	(217,042,891)
Profit for the year	121,906,452	10,232,907
Transfer from other reserves	1,526,937	-
Capital reduction credit	-	223,789,605
At 31 December	<b>140,413,010</b>	<b>16,979,621</b>

**27. Share-based payments**

*Directors' share options*

No share options were issued during FY2023. During the 2022 financial year the Company issued 6,600,000 options, exercisable at nominal par value, on or before 17 June 2025.

	<b>2023</b>	<b>2022</b>
	<i>Number of options</i>	<i>Number of options</i>
<i>FY2021 tranche</i>		
Options on issue at 1 January	15,400,000	19,800,000
Options exercised	(2,200,000)	-
Options lapsed	-	(4,400,000)
Options on issue at 31 December	<b>13,200,000</b>	<b>15,400,000</b>
Options that have vested as at 31 December	<b>13,200,000</b>	<b>11,000,000</b>
<i>FY2022 tranche</i>		
Opening balance	6,600,000	-
Options issued	-	6,600,000
Options on issue at 31 December	<b>6,600,000</b>	<b>6,600,000</b>
Options that have vested as at 31 December	<b>4,400,000</b>	2,200,000



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****27. Share-based payments (continued)**

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;
- The FY2021 issued options hurdle of the Company's 30 day volume weighted average price of each Company share traded on AIM exceeding £0.0215 during the life of the option has been satisfied; and
- The FY2022 issued options hurdle of the Company's 30 day volume weighted average price of each Company share traded on AIM exceeding £0.0165 during the life of the option has been satisfied.

The share-based payment expense, based upon a fair value measurement of the options, recognised in FY2023 was US\$31,368 (2022: US\$102,001).

The fair value measurement of the FY2021 options, using a Black-Scholes option valuation model, was £0.0046 per option, based upon the following:

- Share price at the date of the change of exercise price of £0.0115,
- Option exercise price of £0.0001,
- Estimated share volatility of 105%,
- Option life of 3 years,
- Nil dividends during the life of the options,
- Risk-free interest rate of 2.3%,
- Discount to factor the market price exercise hurdle – 60%.

The fair value measurement, using a Black-Scholes option valuation model, of the FY2022 options was £0.0076 per option, based upon the following:

- A share price at the date of option issue of £0.0115,
- An option exercise price of £0.0001,
- Estimated share volatility of 105%,
- Option life of 3 years,
- Nil dividends during the life of the options,
- Risk-free interest rate of 2.3%,
- Discount to factor the market price exercise hurdle – 33%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**28. 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.

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

These warrants lapsed during FY2023 and the cumulative fair value of these warrants was transferred from other reserves to the profit and loss account. There were no warrants issued in FY2023 or FY2022.

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

<i>Group</i>	<b>2023</b>	<b>2022</b>
	<i>US\$</i>	<i>US\$</i>
Profit before tax	119,555,320	8,666,635
Depreciation and amortisation	51,492,601	22,495,406
Provisions	29,759	31,744
Impairment (reversal)/charge	(97,318,816)	1,202,397
Share of losses/(profits) of associates	(15,970)	76,854
Share based payment expense	31,368	102,001
Shares issued in lieu of cash bonus	145,215	265,900
Finance expenses	10,732,133	13,571,116
Foreign exchange (gain)/loss	(2,642,249)	267,178
(Increase)/decrease in receivables	(10,048,701)	274,629
Decrease/(Increase) in inventories	820,441	(3,997,602)
Increase/(Decrease) in payables	2,061,476	(4,766,311)
<b>Net cash provided by operating activities</b>	<b>74,561,379</b>	<b>38,189,947</b>
<i>Company</i>	<b>2023</b>	<b>2022</b>
	<i>US\$</i>	<i>US\$</i>
Profit before tax	121,906,452	10,287,290
Impairment (reversal)	(127,385,827)	(23,111,571)
Provisions	29,759	4,883
Share based expense	31,368	102,001
Shares issued in lieu of cash bonus	145,215	265,900
Finance expenses	10,433,567	12,098,383
Foreign exchange (gain)/loss	(4,599,498)	323,016
(increase)/decrease in receivables	(3,606,499)	6,984,924
Increase/(Decrease) in payables	2,932,723	(6,992,546)
<b>Net cash used in operating activities</b>	<b>(112,740)</b>	<b>(37,720)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**30. Reconciliation of liabilities from financing activities**

Group	1 January	Cash flow	Non-cash	31 December
	2023		movements	2023
	US\$		US\$	US\$
Loans (current)	30,001,208	(12,816,587)	6,711,677	23,896,298
Loans (non-current)	51,983,413	(51,983,413)	-	-
	81,984,621	(64,800,000)	6,711,677	23,896,298

Company	1 January	Cash flow	Non-cash	31 December
	2023		movements	2023
	US\$		US\$	US\$
Loans (current)	30,000,000	(12,816,587)	6,710,299	23,893,712
Loans (non-current)	51,983,413	(51,983,413)	-	-
	81,983,413	64,800,000	6,710,299	23,893,712

**31. Capital commitments**

As at 31 December 2023 the Group had US\$nil outstanding capital commitments (2022: US\$nil).

**32. 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 the Remuneration Committee report, note 7, Directors' emoluments section and note 27, Share-based payments. At period end the following amounts were due in relation to Directors' emoluments:

Amounts owing to Directors	2023	Restated
	US\$	2022
D Bowden <sup>1</sup>	-	- <sup>2</sup>
D Cather <sup>1</sup>	-	2,556
G Walker	5,194	5,112

<sup>1</sup> Includes consulting fees due to private consulting company.

<sup>2</sup> Restated to eliminate performance bonus accruals that were subsequently cancelled.

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 FY2023, the total fees paid to Hannam & Partners were US\$70,000 (2022: US\$70,000).

Refer to note 23 for loans payable to related parties.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**32. Related party transactions (continued)**

During the year, the Company received US\$64,800,000 in loan repayments from a subsidiary. At the year end, the Company had loans due by its subsidiaries totaling US\$171 million (2022: US\$243 million). As at 31 December 2023 these loan amounts owed by subsidiaries were impaired to a net recoverable amount of US\$155 million (2022: US\$100 million). (Refer note 8(b)).

At the year end, the Group owed US\$70,850 (2022: US\$780,850) to its associates and the Group was owed US\$2.27 million (2022: US\$2.29 million) from its associates. This amount owing has been fully written off.

**33. 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	<i>Cash and cash equivalents</i>	<i>Trade and other receivables</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
<b>As at 31 December 2023</b>	339,997	5,861,738	6,201,735
As at 31 December 2022	861,069	9,000,103	9,861,172
<b>Company</b>			
<b>As at 31 December 2023</b>	51,034	166,837,102	166,888,136
As at 31 December 2022	168,614	100,812,981	100,981,595

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	<i>Trade payables</i>	<i>Accruals and other payables</i>	<i>Derivative liabilities</i>	<i>Loans</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
<b>As at 31 December 2023</b>	8,864,315	7,048,027	357,546	23,896,298	40,166,186
As at 31 December 2022	8,712,487	3,571,848	308,725	81,984,621	94,577,681
<b>Company</b>					
<b>As at 31 December 2023</b>	282,873	3,709,289	357,546	23,893,712	28,243,420
As at 31 December 2022	206,960	672,241	308,725	81,983,413	83,171,339

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**33. 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 FY2022 and FY2023 and surplus funds are being applied, in the main, to reduce the Group's borrowings.

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

<b>Group</b>	<b>Trade and other payables</b> US\$	<b>Derivative liabilities</b> US\$	<b>Loans*</b> US\$	<b>Total*</b> US\$
<b>As at 31 December 2023</b>				
1 – 6 months	16,063,666	211,804	23,896,298	40,171,768
6 – 12 months	-	145,742	-	145,742
1 – 2 years	-	-	-	-
2 – 5 years	70,850	-	-	70,850
Total contractual cash flows	16,134,516	357,546	23,896,298	40,388,360
<b>As at 31 December 2022</b>				
1 – 6 months	10,969,779	261,632	15,001,208	26,232,619
6 – 12 months	-	47,093	15,000,000	15,047,093
1 – 2 years	1,243,706	-	32,000,000	33,243,706
2 – 5 years	70,850	-	19,983,413	20,054,263
Total contractual cash flows	12,284,335	308,725	81,984,621	94,577,681
<b>Company</b>	<b>Trade and other payables</b> US\$	<b>Derivative liabilities</b> US\$	<b>Loans*</b> US\$	<b>Total*</b> US\$
<b>As at 31 December 2023</b>				
1 – 6 months	4,037,934	211,804	23,893,712	28,143,450
6 – 12 months	-	145,742	-	145,742
1 – 2 years	-	-	-	-
2 – 5 years	70,850	-	-	70,850
Total contractual cash flows	4,108,784	357,546	23,893,712	28,360,042
<b>As at 31 December 2022</b>				
1 – 6 months	735,836	261,632	15,000,000	15,997,468
6 – 12 months	-	47,093	15,000,000	15,047,093
1 – 2 years	72,515	-	32,000,000	32,072,515
2 – 5 years	70,850	-	19,983,413	20,054,263
Total contractual cash flows	879,201	308,725	81,983,413	83,171,339

\* The Group and Company's contractual future loan interest is presently not capable of being calculated given the flexible debt repayment arrangements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****33. Financial instruments (continued)**

As set out in more detail within note 23, there is no agreement on the interest rate applicable to a portion of the New Mezzanine Debt. Depending on the resolution of this matter, the average interest rate applicable to the Group outstanding loans as at 31 December 2023 is either 9.3% or 7% (2022:13.1%), and the Company's average interest rate as at 31 December 2023 is either 9.3% or 7% (2022: 15.0%).

***Credit risk***

Credit risk is the risk of financial loss to the Group or Company if the 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 (2022: US\$nil).

Other receivables include VAT on importations and other goods and services paid by the Group, notwithstanding the Group was 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 does not expect to recover these amounts paid prior to July 2021. As at 31 December 2023 an accumulated impairment charge of US\$7.4 million has been recognised. All VAT paid for the period up to 30 June 2021, except US\$1.4 million the being subject of a specific court action, has been impaired as at 31 December 2023 (2022: All VAT paid for the period up to 31 December 2020, except US\$1.4 million being the subject of a specific court action).

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****33. 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 2023 the gold price ranged from US\$1,810 to US\$2,079 per ounce, and the Group received an average gold selling price of US\$1,944 per ounce (2022: US\$1,797 per ounce).

The Group has adopted a policy to implement a gold price hedge strategy over no more than 50% of annual production by entering into zero cost gold price collars. Refer to note 20 for the Group's December 2023 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\$16.7 million (2022: US\$12.4 million). 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\$9,216,477 (2022: US\$12,562,110).

*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 2023, the Group converted US\$80.6 million into Philippine Peso (2022: US\$70.6 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 being US\$7.3 million higher or US\$9.0 million lower (2022: US\$6.4 million higher or US\$7.8 million lower).

As at 31 December 2023 the Group had Philippine Pesos denominated assets and liabilities including cash of US\$188,000 and current liabilities of US\$8,824,000 (2022: cash of US\$38,000 and current liabilities of US\$10,772,000). The currency risk exposure from these assets and liabilities is covered by the Philippine currency forward contracts in place as at 31 December 2023.

Refer to note 20 for details of the Group's hedging instruments to protect against currency risk.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**34. 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.

**35. Contingent liabilities**

The Group has no contingent liabilities identified as at 31 December 2023 (2022: US\$nil).

**36. 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\$24 million against its mezzanine debt.
- In January 2024, the Company, subject to lender and shareholder approval, agreed to acquire a controlling interest in the YMC group. The YMC group hold an extensive exploration tenement in the Abra region of Luzon, Philippines. The purchase price is US\$1.6 million (offset by approximately US\$1.1 million cash held by the YMC group) and the issue of options to subscribe for up to 41 million new ordinary shares of £0.0001 each in the capital of the Company. Shareholder approval of this transaction will be sought at the forthcoming AGM.

**37. 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 original mezzanine lenders, MTL Luxembourg SARL (MTL Lux) 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 MTL Lux 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 MTL Lux and RHL. In March 2022, RHL assigned its interests in the major mezzanine facility to D & A Holdings Limited (an associated company controlled by the same entity at the time of assignment).

The Company's two largest shareholders are MTL Lux, which owns 46.6% of the Company, and RHL, which owns 18.8% of the Company. Under a bilateral agreement between these two shareholders, each is required to vote with the other, if one shareholder votes against any resolution at the Company's general meetings. Thus, through the operation of the bilateral agreement RHL, although only the minor of the two larger shareholders, can bring about a negative vote against any resolution at the Company's general meetings. If either party violates the bilateral agreement the other party is entitled to a substantial penalty payment from the party violating the bilateral agreement.

Although the Company has no ultimate controlling party, as a result of all the above, both MTL Lux and RHL are both considered parties holding significant influence equivalent to that of an ultimate controlling party.