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METAL RESOURCES

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ANNUAL REPORT

for the year ended 30 September 2021

POWER METAL RESOURCES PLC

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POWER METAL RESOURCES PLC

COMPANY INFORMATION

Directors:	P Johnson S Richardson Brown Ed Shaw	<i>Chief Executive Officer</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i>
Company secretary:	ONE Advisory Limited	
Company number:	07800337	
Registered office:	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT	
Auditor:	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus London E14 4HD	
Nominated Adviser and broker:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
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Solicitor:	Druces LLP Salisbury House London Wall London EC2M 5PS	

POWER METAL RESOURCES PLC

CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2021

Highlights from the year under review:

Operational

- After an extensive preparatory period drilling commenced in October 2020 at the Molopo Farms Complex Project ("MFC Project") in Botswana, where the Company funded US\$500,000 of exploration costs to earn-in to a 40% direct project interest. Results were released during the course of the year with potentially significant nickel sulphides identified from the three hole drill programme and the company completed its earn-in during April 2021, securing a direct 40% interest in the MFC Project.
- In January 2021 an option was secured over exploration interests in the Paterson Region of Western Australia and during 2021 various amendments were made to this original option culminating in the acquisition of a 5 licence exploration package covering 751km² post-year end. Work undertaken during the year demonstrated the presence of magnetic bullseye anomalies demonstrating geological and geophysical similarities to the Havieron deposit discovered by Greatland Gold plc.
- January 2021 saw option agreements signed over exploration project interests in the Hemlo Schreiber region in Ontario Canada, with options crystallised in the year and it was then announced in September 2021 that the entire interests in the Hemlo Schreiber region were sold to First Class Metals Limited ("FCM") for £1 million through the issue to wholly owned subsidiary Power Metal Canada Inc of 333,334 FCM shares at £3 per share. FCM is seeking a listing on the London capital markets.
- The Company saw its 49.9% owned joint venture in the Victoria Goldfields see its first licence applications granted and the launch of inaugural ground exploration in February 2021, with various updates released during the year confirming additional licence grants and gold exploration progress.
- In March 2021 the Company confirmed the acceleration of its earn-in to a 30% holding in the Silver Peak silver project in British Columbia, Canada, and in July 2021 diamond drilling commenced which would ultimately lead to the discovery of further bonanza grade silver, with significant copper, lead and antimony credits.
- Also in March 2021, the company announced a business update from its 50% owned joint venture with Kavango Resources plc in the Kalahari Copper Belt ("KCB"), Botswana that saw the signing of conditional acquisition agreements to acquire 8 new KCB licences and increasing the joint arrangement's KCB ground footprint to 4,255km². The acquisitions were completed in August 2021 and saw all KCB interests transferred to a new 50% joint operating company Kanye Resources Pty Ltd.
- In May 2021 the Company secured an option agreement over two gold – nickel prospecting licences in Botswana, and after due diligence exercised the option in July 2021. Accelerated exploration led to the discovery of multiple kilometre-scale gold, nickel and arsenic anomalies announced in July, ultimately leading into a post-year end reverse circulation drill programme. Following option exercise the two licences underlying the properties (the "Tati Project") were successfully transferred post-year end into a new 100% Power Metal owned Botswana holding company, Tati Greenstone Resources Pty Ltd.

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- June 2021 saw the Company sign an Assignment and Assumption Agreement to acquire a right to earn into a 100% interest in the Golconda Summit Gold Property in Nevada USA, marking the Company's first project in Nevada.
- Also in June 2021 acquisitions in Nevada continued with the acquisition of a 100% interest in the Stonewall and Garfield exploration projects from fellow AIM listed Sunrise Resources plc.
- July 2021 saw the identification of rare earth element drill targets at the Ditau Camp project in Botswana, also held in the 50% owned joint venture with Kavango Resources plc, Kanye Resources Pty Ltd.
- The Company signed an agreement in July 2021 through which it may acquire a 100% interest in the Authier North lithium exploration property in Quebec, Canada, situated adjacent to Sayona Mining's (ASX:SYA) Authier lithium project.
- In September 2021 the Company launched a uranium staking programme in the Athabasca area of Saskatchewan, Canada which ultimately saw c.412km² of ground staked, allocated into 7 project packages.

Financial

- Loss for the year to 30 September 2021 of £622k (2020: £1.4 million);
- Pre non-controlling interest total equity of £6.3 million at the year-end (2020: £2.7 million); and
- Raised £3.6 million in cash during the year from the exercise of Power Metal share warrants, including by directors.

Post-year end

For information regarding events after the reporting date, see note 25 to the financial statements.

Introduction

Power Metal Resources is an energetic hub of activity we believe to be uncommon to the junior resource space, and certainly to an extent it has not previously experienced as a public company.

The refinancing and restructuring undertaken in February 2019 kickstarted a pathway of aggressive repositioning and confident growth, which was the only way to restore the market's confidence after the Company's failings of the past.

We commenced this financial year with six African project interests, augmented by precious metal interests in North America and Australia. We ended the year with a global business with considerable portfolio interests across North America, Africa and Australia.

We have a model of proactive project search, selection and acquisition, followed by immediate exploration to increase value. Thereafter projects enter our in-house exploration portfolio or our

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CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2021

corporate channel where we seek disposals or spin-outs to generate significant value to build our asset base and financial strength.

Our model is highly flexible, provides long-term sustainable balance sheet growth and is driven by clear objectives, notably to do all in our power to generate high returns for shareholders, working fairly with all business partners and protecting and offering opportunity to the communities in which we operate.

Operations Review

Projects

Africa

Botswana

Power Metal currently has six projects in Africa with a main focus on Botswana, recognising the extremely positive operating environment for diligent and respectful resource exploration companies in country, and the tremendous resource endowment offering junior exploration companies the opportunity for district-scale metal discoveries.

Our joint operation with Kavango Resources plc has been structured under a single vehicle, Kanye Resources Pty Ltd ("Kanye Resources") (See note 12 Investments in Associates and Joint Ventures, note 13 Joint Operations, and note 10 Intangible Assets), a Botswana private company in which we hold a 50% interest and into which all prospecting licences have been transferred. The previously announced plan is for our interest to hive up into Kanye Resources PLC, a UK vehicle which would be used as the host for a listing in the London capital markets. That plan remains in place, albeit we have a high level of ground exploration underway, and our focus during the recent financial year has been on further value enhancement across the portfolio via these various ground exploration programmes. As the hive up has not yet taken place, the joint arrangement has been reclassified as a joint operation in the financial statements, see notes 12 and 13 for further detail.

Ground exploration has delivered positive results with numerous prospective drill targets identified across the South Ghanzi project in the Kalahari Copper Belt ("KCB") targeting copper-silver and at the Ditau Camp project targeting rare-earth elements and base metal mineralisation.

We have successfully added to the South Ghanzi project in Botswana, with the addition of eight more prospecting licences in the financial year, including the South Ghanzi extension and Mamuno licences at a cost of US\$430,000 split 50/50 with our partners, Kavango Resources plc.

At the year end Kanye Resources held 4,257km² of prospective KCB ground over ten licences and 1,386km² of ground over two licences representing the Ditau Camp Project. This is an immense land holding, with ongoing ground exploration proving up multiple drill targets and plans for extensive drilling as soon as detailed preparatory work has been completed.

The financial year also saw the acquisition of the Tati Project in Botswana, comprising two prospecting licences located near Francistown which are prospective for gold and nickel. The Company exercised its option to earn 100% over the project in July 2021 and paid a cash option fee of £50,000 which may be offset against future drilling costs incurred by the project vendors' wholly-owned drilling services

POWER METAL RESOURCES PLC

CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2021

company. Up to 5,833,332 shares to be issued at 3.0p comprises most of the consideration with an additional 5,833,332 warrants over new Power Metal ordinary shares (50% at 5p and 50% at 7.5p).

Thorough due diligence and post-option exercise exploration programmes led to the identification of multiple kilometre-scale gold, arsenic and nickel anomalies which were subject to follow up exploration and notably a post-year end reverse circulation drilling campaign.

Finally in Botswana, the Company made significant progress at the Molopo Farms Complex project ("MFC Project") located in Botswana, where the Company funded US\$500,000 of exploration and in April 2021 completed its earn-in to acquire a 40% interest in the MFC Project. The funding covered the drilling of 3 deep diamond drillholes into 3 geophysical targets, with the second hole successfully intersecting nickel sulphides and platinum group metals as announced in April 2021.

Follow-on technical analysis continued during the year with positive findings released to the market leading to an option being signed post-year end with Kavango Resources plc, for Kavango to take an interest in the MFC Project by acquiring the majority of Kalahari Key Mineral Exploration Pty Ltd., which holds the remaining 60% MFC Project interest after the completion of Power Metal's earn-in.

The Democratic Republic of the Congo (the DRC)

The Company has a 70% interest in the Kisinka Project in the DRC where previous exploration saw the identification of a 6.8km copper-cobalt anomaly. In November 2020 assay results from a pitting and mapping exploration programme demonstrated high copper and cobalt values.

In May 2021, the Kisinka Project was awarded a 25 year production licence adding further value to the project and the next step including plans for exploration were developed. Ultimately it was determined that exploration drilling was the best follow-on step, and the company continued to work post-year end to implement this in an acceptable manner.

Regrettably operational progress has been difficult to secure in an acceptable manner in country, across a number of areas that we are seeking to resolve. The next step in our planned exploration would be drilling, a costly affair requiring us to have operational confidence through a well planned and cost effective drill programme. Also, it is important to have the bedrock of strong commercial relationships in country to underpin the project now, and particularly in the event of forward exploration success. We have not had adequate progress of late, or sufficient confidence to invest further at this stage, and given this underlying uncertainty have taken the current decision to impair our investment in full at this time (£841,000 including £156,000 investment and £685,000 intercompany loan balance). This is an accounting transaction only which has no impact on Power Metal's cash position and we will continue to work in-country to secure the progress we need to push this project forward.

It is also noted that Power Metal deploys a continuous review of project specific capital allocation, focusing its resources on those projects that offer the best potential value upside and security of tenure, whereby value generated will be protected, notably following major value events including commercial discoveries.

Tanzania

The Company holds a 35% stake in the Haneti Project in Tanzania with partner and fellow AIM listed Katoro Gold plc (LON:KAT) holding the remaining 65%.

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During the year a rotary air blast drill programme was undertaken at the Haneti Project, seeking to help delineate drill targets for follow-on diamond drilling. The positive outcome of this programme was announced in April 2021, which included the confirmation of targets and the discovery of new gossanous nickel-copper veining at the Mihanza Hill target. Deep diamond drilling was confirmed as the next step and this commenced post-year end in January 2022.

Australia

First Development Resources

During the year the company increased its exposure to Australian exploration opportunities with an option secured in January 2021 to acquire a 100% interest in First Development Resources Pty Limited ("FDR Australia"), a company which held two exploration licence interests in the Paterson region of Western Australia.

Various amendments were made to the original option agreement during the course of the year and post-year end the Company acquired FDR Australia outright through its wholly owned UK company First Development Resources Limited ("FDR UK"). At the time of acquisition, FDR Australia had interests in five exploration licences located in the Paterson region and during the year and post-year end all FDR Australia licence interests achieved granted status enabling the launch of inaugural ground exploration. Furthermore, heritage agreements with the native title holders were prepared as a precursor step required in advance of a planned diamond drilling campaign targeted in 2022.

The intention is to list FDR UK on the London capital markets and during the year and post-year end work was undertaken in order to advance the company towards its planned Q2 2022 listing.

Exploration was undertaken during the year which led to the identification of three magnetic bullseye targets at the Wallal Project as announced in July and September 2021. The Company believe that the anomalies bear geophysical similarities to the Havieron deposit discovered by fellow AIM listed Greatland Gold plc (LON:GGP) and also located within the Paterson region.

New Ballarat Gold Corporation

At the start of the year Power Metal held a 49.9% interest in Red Rock Australasia Pty Ltd ("RRAL"), a joint venture vehicle with exploration licence interests in the Victoria Goldfields, Australia. The remaining 50.1% was held by fellow AIM listed Red Rock Resources plc (LON:RRR).

In September 2020 RRAL held 2,188km² of ground across twelve licence applications where the application status meant material ground exploration could not be undertaken. During the course of the year, a number of licence applications were granted and ground exploration was launched.

By the year end, seven licence applications had been granted covering 848km² and 1,458km² over nine licence applications were awaiting grant.

The original plan for RRAL was to secure a listing in Canada, however in August 2021 the joint venture partners confirmed the focus for the listing was changed to the London capital markets. Reflecting this, and post-year end, the partners' interest in RRAL was hived up to a new company New Ballarat Gold Corporation PLC, with Power Metal holding a 49.9% interest as before.

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CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2021

Exploration work during the year and post-year end delineated multiple drill targets which led to the commencement of diamond drilling in December 2021 for Buninyong, EL007271, and Pitfield EL007301.

North America

Silver Peak

Just prior to the start of the financial year, in September 2020, Power Metal exercised an option to earn-in to a 30% interest in the Silver Peak project, in British Columbia, Canada.

To secure this option, Power Metal made a payment of £129,683 to the vendors comprising CAD\$30,000 (£17,183) cash and £112,500 through the issue of 9,000,000 new Ordinary Shares (the "Option Exercise Shares") at a price of 1.25p per Option Exercise Share. In addition, the vendors were granted 9,000,000 warrants to subscribe for new Ordinary Shares in the Company at a price of 1.75p with a three-year life to expiry.

The earn-in was completed in the financial year, as announced in March 2021. In the original agreement, Power Metal was to pay CAD\$250,000 against exploration expenditure at the Silver Peak Project. Previously Power Metal had paid CAD\$141,048 and the remaining CAD\$108,952 (£62,313) was paid to clear the outstanding balance.

In addition Power Metal made a final earn-in payment of CAD\$200,000 (£114,349), satisfied by the issue of 5,139,281 new Ordinary Shares to the vendors of the Project. The number of shares to be issued was based on an agreed seven-day volume weighted average price of Power Metal shares of 2.225p.

In addition, the vendors received 2,569,641 warrants to subscribe for new Ordinary Shares exercisable at a price of 2.89p representing a 30% premium to the issue price of the final payment shares. The final payment warrants have a three year life to expiry from the date of announcement.

During the year, two drill programmes were undertaken at the Silver Peak project, the first in November 2020 which was curtailed due to poor weather conditions. Notwithstanding the challenges, the programme successfully delineated very high-grade silver including 5,270 g/t silver (169.5 troy oz/t). A further drill programme was undertaken in summer 2021 and completed in August 2021. Results from this programme and from subsequent overlimit assays were announced after the year end and demonstrated extensive bonanza grade silver.

Authier North

In July 2021 the Company announced an agreement to earn-in to the Authier North and Duval East lithium exploration properties in Quebec, Canada.

On signing of the agreement, Power Metal, on behalf of Power Metal Canada, made initial earn-in payments to the vendors including a cash payment of CAD\$15,000 (c.£8,777) and a share based payment of CAD\$50,000 (c.£29,257) through the issue of 1,063,891 new Ordinary Shares of 0.1p each in Power Metal at a price of 2.75p per share, ("Initial Earn-in Shares"). During the first year Power Metal must expend CAD\$25,000 (c.£14,628) on exploration costs on the properties.

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CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2021

In year 2 Power Metal will make a cash payment of CAD\$25,000 to the vendors and a further share based payment of CAD\$50,000 with the number of new Ordinary Shares based on the ten consecutive trading day volume weighted average Power Metal share price prior to the delivery of written confirmation to the Vendors that Power Metal Canada wishes to proceed to year 2 of the Option. During the second year Power Metal must expend CAD\$50,000 on exploration costs on the Properties.

In year 3 Power Metal will make a cash payment of CAD\$25,000 to the Vendors and a further share based payment of CAD\$75,000 with the number of new Ordinary Shares based on the ten consecutive trading day volume weighted average Power Metal share price prior to the delivery of written confirmation to the Vendors that Power Metal Canada wishes to proceed to year 3 payments. During the third year Power Metal must expend CAD\$100,000 on exploration costs on the Properties.

Should all payments be made above, the total cost to Power Metal, on behalf of Power Metal Canada, would be £242,832 over a maximum 3 year period, and following that expenditure Power Metal Canada will hold a 100% interest in the Property. Power Metal Canada can elect to accelerate all expenditures should it wish, at any time, to allow earlier completion of the earn-in.

There is an existing 1% net smelter royalty ("NSR") over the Properties that will remain in place. In addition, on completion of the earn-in Power Metal will grant to the Vendors a further 1.25% NSR (the "Vendor NSR") and 0.5% of the Vendor NSR may be bought back by Power Metal Canada at any time for a cash payment of CAD\$500,000. In total, prior to any buyback, the total NSRs amount to 2.25% over the Property.

A soil sampling and mapping exploration programme was announced in September 2021, with the results released after the year end.

Athabasca Basin

In September 2021 the Company announced the staking of four 100% owned uranium exploration properties covering a combined 10,869-hectares (109km²) giving Power Canada a strong foothold in the prolific Athabasca Basin. The properties include the Clearwater Uranium Property ("Clearwater"), Tait Hill Uranium Property ("Tait Hill"), Thibaut Lake Uranium Property ("Thibaut Lake"), and the Soaring Bay Uranium Property ("Soaring Bay").

Building on this initial acquisition, later in September 2021, the Company announced an increase of ground to 241km² achieved through the staking of additional ground immediately surrounding the Company's Clearwater, Tait Hill, and Soaring Bay uranium properties, as well as the acquisition of three additional uranium properties including the Cook Lake, E-12, and Reitenbach properties (together the "Properties").

The cost of acquisition of the Properties was the staking cost only amounting to CAD\$14,458 by the financial year end. The uranium properties are held by Power Canada through its 100% owned holding company 102134984 Saskatchewan Ltd.

Ground staking to build the footprint continued after the year end, and an initial sampling and mapping programme was undertaken at three of the properties also after the year end.

Hemlo-Schreiber / First Class Metals

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In January 2021 the Company acquired the Hemlo North project, an early stage exploration opportunity prospective for both gold and base metal mineralisation, situated over an underexplored part of the very prospective Hemlo-Schreiber Greenstone Belt. Hemlo North consisted of 122 Single Cell Mining Claims ("Claims") being vended as three contiguous claim packages; Roger Lake (50 Claims); Olga Lake (42 Claims); and Dotted East (30 Claims), over a total area of 25.82km².

The cost of acquisition of the Hemlo North project was CAD\$120,000 (c.£69,130) of which CAD\$60,000 (c.£34,565) was paid in cash and CAD\$60,000 through the issue to the vendors of 1,152,233 new Ordinary Shares of 0.1p each in the Company at an issue price of 3.0 pence per share.

Later in January 2021 the Company signed option agreements to acquire 4 further precious and base metal exploration properties in the Hemlo-Schreiber region. The four option properties were located within 100km west or southwest of the Company's Hemlo North project and included:

- McKellar, consisting of 58 Mining Claims (12.3km²) prospective for both volcanogenic massive sulphide ("VMS") copper-lead-zinc mineralisation and orogenic gold deposits.
- Enable, consisting of 41 Single Cell Mining Claims (circa 8.7km²) and underlain by gold prospective, greenstone belt.
- Magical, consisting of 14 Single Cell Mining Claims (circa 3km²) where regional geophysics data show a possible target related to the intersection of a granitoid intrusion with a regional-scale magnetic geophysics lineation.
- Coco East, consisting of 30 Single Cell Mining Claims (circa 6.4km²) considered prospective for both mesothermal lode gold and VMS deposits.

For the acquisition of a 100% interest in the each of the option properties the following cash and equity consideration was payable:

Property Name	Cash (CAD\$)	POW Shares (CAD\$)	Note: POW Shares	Total Consideration (CAD\$)
McKellar	50,000	50,000	960,000	100,000
Enable	30,000	30,000	576,000	60,000
Magical	20,000	20,000	384,000	40,000
Coco East	30,000	30,000	576,000	60,000
<i>Total (if all properties acquired)</i>	<i>130,000</i>	<i>130,000</i>	<i>2,496,000</i>	<i>260,000</i>

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The POW shares payable as consideration were new Ordinary Shares of 0.1p each in the Company at an issue price of 3.0 pence per share.

The Vendors will retain a 2% net smelter royalty ("NSR") in respect of each of the properties. Power Metal may purchase 1% of each NSR for each property, at any time, by making a cash payment to the Vendors of CAD\$500,000 per Property.

The option over all four properties were exercised by the end of February 2021.

In September 2021, the Company announced the sale of all 5 projects to First Class Metals Limited ("First Class"). First Class is a UK private company with an existing portfolio of interests in the Schreiber-Hemlo region held through its Canadian operating subsidiary First Class Metals Inc., and is currently seeking a listing on a recognised stock exchange in London.

The total consideration was £1 million payable through the issue of 333,334 new Ordinary Shares of £1 each in First Class Metals Ltd ("First Class Shares") at a price of £3 per share.

New Opportunities

Power Metal Resources

Power Metal Resources had a pipeline of new opportunities under review during the year, some of which led to new transactions as detailed above.

The Company maintains strict criteria for project selection and only proceeds with projects that complement existing business interests and planned strategy and where transactions can be undertaken on reasonable commercial terms.

Power Capital Investments Ltd

In May 2021 the Company announced it had established a new 100% owned subsidiary 'incubator' business: Power Capital Investments Ltd ("Power Capital"). Power Capital will initially be fully funded by Power Metal.

Power Capital will actively identify small, entrepreneurial business ventures with significant growth potential in the junior resource space and provide support with regard to business management, project development and corporate development to enable them to scale rapidly and realise their potential. Power Capital may also provide financial support.

Power Capital will look to develop these high-potential early stage ventures, to the point of sale, public listing, or incorporation into the Company's portfolio, dependent on a set of key performance indicators to be established.

As a major shareholder in each selected business, Power Capital, and thereby Power Metal, has the opportunity for significant capital appreciation from each successful venture together with a self-created pipeline of new resource projects for operational development by Power Metal.

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CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2021

Corporate Social Responsibility ("CSR")

The Company maintains a focus on CSR through internal policies and our approach to external operational activities.

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

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

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

Financial Review

The Group recorded an audited loss after tax for the year to 30 September 2021 of £622k (2020: loss of £1.4 million). The loss per share from continuing activities was 0.05p (2020: 0.25p).

The Group's exploration activities during the financial year under review were funded through the issue of shares to raise cash. In aggregate, new Ordinary Shares were issued during the financial year, raising a total of approximately £3.6 million from the exercise of warrants, including by directors.

We ended the financial year with a cash balance of £1.27 million (2020: £0.91 million), which was enhanced post-financial year end by the November 2021 placing, raising £1.05 million gross proceeds through a placing of 60,000,000 new Ordinary Shares of 0.1 pence each, at an issue price of 1.75 pence per share, and the exercise of warrants and options bringing an additional £593k into the Company post-year end.

Cash balances held at the year end are supplemented by listed company shares and warrants (cash equivalents), which represent a further pool of accessible cash available on the sale of shares in listed companies.

Targets for 2022

Our operational targets for the remainder of 2022 are:

- To advance our in-house exploration projects seeking to deploy capital primarily on exploration drill programmes, targeting large scale metal discoveries;
- To advance our spin out model, working to secure independent listings of multiple vehicles, enabling the exploration packages that are spun out to thrive with independent management, financing, strategy and operational drive whilst building Power Metal's underlying asset value;
- To secure further disposals of project portfolio interests to augment working capital, which alongside the creation of spin out value will move the Company toward financial self-sustainability;

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- To invest in, and focus on, Environmental, Social and Governance policies to protect and advance the locations, people and opportunity of the jurisdictions in which we work; and
- To focus on value creation from our existing portfolio of interests first and foremost, and to seek to replenish that portfolio with new, vibrant and meaningful opportunities.

Board Changes

Andrew Bell stepped down from the Board as Executive Chairman on 30 September 2021, whilst continuing to work with the Company in an advisory capacity for at least 12 months.

Outlook

The Directors believe Power Metal is now positioned better than at any time in its history, with 14 project packages across 3 continents, within 6 countries, and targeting 10 important metals. We have within our portfolio opportunities targeting precious, base and strategic metals. The Directors believe this provides our shareholders with a dynamic and broad spectrum of exposure to upside potential, driven by wider junior resource sector sentiment, the forward supply/demand balance in the metals market and notably, from the potential success of our exploration and corporate programmes.



Paul Johnson, Chief Executive Officer
2 March 2022

POWER METAL RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Overview of the business

The financial year to 30 September 2021 resulted in a loss for the year of £622k (2020: loss of £1.4million).

Net assets at the year-end stood at £6.0 million (2020: £2.4 million). The Group's cash position of £1.28 million as at 30 September 2021 was supplemented post-year end following a placing of 60,000,000 new Ordinary Shares at an issue price of 1.75 pence, raising £1.05 million, and £482k has been raised since the year end from exercise of options and warrants. In addition, the Group's asset base is bolstered by listed and unlisted shares and warrants in resource companies valued at circa £1.1 million at 30 September 2021.

Business Strategy

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

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

Further information on the Group's operations is set out in the Chief Executive Officer's Review on page 2 to 12.

Principal risks

Exploration risk

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

Resource risk

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

Environmental risk

Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. The Group's environmental risk extends to the Group's corporate and exploration interests in Australia, Botswana, Canada, The DRC, Tanzania and the USA. Power Metal Resources will ensure proper measures are taken to assess environmental risk including appropriate technical submissions to reporting authorities prior to work

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STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

commencing. Also, any disturbance to the environment during any exploration on any of the licence areas will be rehabilitated in accordance with the prevailing local regulations.

Financing & liquidity risk

The Group has an ongoing requirement to fund its activities through the equity capital markets. There is no certainty such funds will be available when needed. To date the Group has managed to raise the required funds, primarily through equity placements, including placements undertaken during very difficult market conditions of 2020/21 and monies from warrant exercises. However, the Directors have prepared cash flow forecasts for at least the next 12 months from the date of this report and are confident that the Company has sufficient financial resources to fund its operations.

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

Political risk

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

Internal controls & risk management

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

COVID-19 risk

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

Review of business and financial performance

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

i. Cash position

Having sufficient cash for business operations is vital for an exploration company and cash must be managed accordingly. The Directors review and manage the Group's cash flow on a monthly basis. The financial strategy is to ensure that, wherever possible, there are sufficient

POWER METAL RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

funds to cover corporate overheads and exploration expenditure for as long a period as possible. Power Metal Resources has confidence that financing of the Company can continue as and when required, albeit the board is keen to avoid excessive dilution and will manage the financing process with that objective in mind.

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

ii. Exploration expenditure by project

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

iii. Share price

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

Directors' indemnities

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

S172 Statement

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

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

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

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

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

POWER METAL RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

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

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

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

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

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

POWER METAL RESOURCES PLC

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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



Paul Johnson, Chief Executive Officer
2 March 2022

POWER METAL RESOURCES PLC

BOARD OF DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Paul Johnson, Chief Executive Officer

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

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

Scott Richardson Brown, Interim Non-Executive Chairman

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

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

Ed Shaw, Non-Executive Director

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

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

POWER METAL RESOURCES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Directors present their report together with the audited consolidated financial statements of Power Metal Resources plc (the "Company"), together with:

- its 100% owned subsidiary, Golden Metal Resources Ltd ("GMR");
- its 100% owned subsidiary, First Development Resources Ltd ("FDR");
- its 100% owned subsidiary, Power Capital Investments Ltd ("PCI");
- its 100% owned subsidiary, Tati Greenstone Resources Pty Ltd ("TGR");
- its 100% owned subsidiary, Power Metal Resources Botswana Pty Ltd ("PMRB");
- its 100% owned subsidiary, Power Metal Resources Australia Pty Ltd ("PMRA");
- its 100% owned subsidiary, Power Metal Resources Canada Inc ("PMRC");
- the 70% owned Power Metal Resources SA (formerly ABM Kobald SAS), ("PMRSA"), incorporated in the DRC, in which its 70% interest in the Kisinka licence is held.
- its 100% owned subsidiary, Regent Resources Interests Corporation ("RRIC"); and
- its 100% owned subsidiary, Colbalt Blue Holdings Inc ("CBH").

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

Results

The Group reports a loss after tax of £622k (2020: loss of £1.4 million) for the year ended 30 September 2021.

Major events after the reporting date

For information regarding events after the reporting date, see note 25 to the financial statements.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 30 September 2021 (2020: £nil).

Financial risk management

The Group's operations are exposed to a variety of financial risks and these are detailed in note 23 to these financial statements.

Political donations

There were no political donations during the year ended 30 September 2021 (2020: £nil).

Bribery legislation

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

Directors

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

A Bell, Executive Chairman (resigned 30 September 2021)

P Johnson, Chief Executive Officer

S Richardson Brown, Non-executive Director

E Shaw, Non-executive Director

POWER METAL RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Directors' interests

The beneficial interests of the Directors holding office at the end of 30 September 2021 in the issued share capital of the Company as at 30 September 2021 were as follows:

	Number of ordinary shares of 0.1p each	Percentage of issued ordinary share capital
P Johnson*	75,000,000	6.02%
S Richardson Brown	-	-
E Shaw	14,000,000	1.12%

* Includes 7,000,000 ordinary shares held by his wife, Michelle Johnson, and 59,500,000 held by Value Generation Ltd, a company beneficially owned by Paul Johnson

Details of share options and warrants granted to Directors are disclosed in note 20 to the financial statements.

Directors' remuneration and service contracts

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

	Short-term benefits		Total 2021	Total 2020
	Salary/fees	Bonus		
	£'000	£'000	£'000	£'000
A Bell	48	51	99	78
(Resigned 30.9.21)				
P Johnson	80	86	166	131
I Macpherson (Resigned 3.9.20)	-	-	-	19
S Richardson Brown	18	13	31	31
E Shaw	18	13	31	21
Total	164	163	327	280

There were 3 employees other than the Directors in the year ended 30 September 2021.

Directors' indemnities

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

Going concern

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

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

POWER METAL RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

matters in consideration, the Directors continue to adopt the going concern basis of accounting in the preparation of the financial statements.

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the Companies Act 2006. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Group's results for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with international accounting standards in conformity with the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

Statement of disclosure to auditor

So far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- all the Directors have taken the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP have expressed their willingness to continue in office and a resolution will be proposed at the annual general meeting to reappoint PKF Littlejohn LLP as auditor for the next financial year.



By order of the Board
Paul Johnson, Chief Executive Officer
2 March 2022

POWER METAL RESOURCES PLC

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

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

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

Strategy and Risks

A description of the Company's business model and strategy can be found on page 13, and the key challenges executing the Company's strategy can be found on page 13 to 14.

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

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

POWER METAL RESOURCES PLC

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Shareholder needs and expectations

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

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

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

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

The Board

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

The Board currently comprises one Executive Director, Paul Johnson and two Non-Executive Directors, Scott Richardson Brown and Ed Shaw. Scott Richardson Brown is acting as interim Chairman.

Ed Shaw is employed by the Company's joint broker, First Equity, and, as such, the Company does not consider him to be an Independent Non Executive Director in accordance with the QCA code. Scott Richardson Brown is considered to be an Independent Non Executive Director. As at 30 September 2021, Scott Richardson Brown has an interest in 6,000,000 options. Neither Mr Richardson Brown nor the Company believe that his interests are significant in assessing his independence.

POWER METAL RESOURCES PLC

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

Mr Paul Johnson worked for 329 days per year and Mr Andrew Bell worked for 162 days of the year until his resignation on 30 September 2021. Mr Scott Richardson Brown and Mr Ed Shaw worked for not less than 24 days per year. Biographical details of the Directors can be found on page 18.

During the financial year but since the business restructuring in 2020, there were 7 routine Board Meetings and 23 non-routine Board Meetings, and the attendance of each director is outlined below:

	Routine Board Meetings	Non-Routine Board Meetings
Director		
Andrew Bell*	7	23
Paul Johnson	7	23
Scott Richardson Brown	6	16
Ed Shaw	6	16

* resigned 30 September 2021

Advisors

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

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

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

Board Evaluation

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

POWER METAL RESOURCES PLC

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board also ensures that communities within the regions that the Company operates within continue to be supported, being cognisant of the Company's pledge to Corporate Social Responsibility.

A large part of the Company's activities is centred upon an open and respectful dialogue with shareholders, contractors, regulators and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

Audit Committee

The Audit Committee comprises Scott Richardson Brown and Ed Shaw and is chaired by Scott Richardson Brown. The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting with the auditor and reviewing audit reports relating to the Company's accounts. The Audit Committee is required to report formally to the Board on its proceedings after each meeting on all matters for which it has responsibility. The audit committee met once during the year under review.

Remuneration Committee

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

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

Major events after the reporting date

For information regarding events after the reporting date, see note 25 to the financial statements.

Shareholder Engagement

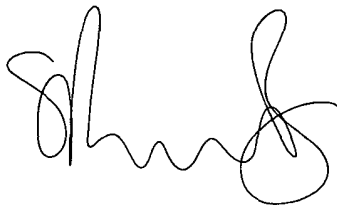
The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders and other relevant stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations), and for them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

POWER METAL RESOURCES PLC

**CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting, where possible. The Board discloses the result of general meetings by way of announcement and additionally discloses the results of proxy votes during the meetings and subsequently on the website. The proxy results of the 2021 Annual General Meeting can be found on the Company's Corporate Governance webpage. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

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

A handwritten signature in black ink, appearing to read 'S. Richardson Brown', with a large, stylized flourish at the end.

Scott Richardson Brown, Interim Non-Executive Chairman
2 March 2022

POWER METAL RESOURCES PLC

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

Opinion

We have audited the financial statements of Power Metal Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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:

- Challenging the directors' forecasts prepared to assess the group's and parent company's ability to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements. We have reviewed the consistency of committed cash flows against contractual arrangements and historic information and compared general overheads to current run rates.
- Identifying and evaluating subsequent events which impact upon going concern, comprising the equity fund raise and proceeds from the exercise of warrants.

POWER METAL RESOURCES PLC

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

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

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

The materiality applied to the group financial statements was £127,000 (2020: £72,900), based on 2% of gross assets, as it is from these assets that the group seeks to deliver returns for shareholders, in particular the value of exploration and development projects and financial assets the group is interested in. A separate materiality was set for the group statement of comprehensive income items to obtain sufficient coverage of the expenditure in the year. The materiality applied was £27,000, based on 5% of the loss for the year adjusted for non-recurring items.

Performance materiality has been set at 70% (2020: 70%) of headline materiality, and the threshold for which we communicate errors to management has been set at 5% of headline materiality. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality for the parent entity has been set at £126,500 (2020: £72,000) using the basis of gross assets and, with a separate materiality for the statement of comprehensive income of £26,500, based on 5% of the loss for the year adjusted for non-recurring items.

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

Our approach to the audit

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

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

Key audit matters

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

POWER METAL RESOURCES PLC

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

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
Carrying value of intangible exploration and evaluation assets (Note 10) The Group and Company hold material intangible assets relating to capitalised costs in respect of mineral exploration projects. There is a risk that impairment indicators exist which would result in an impairment of the year end intangible assets balance. The Directors consider each asset to assess whether there are indicators of impairment by considering the potential resources available from exploration and evaluation work undertaken, together with the availability of finance to further evaluate the exploration rights. As a result of this evaluation, the Directors have recognised an impairment charge of £155,584 to intangible assets in respect of the carrying value of Power Metal Resources SA, which held the Kisinka Copper-Cobalt Project during the year.	Our work in this area included: • Holding discussions with management and evaluating the development of the projects during the year, and subsequent to the year end, for evidence of impairment indicators in accordance with IFRS 6; • Obtaining and reviewing applicable correspondence and license agreements to ensure transactions are accounted for in accordance with the terms therein; • Confirming good title to the projects exists as at the year-end; • Evaluating, and providing challenge to, management's impairment assessment; and • Reviewing the disclosures in the financial statements, including those relating to estimates and judgements used, and evaluating their completeness. We found the judgements used by the Directors in their impairment assessment were reasonable.
Classification and valuation of investments (in subsidiaries, associates, joint ventures and other financial assets) (Notes 11, 12, 13 and 14)	
Investments in subsidiaries (Company), as well as joint ventures, associates and equity investments as financial assets (Group & Company), and non-current assets held for sale (Group & Company) are the most significant balances in the financial statements.	Our work in this area included: • Confirming ownership and good title in respect of all investments within the Group; • For financial assets, reviewing accounting entries made during the year and at year end in respect of fair

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

There is a risk that the requirements of IAS 28, IFRS 9, IFRS 10, IFRS 5 and IFRS 11 have not been applied correctly, and that investment balances have been inappropriately classified and recorded in the financial statements. Given the early stage exploration activities in these entities, existence of losses and potential delays in advancing developments at the underlying projects depending on the availability of funding to meet minimum expenditure and earn-in commitments, there is a risk that the investment balances are not fully recoverable.	value movements and vouching to supporting documentation; • Considering the criteria within IAS 28 Investments in Associates and Joint Ventures and determining whether the accounting treatment of the JV entities is in accordance with the standard, including corroboration to relevant supporting documentation and agreements – taking into consideration percentage ownership, Board representation as well as any indications of significant influence, control, or joint control; • Considering the classification criteria within IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' and concluding as to whether the accounting treatment is appropriate for the material balance reclassified during the year, based on conditions existing at the balance sheet date (i.e. whether a sale is highly probable within 12 months of the year-end); • Considering whether the asset classified as held for sale is held at an appropriate carrying value in accordance with IFRS 5, being the lower of fair value less costs to sell and carrying amount; • Considering the recoverability of investments by reference to underlying net asset values, including the recoverability potential of the underlying exploration projects by reference to IFRS 6; • Obtaining and reviewing Board impairment papers in respect of investments, providing appropriate
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POWER METAL RESOURCES PLC

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

	challenge and corroboration for any key assumptions made; and • Reviewing disclosures made in the financial statements in accordance with IFRS 5, IAS 28 and IFRS 9 and ensuring these are complete and in accordance with the applicable standard. We found the judgements used by the Directors in their basis of classification and valuation were reasonable.
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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:

POWER METAL RESOURCES PLC

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

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

Responsibilities of directors

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

In preparing the group and parent company financial statements, the directors are responsible for assessing the group 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 parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and our experience of the resource exploration sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from
 - Companies Act 2006;
 - AIM Rules;
 - Local tax and employment law; and
 - Local environmental and mining regulations.

POWER METAL RESOURCES PLC

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

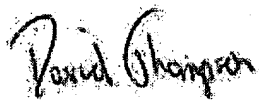
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - Enquires of management
 - Review of Board minutes
 - Review of legal expenses
 - Review of R S announcements
- 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, that the estimates, judgements and assumptions applied by management in the assessment of impairment of intangible assets and the fair value of investment balances gave the greatest potential for management bias.
- 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. 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.



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

15 Westferry Circus
Canary Wharf
London E14 4 D

2 March 2022

POWER METAL RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £'000	2020 £'000
Revenue		37	9
Gross profit		<u>37</u>	<u>9</u>
Operating expenses	6	(847)	(835)
Impairment	10	(156)	(970)
Fair value gains through profit or loss	15	445	415
Loss from operating activities		<u>(521)</u>	<u>(1,390)</u>
Share of post-tax losses of equity accounted joint ventures	12	(102)	(33)
Loss before tax		<u>(623)</u>	<u>(1,414)</u>
Taxation	9	-	-
Loss for the year from continuing operations		<u>(623)</u>	<u>(1,414)</u>
Other comprehensive income			
Items that will or may be reclassified to profit or loss;			
Exchange translation		1	(2)
Total other comprehensive income/(expense)		<u>1</u>	<u>(2)</u>
Total comprehensive expense for the year		<u>(622)</u>	<u>(1,416)</u>
Loss for the period attributable to:			
Owners of the parent		(592)	(1,381)
Non-controlling interests		(31)	(33)
		<u>(623)</u>	<u>(1,414)</u>
Total comprehensive loss attributable to:			
Owners of the parent		(591)	(1,349)
Non-controlling interests		(31)	(67)
		<u>(622)</u>	<u>(1,416)</u>
Earnings per share from continuing operations attributable to the ordinary equity holder of the parent:			
Basic and diluted loss per share (pence)	19	<u>(0.05)</u>	<u>(0.25)</u>

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

		30 September 2021 £'000	30 September 2020 £'000
	Note		
Assets			
Intangible assets	10	800	156
Investments in associates and joint ventures	12	166	284
Financial assets at fair value through profit or loss	15	3,527	1,208
Property, plant and equipment		2	-
Non-current assets		<u>4,495</u>	<u>1,648</u>
Financial assets at fair value through profit or loss	15	179	-
Assets classified as held for sale	14	153	-
Trade and other receivables	16	175	110
Cash and cash equivalents	17	1,281	913
Current assets		<u>1,788</u>	<u>1,023</u>
Total assets		<u>6,283</u>	<u>2,671</u>
Equity			
Share capital	18	7,705	7,286
Share premium		18,437	14,910
Shares to be issued		-	22
Capital redemption reserve		5	5
Share based payment reserve	20	1,541	1,286
Exchange reserve		72	71
Accumulated losses		(21,488)	(20,911)
Total		<u>6,272</u>	<u>2,669</u>
Non-controlling interests		(306)	(275)
Total equity		<u>5,966</u>	<u>2,394</u>
Liabilities			
Trade and other payables	21	317	161
Deferred consideration	22	-	116
Current liabilities		<u>317</u>	<u>277</u>
Total liabilities		<u>317</u>	<u>277</u>
Total equity and liabilities		<u>6,283</u>	<u>2,671</u>

The financial statements of Power Metal Resources plc, company number 07800337, were approved by the board of Directors and authorised for issue on 2 March 2022. They were signed on its behalf by:

Paul Johnson
Chief Executive Officer



The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

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

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

The following describes the nature and purpose of each reserve:

Share Capital: Amount subscribed for share capital at nominal value.

Shares to be issued: Amount subscribed for share capital not yet issued at the reporting date.

Share based payment reserve: Amounts recognised for the fair value of share options and warrants granted.

Non-controlling interests: Cumulative net profits/(losses) and exchange differences in relation to non-controlling interests.

Retained profits/(losses): Cumulative net profits/(losses) recognised in the financial statements.

Share Premium: Amount subscribed for share capital in excess of nominal value.

Capital Redemption Reserve: Amounts relating to the purchase of Company's own shares.

Exchange Reserve: Foreign exchange differences in re-translation.

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Capital Redemption Reserve £'000	Share based payment Reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total £'000	Non- Controlling Interests £'000	Total Equity £'000
Balance at 1 October 2020	7,286	14,910	22	5	1,286	71	(20,911)	2,669	(275)	2,394
Loss for the period	-	-	-	-	-	-	(592)	(592)	(31)	(623)
Other comprehensive income	-	-	-	-	-	1	-	1	-	1
Total comprehensive income / (expense) for the period	-	-	-	-	-	1	(592)	(591)	(31)	(622)
Adjustment for previous year	(19)	19	-	-	-	-	-	-	-	-
Issue of ordinary shares	438	3,546	(22)	-	-	-	-	3,962	-	3,962
Costs of share issues	-	(38)	-	-	-	-	-	(38)	-	(38)
Share-based payments	-	-	-	-	270	-	-	270	-	270
Warrant exercises	-	-	-	-	(15)	-	15	-	-	-
Total transactions with owners	419	3,527	(22)	-	255	-	-	4,194	-	4,194
Balance at 30 September 2021	7,705	18,437	-	5	1,541	72	(21,488)	6,272	(306)	5,966

The following describes the nature and purpose of each reserve:

Share Capital: Amount subscribed for share capital at nominal value.

Shares to be issued: Amount subscribed for share capital not yet issued at the reporting date.

Share based payment reserve: Amounts recognised for the fair value of share options and warrants granted.

Non-controlling interests: Cumulative net profits/(losses) and exchange differences in relation to non-controlling interests.

Retained profits/(losses): Cumulative net profits/(losses) recognised in the financial statements.

Share Premium: Amount subscribed for share capital in excess of nominal value.

Capital Redemption Reserve: Amounts relating to the purchase of Company's own shares.

Exchange Reserve: Foreign exchange differences in re-translation.

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 SEPTEMBER 2021

	2021 £'000	2020 £'000
Cash flows used in operating activities		
Loss for the year	(623)	(1,414)
Adjustments for:		
Fair value adjustments	(445)	(415)
Share of post-tax losses of equity accounted joint ventures	102	33
Impairment	156	970
Expenses settled in shares	-	267
Share-based payment expense	270	91
Foreign exchange differences	1	(2)
	<u>(539)</u>	<u>(470)</u>
Changes in working capital:		
(Increase) in trade and other receivables	(181)	(78)
Increase in trade and other payables	156	95
Net cash used in operating activities	<u>(564)</u>	<u>(453)</u>
Cash flows from investing activities		
Purchase of intangibles	(528)	-
Purchase of financial assets at fair value through profit or loss	(2,184)	(504)
Investment in joint ventures	(256)	(201)
Proceeds from investment disposals	261	20
Purchase of property, plant and equipment	(2)	-
Net cash outflows from investing activities	<u>(2,709)</u>	<u>(685)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	3,679	1,965
Issue costs	(38)	(85)
Net cash inflows from financing activities	<u>3,641</u>	<u>1,880</u>
Increase in cash and cash equivalents	368	742
Cash and cash equivalents at beginning of year	913	171
Cash and cash equivalents at 30 September	<u>1,281</u>	<u>913</u>

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

		2021 £'000	2020 £'000
	Note		
Assets			
Investments in subsidiaries	11	-	156
Investments in joint ventures	12	301	316
Intangible assets	12	428	-
Financial assets at fair value through profit or loss	14	3,334	1,208
Property, plant and equipment		2	-
Non-current assets		<u>4,065</u>	<u>1,680</u>
Financial assets at fair value through profit or loss	15	179	-
Assets classified as held for sale	14	153	-
Trade and other receivables	16	780	716
Cash and cash equivalents	17	1,251	913
Current assets		<u>2,363</u>	<u>1,629</u>
Total assets		<u>6,428</u>	<u>3,309</u>
Equity			
Share capital	19	7,705	7,267
Share premium		18,438	14,929
Shares to be issued		-	22
Capital redemption reserve		5	5
Share based payment reserve	20	1,541	1,286
Accumulated losses		(21,508)	(20,508)
Total Equity		<u>6,181</u>	<u>3,001</u>
Liabilities			
Trade and other payables	21	247	192
Deferred consideration	22	-	116
Current liabilities		<u>247</u>	<u>308</u>
Total liabilities		<u>247</u>	<u>308</u>
Total equity and liabilities		<u>6,428</u>	<u>3,309</u>

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The loss for the financial year dealt with in the financial statements of the parent Company was £1,015,000 (2020: loss of £1,283,000).

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

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

	Share Capital	Share premium	Shares to be issued	Capital Redemption Reserve	Share based payment reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 October 2019	6,843	13,228	-	5	1,195	(19,225)	2,046
Loss for the period	-	-	-	-	-	(1,285)	(1,283)
Total comprehensive (expense) for the period	-	-	-	-	-	(1,285)	(1,283)
Issue of ordinary shares	443	1,768	22	-	-	-	2,233
Cost of share issues	-	(86)	-	-	-	-	(86)
Share-based payments	-	-	-	-	91	-	91
Total transactions with owners	443	1,682	22	-	91	-	2,238
Balance at 30 September 2020	<u>7,286</u>	<u>14,910</u>	<u>22</u>	<u>5</u>	<u>1,286</u>	<u>(20,508)</u>	<u>3,001</u>

The following describes the nature and purpose of each reserve:

Share Capital: Amount subscribed for share capital at nominal value.

Shares to be issued: Amount subscribed for share capital not yet issued at the reporting date.

Share based payment reserve: Amounts recognised for the fair value of share options and warrants granted.

Share Premium: Amount subscribed for share capital in excess of nominal value.

Capital Redemption Reserve: Amounts relating to the purchase of Company's own shares.

Retained profits/(losses): Cumulative net profits/(losses) recognised in the financial statements.

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share Capital	Share premium	Shares to be issued	Capital Redemption Reserve	Share based payment reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2020	7,286	14,910	22	5	1,286	(20,508)	3,001
Loss for the period	-	-	-	-	-	(1,015)	(1,015)
Total comprehensive (expense) for the period	-	-	-	-	-	(1,015)	(1,015)
Adjustment for previous year	(19)	19	-	-	-	-	-
Issue of ordinary shares	438	3,547	(22)	-	-	-	3,963
Cost of share issues	-	(38)	-	-	-	-	(38)
Share-based payments	-	-	-	-	270	-	270
Warrants exercised	-	-	-	-	(15)	15	-
Total transactions with owners	419	3,528	(22)	-	255	15	4,195
Balance at 30 September 2021	7,705	18,438	-	5	1,541	(21,508)	6,181

The following describes the nature and purpose of each reserve:

Share Capital: Amount subscribed for share capital at nominal value.

Shares to be issued: Amount subscribed for share capital not yet issued at the reporting date.

Share based payment reserve: Amounts recognised for the fair value of share options and warrants granted.

Share Premium: Amount subscribed for share capital in excess of nominal value.

Capital Redemption Reserve: Amounts relating to the purchase of Company's own shares.

Retained profits/(losses): Cumulative net profits/(losses) recognised in the financial statements.

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Loss for the year	(1,015)	(1,283)
Adjustments for:		
Fair value adjustment	(445)	(415)
Impairment	156	970
Expenses settled in shares	-	267
Share based payment expense	270	91
	<u>(1,034)</u>	<u>(370)</u>
Changes in working capital:		
(Increase) in trade and other receivables	(181)	(178)
(Decrease)/Increase in trade and other payables	58	95
Net cash used in operating activities	<u>(1,157)</u>	<u>(453)</u>
Cash flows from investing activities		
Investment in joint ventures	(257)	(201)
Investment in financial assets	(1,991)	(504)
Investment in intangible assets	(156)	-
Proceeds from investment disposals	261	20
Purchase of property, plant and equipment	(2)	-
Net cash outflows from investing activities	<u>(2,145)</u>	<u>(685)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	3,678	1,965
Issue costs	(38)	(85)
Net cash inflows from financing activities	<u>3,640</u>	<u>1,880</u>
Increase in cash and cash equivalents	338	742
Cash and cash equivalents at beginning of year	913	171
Exchange (losses) on cash and cash equivalents	-	-
Cash and cash equivalents at 30 September	<u>1,251</u>	<u>913</u>

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Reporting entity

Power Metal Resources plc is a public company limited by shares which is incorporated and domiciled in England and Wales. The address of the Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT. The consolidated financial statements of the Company as at and for the year ended 30 September 2021 include the Company and its subsidiaries. The Group is primarily involved in the exploration and exploitation of mineral resources in Africa, Australia, Canada and the US.

2. Going concern

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

In the current business climate, the Directors acknowledge the COVID-19 pandemic and has implemented logistical and organisational changes to underpin the Group's resilience to COVID-19, with the key focus being minimising the impact on critical work streams, ensuring business continuity and conserving cash flows. COVID-19 may impact the Group in varying ways leading to the Group reducing all non-essential expenditure, the potential impairment of assets held, the Group's ability to finance exploration and drilling activities and meet commitments relating to its investments, including for transactions entered into after the financial reporting date (note 25). The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons, the preservation of cash flows is a primary focus for the Directors.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006. The financial statements are prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets of liabilities has been applied.

(b) (i) New and amended standards, and interpretations issued and effective for the financial year beginning 1 October 2020

There were no new standards, amendments or interpretations effective for the first time for periods beginning on or after 1 October 2020 that had a material effect on the Group or Company financial statements.

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

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

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

**Not yet endorsed in the UK*

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

(c) Functional and presentation currency

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

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

(d) Use of estimates and judgements

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

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

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

Group

Carrying value of intangible assets – Notes 4(f)

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

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

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

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

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

Fair value measurement – Note 4 (c)

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

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

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Classification of Joint Arrangements - Note 12

The Group determines whether it holds a joint arrangement if the parties to the joint arrangement are bound by a contract and the contract gives two or more of those parties joint control of the arrangement.

Once a joint arrangement has been identified, the Group class the arrangement as a joint operation if the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

The Group recognises the following in its financial statements in respect of a joint operation:

- Its assets, including its share of jointly held assets,
- Its liabilities, including its share of jointly incurred liabilities,
- Its revenue from the sale of its share of output arising from the joint operation,
- Its share of revenue from the sale of the output by the joint operation, and
- Its expenses, including its share of any expenses incurred jointly.

A joint arrangement is classified as a joint venture if the arrangement is structured through a separate vehicle. The Group accounts for its interest in a joint venture using the equity method.

Non current assets held for sale - Note 14

Management class assets as held for sale when they meet the following conditions:

- Management is committed to sell,
- The asset is available for immediate sale,
- An active programme to locate a buyer is initiated,
- The sale is highly probable, within 12 months of classification,
- The asset is being actively marketed; and
- Actions require to complete the plan indicate that it is unlikely the plan will be significantly changed or withdrawn.

When the asset is initially classified as held for sale, the carrying amount of the asset is measured in accordance with applicable international financial reporting standards, is recognised as a separate line on the statement of financial position. After classification, the asset is measured at the lower of carrying amount and fair value less costs to sell. Impairment is considered both at the time of classification and subsequent measurement by the directors.

Parent

Receivables from Group undertakings – Note 16

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

Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

licences to be awarded, the Company's ability to raise finance, and ability to sell the project. The directors make judgements on the expected likelihood and outcome of each of the above scenarios, and these expected values are applied to the loan balances.

4. Significant accounting policies

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

(a) Basis of consolidation

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

Business combinations

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

(i) Subsidiaries and acquisitions

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

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

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

(ii) Equity accounted investees

Associates

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Joint Arrangements

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

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. In accordance with IFRS 11 Joint Arrangements, the Group is required to apply all of the principles of IFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3.

Equity method of accounting

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

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

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

(ii) Foreign operations

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

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

(c) Financial instruments

(i) Financial assets

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

Amortised cost

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

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

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

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

Fair value through profit or loss

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

(ii) Financial liabilities

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

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

Fair value

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments and other assets and liabilities for which the fair value was used:

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Share capital

Ordinary shares

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

(e) Intangible assets

(i) Prospecting and exploration rights

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

(f) Impairment

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

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

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

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

(g) Employee benefits – share based payments

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

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

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

(h) Finance income and finance expense

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

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

(i) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(j) Segmental information

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

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

(k) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

5. Operating segments

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

During the year, the Group's exploration and development activities focussed on several geographical areas, with support provided from the UK headquarters. The non-current assets held by each geographical segment is detailed in the table below. None of the segments generated revenue during the period.

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2021	Australia	Botswana	Canada	DRC	Tanzania	UK	US	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible assets	-	614	3	-	-	-	83	700
Investments in Joint Ventures	166	-	-	-	-	-	-	166
Financial Assets at fair value through profit or loss	35	392	1,545	-	128	926	501	3,527
Property, plant & Equipment	-	-	-	-	-	2	-	2
Total	201	1,006	1,548	-	128	928	584	4,395

2020	Australia	Botswana	Canada	DRC	Tanzania	UK	US	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangibles	-	-	-	156	-	-	-	156
Investments in Joint Ventures	284	-	-	-	-	-	-	284
Financial Assets	-	153	207	-	49	641	158	1,208
Total	284	153	207	156	49	641	158	1,648

6. Operating expenses

Operating expenses include:	2021	2020
	£'000	£'000
Staff costs (note 7)	686	296
Foreign exchange loss	14	1
Share based payment expense	249	46
Auditor's remuneration – audit services	27	24

Auditor's remuneration in respect of the Company amounted to £26,500 (2020: £23,500).

7. Staff costs

	2021	2020
	£'000	£'000
Social security contributions	49	18
Directors' salary and fees	327	249
Staff salaries	59	-
Share based payments	250	29
Pensions	1	-
	686	296

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The monthly average number of employees (including Directors) during the period was:

	2021	2020
Directors and staff	5	5
	<u>5</u>	<u>5</u>

Three new employees joined the Group in the year ended 30 September 2021. There were no employees other than the Directors in the year ended 30 September 2020.

8. Directors' emoluments

2021	Executive £'000	Non- executive £'000	Total £'000
Wages and salaries	265	62	327
Total	<u>265</u>	<u>62</u>	<u>327</u>

2020	Executive £'000	Non- executive £'000	Total £'000
Fees	-	17	17
Wages and salaries	187	46	232
Total	<u>187</u>	<u>63</u>	<u>249</u>

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

	2021 £'000	2020 £'000
Emoluments for qualifying services	166	131
	<u>166</u>	<u>131</u>

9. Taxation

Reconciliation of tax (credit)/expense	2021 £'000	2020 £'000
Losses from operations	(623)	(1,414)
Tax using the Company's effective domestic tax rate of 19% (2020: 19%)	(118)	(269)
Effects of:		
Disallowable expenditure	38	195
Current losses with no recognisable deferred tax asset	80	74
	<u>-</u>	<u>-</u>

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Factors that may affect future tax charges

At the year end, the UK Company had unused tax losses available for offset against suitable future profits of approximately £3,819,246 (2020: £3,253,737). A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams. The main rate of UK corporation tax during the year ended 30 September 2021 was 19.00 per cent (2020: 19.00 per cent).

10. Intangible assets

Group	Prospecting and exploration rights £'000
Cost	
As at 30 September 2019	7,793
Disposals	(6,667)
Balance at 30 September 2020	1,126
As at 30 September 2020	1,126
Reclassification from Investment in Joint Venture	273
Additions	527
Balance at 30 September 2021	1,926
Impairment	
As at 30 September 2019	6,667
Charge	970
Disposals	(6,667)
Balance at 30 September 2020	970
As at 30 September 2020	970
Charge	156
Balance at 30 September 2021	1,126
Net book value	
At 30 September 2020	156
At 30 September 2021	800

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

The opening balance of intangible assets was initially recognised on the acquisition of the Kisinka Copper-Cobalt project held by the Company's subsidiary, Power Metal Resources SA. During the year, the Directors took the decision to impair the Kisinka Project, and acquired interests in several other projects, see below:

	2021 £'000	2020 £'000
Intangible assets		
Kisinka Copper-Cobalt Project	-	156
Athabasca Uranium Project	3	-
Tati Gold-Nickel Project	186	-
Garfield & Stonewall Projects	83	-
Ditau Camp/South Ghanzi Projects	528	-
Total	800	156

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

Kisinka Copper-Cobalt Project

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

The licence renewal at Kisinka Project was to be commenced in the year but the decision was taken instead to convert the licence to a Permis d'Exploitation (production licence) with a 25-year life. As part of the process 50% of the less prospective ground is to be surrendered, leaving the Company with 41 carrés miniers (each 84.95 ha). This licence was granted in May 2020.

Next stage exploration is drill testing of the 6.8km copper-cobalt geochemical anomaly identified previously, with preparations continuing for drilling including target refinement and sourcing of appropriate contractors.

A decision was taken to impair the value of the Kisinka Project in The Democratic Republic of the Congo in full (£155,584) to reflect uncertainty due to the lack of progress in country in 2021, and reflecting the increased importance of Power Metal investing operational resources and capital into its wider project portfolio where material progress is being made. Work will continue in-country to seek more definitive progress.

Athabasca Uranium Project

In September 2021, the Company acquired seven properties over a combined 24,097-hectares, giving the Group a strong foothold in the prolific Athabasca basin, in northern Saskatchewan, Canada, all of which are prospective for uranium mineralisation. The properties were acquired through 102134984 Saskatchewan Ltd, which is wholly owned by the Company's wholly-owned subsidiary Power Metal Resources Canada Inc.

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Work is being undertaken to assemble detailed project information and to determine next steps for the newly acquired properties.

Tati Gold-Nickel Project

The Company exercised its option to acquire a 100% interest in the Tati Gold-Nickel Project in July 2021, through its wholly owned operating subsidiary Power Metal Resources Botswana Pty Ltd.

The Project recently completed its Phase I and Phase II work programmes, which included high-resolution soil sampling (1,107 samples collected), mapping and prospecting (49 rock samples collected), as well as ground-based geophysics including high-resolution magnetic and radiometric surveys.

The results have highlighted five target areas across the two licences, which are defined by kilometre-scale geochemical anomalies that are coincident with various geological structures that were highlighted by the ground geophysical surveys.

Drilling commenced early in October 2021, targeting large scale gold and nickel discoveries and which will include roughly 1000m of reverse circulation (RC) drilling across the various target areas.

Garfield/Stonewall Projects

The two exploration properties in Nevada were acquired in June 2021, through the Company's wholly owned operational subsidiary, Golden Metal Resources Ltd.

Initial exploration now launched includes the processing of various Aster and Worldview-3 hyperspectral satellite imagery datasets over the Garfield Property, which will allow for the remote mapping of various iron and hydrothermal alteration minerals. In October 2021, copper anomalies were identified at the Garfield property. Remote sensing studies including Advanced Spaceborne Thermal Emission and Reflection Radiometer and European Space Agency Sentinel-2 datasets highlighted considerable additional prospective ground (now staked).

The Company have commissioned a gold deposit geologist to undertake a comprehensive historic data analysis at the Stonewall property. Favourable structural zones for potential epithermal gold mineralisation were identified near the eastern and western end of exposed Stonewall vein, representing compelling high-priority exploration targets going forward.

Ditau Camp/South Ghanzi Projects

In September 2020, the Company acquired 50% of four prospecting licences in Botswana, from Kavango Resources Plc, with a view to creating a new joint venture based in Botswana. During the year, the licences were transferred into a new joint venture holding company, owned 50% by Kavango Resources Plc, and 50% by Power Metal. As the original contractual arrangement for joint control of the licences, rather than the holding company, remains in place, the investment has been reclassified as a joint operation during the year (£273,000 as above, see note 13 joint operations for further details), and subsequently the initial investment has been removed from Investments in Joint Ventures to Intangible Assets with assets, liabilities, expenses and revenue for the period recognised on a line-by-line basis in Power Metal's financial statements.

POWER METAL RESOURCES PLC

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Approval of the Environmental Management Plan was secured in October 2021 for the Kalahari Copper Belt and Ditau Camp projects licence areas held in the Kanye Resources joint venture with Kavango Resources plc clearing the last key administrative step prior to drilling key targets at the project areas. Numerous prospective drill targets were identified across the South Ghanzi project in the Kalahari Copper Belt targeting copper-silver, and at the Ditau Camp project targeting rare-earth elements and base metal mineralisations.

Eight more prospecting licences were added to the South Ghanzi Project during the year. At the year end Kanye Resources held 4,257km² of prospective KCB ground over ten licences and 1,386km² of ground over two licences representing the Ditau Camp Project

11. Investments in subsidiaries

Company	Investment in subsidiary undertakings £'000	
As at 30 September 2019	5,819	
Disposals	(1,006)	
Balance at 30 September 2020	4,813	
As at 30 September 2020	4,813	
Disposals	-	
Balance at 30 September 2021	4,813	
Impairment		
As at 30 September 2019	4,693	
Charge	970	
Disposals	(1,006)	
Balance at 30 September 2020	4,657	
As at 30 September 2020	4,657	
Charge	156	
Balance at 30 September 2021	4,813	
Net book value		
At 30 September 2020	156	
At 30 September 2021	-	
	2021	2020
Non-current investments	£'000	£'000
Investment in PMR	-	156
Total Investment in subsidiaries	-	156

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

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Directly	Activity	Country of incorporation	Ownership interest	Registered office
Golden Metal Resources Ltd	Mining and exploration	United Kingdom	100%	201 Temple Chambers, 3-7 Temple Avenue, London, United Kingdom, EC4Y 0DT
First Development Resources Ltd	Mining and exploration	United Kingdom	100%	201 Temple Chambers, 3-7 Temple Avenue, London, United Kingdom, EC4Y 0DT
Power Capital Investments Ltd	Mining and exploration	United Kingdom	100%	201 Temple Chambers, 3-7 Temple Avenue, London, United Kingdom, EC4Y 0DT
Tati Greenstone Resources Pty Ltd	Mining and exploration	Botswana	100%	Plot 337/338, Corner Khama Street & Selous Avenue, Francistown, Botswana
Power Metal Resources Botswana Pty Ltd	Mining and exploration	Botswana	100%	Plot 13130, East Gate Building, Broadhurst Mail, Broadhurst, Gaborone, Botswana
Power Metal Resources Australia Pty Ltd	Mining and exploration	Australia	100%	First Floor 160 Stirling Highway, NEDLANDS, Western Australia, 6009.
Power Metal Resources Canada Inc	Mining and exploration	Canada	100%	Suite 530, 355 Burand Street, Vancouver, British Columbia, V6C 2G8
102134984 Saskatchewan Ltd	Mining and exploration	Canada	100% indirectly	1238 27 th Avenue E, Vancouver, British Columbia, Canada, V5V 2L8
Power Metal Resources SA	Mining and exploration	Democratic Republic of Congo	70%	No. 1022, Avenue of the Congolese Armed Forces, Gombe River Gallery, Kinshasa, DRC
Regent Resources Interests Corporation	Mining and exploration	British Virgin Islands	100%	P.O. Box 2283, ABM Chambers, Columbus Centre, Road Town, Tortola, British Virgin Islands
Cobalt Blue Holdings Inc	Mining and exploration	British Virgin Islands	100%	Intershore Chambers, Road Town, Tortola, British Virgin Islands

For the year ended 30 September 2021, the subsidiary Power Metal Resources SA incurred a loss of £101,000 (2020: £109,000), and the subsidiary Golden Metal Resources Ltd incurred a loss of £21,000 (2020: £nil). There were no other material losses in the subsidiaries.

POWER METAL RESOURCES PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. Investments in joint ventures

Group

	2021	2020
	Total	Total
	£'000	£'000
Opening balance	284	-
Additions	257	317
Share of losses	(102)	(33)
Reclassification	(273)	-
Closing balance	<u>166</u>	<u>284</u>

Company

	2021	2020
	Total	Total
	£'000	£'000
Opening balance	317	-
Additions	257	317
Reclassification	(273)	-
Closing balance	<u>301</u>	<u>317</u>

In April 2020, the company acquired 49.9% of Red Rock Australasia Pty Ltd (RRAL), with Red Rock Resources Plc holding 50.1%. The joint venture was set up to build a strategic gold exploration portfolio in Australia. During the year, Power Metal Resources Plc contributed £257,000 (2020: £44,000) to costs incurred by RRAL in line with the joint venture agreement. At the year ended 30 September 2021, RRAL had incurred a loss of approximately AUD \$373,000 (2020: AUD \$121,338). Power Metal Resources Plc included its share of the loss in the financial statements for the year ended 30 September 2021. This amounted to £102,000 (2020: £33,000). Summarised financial information for RRAL is listed below.

POWER METAL RESOURCES PLC

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	2021 Total £'000
Current Assets	
Cash and Cash Equivalents	24
Total Current Assets	<u>24</u>
Non-Current Assets	
Mineral Tenements	138
Total Non-Current Assets	<u>138</u>
Total Assets	<u>303</u>
Liabilities	
Payroll taxes	15
Other creditors	8
Total Liabilities	<u>23</u>
Non-Current Liabilities	
Loan – Power Metal Resources Plc	285
Loan – Red Rock Resources Plc	273
Total Non-Current Liabilities	<u>557</u>
Net Liabilities	<u>(417)</u>

Total loss for the year ended 30 September 2021 in relation to RRAL was £204,770 (AUD\$372,783). Operating expenses include a charge of £14,526 in relation to depreciation (AUD\$26,445).

In September 2020, the Company acquired 50% of four prospecting licences in Botswana, from Kavango Resources Plc, with a view to creating a new joint venture based in Botswana. During the year, the Company transferred £256,000 (2020: £273,000) towards the joint venture. During the year, the licences were transferred into a new joint venture holding company, owned 50% by Power Metal and 50% by Kavango Resources Plc. Power Metal does not have the rights to the net assets of the arrangement, and therefore the arrangement has been reclassified as a joint operation arrangement during the year with assets, liabilities, expenses and revenue recognised on a line by line basis in Power Metal's financial statements. See note 13 below.

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. Joint Operations

Power Metal is party to a contractual arrangement whereby it holds joint control of the Ditau and South Ghanzi Projects in Botswana, with Kavango Resources Plc. As detailed above, in the year ended 30 September 2020, the arrangement was classed as a joint venture and the Company accounted for the investment on an equity basis. During the year, the arrangement was reclassified to a joint operation, at this point the investment carrying value was £273,000 as although the Projects were transferred into a separate vehicle, Kanye Resources (Pty) Ltd, Power Metal does not hold the rights to the net assets of the arrangement, but only the assets, liabilities, revenues and expenses relating to the Company's involvement and these items are recognised on a line by line basis in the consolidated financial statements of Power Metal.

Monthly exploration costs are funded by Power Metal and Kavango Resources Plc on an equal basis via monthly 'cash calls.' The funds are transferred to the Botswana entity by both companies and cash calls fund exploration at both the Ditau and South Ghanzi Projects. These costs are capitalised as exploration on the Kanye balance sheet, and therefore have been included in intangible assets on Power Metal's statement of financial position. The amount included for the year ended 30 September 2021 was £428,000.

14. Assets classified as held for sale

Post-year end, in December 2021, it was announced that Kavango Resources plc had signed a 3 month option agreement to acquire up to 51.15% of the issued share capital of Kalahari Key Mineral Exploration Pty Ltd, including the 5,313 shares currently held by Power Metal Resources. This does not include the 40% project interest which Power Metal Resources earned into post-year end.

There was no profit or loss for the period associated with the current asset held for sale. The following assets and liabilities were reclassified as held for sale:

Group & Company	2021 £'000	2020 £'000
Carrying amount of assets classified as held for sale	153	-
	<u>153</u>	<u>-</u>

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. Financial assets at fair value through profit or loss

Group

	Listed £'000	Unlisted £'000	2021 Total £'000	2020 Total £'000
Non-current				
Opening balance	641	567	1,208	309
Additions	154	2,245	2,399	504
Fair value adjustment – equity investment	271	-	271	214
Fair value adjustment – derivative assets	159	-	159	201
Reclassification	(96)	(153)	(249)	-
Disposals	(30)	(232)	(261)	(20)
Closing balance	1,099	2,427	3,526	1,208

	Listed £'000	Unlisted £'000	2021 Total £'000	2020 Total £'000
Current				
Opening balance	-	-	-	-
Additions	164	-	164	-
Fair value adjustment – derivative assets	15	-	15	-
Closing balance	179	-	179	-

Company

	Listed £'000	Unlisted £'000	2021 Total £'000	2020 Total £'000
Non-current				
Opening balance	641	567	1,208	309
Additions	154	2,052	2,206	504
Fair value adjustment – equity investment	271	-	271	214
Fair value adjustment – derivative assets	159	-	159	201
Reclassification	(96)	(153)	(249)	-
Disposals	(30)	(232)	(261)	(20)
Closing balance	1,099	2,234	3,334	1,208

	Listed £'000	Unlisted £'000	2021 Total £'000	2020 Total £'000
Current				
Opening balance	-	-	-	-
Additions	164	-	164	-
Fair value adjustment – derivative assets	15	-	15	-
Closing balance	179	-	179	-

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

16. Trade and other receivables

Group	2021	2020
	£'000	£'000
Accounts receivable	104	10
Other receivables	19	65
Prepayments	52	35
	<u>175</u>	<u>110</u>

Company	2021	2020
	£'000	£'000
Receivables due from group undertakings	605	606
Accounts receivable	104	10
Other receivables	19	65
Prepayments	52	35
	<u>780</u>	<u>716</u>

17. Cash and cash equivalents

Group	2021	2020
	£'000	£'000
Bank balances	<u>1,281</u>	<u>913</u>
Cash and cash equivalents	<u>1,281</u>	<u>913</u>

Company	2021	2020
	£'000	£'000
Bank balances	<u>1,251</u>	<u>913</u>
Cash and cash equivalents	<u>1,251</u>	<u>913</u>

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Share capital

	Number of ordinary shares	
	2021	2020
Ordinary shares in issue at 1 October	818,316,542	372,838,101
Issued for cash	425,140,840	416,626,316
Issued in settlement for expenses	-	28,852,125
Issued in settlement for acquisitions	13,601,405	-
In issue at 30 September – fully paid (par value 0.1p)	1,257,058,787	818,316,542

	Number of deferred shares	
	2021	2020
Deferred shares in issue at 1 October	3,628,594,957	3,628,594,957
In issue at 30 September	3,628,594,957	3,628,594,957

	Ordinary share capital	
	2021	2020
	£'000	£'000
Balance at beginning of year	7,286	6,843
Prior Year Adjustment	(19)	-
Share issues	438	443
Balance at 30 September	7,705	7,286

	Share Premium	
	2021	2020
	£'000	£'000
Balance at beginning of year	14,910	13,228
Prior year adjustment	19	-
Share issues	3,547	1,768
Expenses relating to share issues	(38)	(86)
Balance at 30 September	18,438	14,910

The prior year adjustment relates to a previous misallocation between share capital and share premium, relating to a share issue in the year ended 30 September 2017. £19,011 was incorrectly allocated to share capital, this has been rectified in the year ended 30 September 2021, the amount has not been corrected in the prior year as it is deemed immaterial.

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

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

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

Issue of ordinary shares

During the year, 425,140,840 shares were issued in relation to warrant exercises; 181,150,000 were exercised at 1.0 pence per share, 5,000,000 were exercised at 2.0 pence per share, 6,000,000 were exercised at 0.5 pence per share, 122,250,000 were exercised at 0.7 pence per share, and 110,740,840 were exercised at 0.75 pence per share.

In January 2021, the Company secured an exclusive 60-day option to acquire a 100% interest in First Development Resources Pty Ltd. The Company paid the vendors a total consideration of £30,000 for the option, through the issue of 1,000,000 new ordinary shares at a price of 3.0 pence per share.

In January 2021, the Company signed an agreement to acquire a 100% interest in four separate gold exploration properties located in Ontario, Canada. The Company paid the vendors a total consideration of US\$60,000 for the option, through the issue of 1,152,233 new ordinary shares at a price of 3.0 pence per share.

In February 2021, the Company exercised its option to acquire a 100% interest in McKellar. The Company paid the Vendors a total consideration of US\$50,000 for the Option, through the issue of 960,000 new ordinary shares at a price of 3.0 pence per share.

In February 2021, the Company exercised its option to acquire the Coco East Property. The Company paid the Vendors a total consideration of US\$30,000 for the Option, through the issue of 576,000 new ordinary shares at a price of 3.0 pence per share.

In February 2021, the Company exercised its option to acquire both the Magical Property and the Enable Property. The Company paid the Vendors a total consideration of US\$50,000 for the Option, through the issue of 960,000 new ordinary shares at a price of 3.0 pence per share.

In April 2021, Power Metal accelerated its earn-in to the Silver Peak project to hold 30%. The final earn-in payment of CAD\$200,000 (£114,349) was made through the issue of 5,139,281 new ordinary shares at a price of 2.225 pence per share.

In June 2021, the Company signed an agreement to to acquire gold-copper projects in Nevada. The Company paid the vendors a total consideration of £61,875 for the option to be held by the Company's subsidiary, Golden Metal Resources Ltd, through the issue of 2,250,000 new ordinary shares in the Company at a price of 2.75 pence per share.

In July 2021, the Company exercised its option to acquire a 100% interest in two gold-nickel exploration licences within the Tati Greenstone Belt. The Company paid an initial consideration of £25,000 payable through the issue to the Vendors of 833,333 new ordinary shares of 3.0 pence in the Company.

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

In September 2021, the Company's subsidiary acquired an option to acquire 100% interest in the Pilot Mountain project. Consideration of £12,500 was paid through the issue of 500,000 new ordinary shares in the Company at an issue price of 2.5 pence per share.

19. Earnings per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of £591,938 (2020: £1,381,290), and a weighted average number of ordinary shares in issue of 1,079,317,932 (2020: 558,893,170).

20. Share options and warrants

Reconciliation of outstanding share options:

2021	Number of options	Weighted average exercise price (£'s)
Outstanding at 1 October 2020	63,325,358	0.03
Granted during the year	36,000,000	0.03
Exercised	-	-
Outstanding at 30 September 2021	<u>99,325,358</u>	<u>0.06</u>
Exercisable at 30 September 2021	<u>83,325,358</u>	<u>0.023</u>

The weighted average contractual life of the options outstanding at the reporting date is 297 days.

Exercise prices of share options outstanding at the end of the 2021 period:

97,500	£6.000	
1,000,000	£0.050	
27,227,858	£0.010	
15,000,000	£0.010	
20,000,000	£0.020	
20,000,000	£0.033	
2020		Weighted average exercise price
	Number of options	(£'s)
Outstanding at 1 October 2019	28,375,358	0.04
Granted during the year	35,000,000	0.02
Lapsed during the year	(50,000)	0.20
Outstanding at 30 September 2020	<u>63,325,358</u>	<u>0.26</u>
Exercisable at 30 September 2020	<u>58,375,358</u>	<u>0.24</u>

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

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Directors Options

Included within the options issued in the year ended 30 September 2021 were 12,500,000 options issued to directors (2020: 30,000,000).

2021	Exercise price (£'s)	Number of Options
Andrew Bell	0.033	7,500,000
Paul Johnson	0.033	12,500,000
Scott Richardson Brown	-	-
Ed Shaw	-	-
		<u>12,500,000</u>
2020	Exercise price (£'s)	Number of Options
Andrew Bell	0.020	7,500,000
Paul Johnson	0.020	12,500,000
Scott Richardson Brown	0.010	5,000,000
Ed Shaw	0.010	5,000,000
		<u>30,000,000</u>

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

Risk free interest rate	0.198%
Expected volatility	70%
Expected dividend yield	0.00%
Life of the option	3 years
Share price at measurement date	£0.00214

Reconciliation of outstanding warrants

2021	Number of warrants	Weighted average exercise price (£'s)
Outstanding at 1 October 2020	618,185,061	0.01
Granted during the year	19,819,641	0.02
Lapsed during the year	(7,810,000)	0.01
Exercised during the year	(425,140,890)	0.01
Outstanding and exercisable at 30 September 2021	<u>203,553,812</u>	<u>0.03</u>

The weighted average contractual life of the warrants outstanding is 313 days.

POWER METAL RESOURCES PLC

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

Directors Warrants

No warrants were issued to directors in the year ended 30 September 2021 (2020: Nil).

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

Risk free interest rate	0.188%, 0.218% & 0.497%
Expected volatility	70%
Expected dividend yield	0.00%
Life of the option	2 years
Share price at measurement date	£0.0213, £0.0215 & £0.0235

£249,717 (2020: £46,000) has been recognised as a share based payment expense in the Statement of Comprehensive Income related to the issue of share options and warrants and £20,079 (2020: £45,000) has been included in non-current assets as it relates to the acquisition of certain financial assets.

21. Trade and other payables

Group

	2021 £'000	2020 £'000
Trade payables	250	24
Accrued expenses	67	137
	<u>317</u>	<u>161</u>

Company

	2021 £'000	2020 £'000
Trade payables	146	24
Accrued expenses	74	137
Payable to group undertakings	27	31
	<u>247</u>	<u>192</u>

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

POWER METAL RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

22. Deferred consideration

Group & Company

	2021 £'000	2020 £'000
Deferred consideration	-	116

The deferred consideration in the year ended 30 September 2020 related to \$150,000 which the Company committed to transfer to the joint venture held with Kavango Resources Plc over two years from September 2020. This was paid in the year ended 30 September 2021.

23. Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

Cost may be an appropriate estimation of fair value at the measurement date only in limited circumstances, such as for a pre-revenue entity when there is no catalyst for change in fair value, or if the transaction date is relatively close to the measurement date. Other indicators include insufficient recent information, a wide range of possible fair values and cost represents the best estimate.

POWER METAL RESOURCES PLC

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FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There have been no transfers between levels during the period. Additions to level 3 during the period are valued based on cost of investment, for both the Group and the Company. See note 15 Financial Assets at Fair Value through Profit or Loss for further detail.

**Group
2021**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets at fair value through profit or loss				
Financial assets (fair value through the profit or loss)	1,279	-	2,427	3,706
	<u>1,279</u>	<u>-</u>	<u>2,427</u>	<u>3,706</u>

**Company
2021**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets at fair value through profit or loss				
Financial assets (fair value through the profit or loss)	1,279	-	2,234	3,513
	<u>1,279</u>	<u>-</u>	<u>2,234</u>	<u>3,513</u>

**Group & Company
2020**

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

The notes on pages 43 to 80 are an integral part of these financial statements

POWER METAL RESOURCES PLC

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Credit risk

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

Exposure to credit risk

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

Group	Carrying amount	
	2021	2020
	£'000	£'000
Trade and other receivables	175	110
Cash and cash equivalents	1,281	913
	<u>1,456</u>	<u>1,023</u>

Company	Carrying amount	
	2021	2020
	£'000	£'000
Trade and other receivables	780	716
Cash and cash equivalents	1,251	913
	<u>2,031</u>	<u>1,629</u>

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

Group				
	30 September 2021	Carrying amount	2 months or less	More than 1 year
		£'000	£'000	£'000
Non-derivative financial liabilities				
Trade and other payables		317	317	-
		<u>317</u>	<u>317</u>	<u>-</u>

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

Company

30 September 2021	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade and other payables	247	247	-	-
	<u>247</u>	<u>247</u>	<u>-</u>	<u>-</u>

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

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

Market risk

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

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

Currency risk

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

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	Group		Company	
Net foreign currency financial (liabilities)/assets	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
USD	185	354	183	354
CAD	37	38	37	38
AUD	14	42	14	42
BWP	11	-	11	-
Total net exposure	<u>247</u>	<u>434</u>	<u>245</u>	<u>434</u>

Sensitivity analysis

A 10 per cent strengthening of sterling against the respective currencies at 30 September 2021 would have increased/(decreased) equity and profit or loss by the amounts shown below:

Group	Profit and loss		Equity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
USD	(19)	(35)	(19)	(35)
CAD	(4)	(4)	(4)	(4)
AUD	(1)	(4)	(1)	(4)
BWP	(1)	-	(1)	-
Total net exposure	<u>(25)</u>	<u>(43)</u>	<u>(25)</u>	<u>(43)</u>

Company	Profit and loss		Equity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
USD	(18)	(35)	(18)	(35)
CAD	(4)	(4)	(4)	(4)
AUD	(1)	(4)	(1)	(4)
BWP	(1)	-	(1)	-
Total net exposure	<u>(24)</u>	<u>(43)</u>	<u>(24)</u>	<u>(43)</u>

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

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of equity which at 30 September 2021 for the Group totalled £5,966,000 (2020: £2,394,000) and for the Company totalled £6,181,000 (2020: £3,001,000).

Accounting classifications and fair values

Fair values and carrying amounts

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

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24. Related parties

In addition to matters reported in note 8, the following related party transactions took place during the year ended 30 September 2021:

Andrew Bell, a Director who served during the year is also director of Red Rock Resources plc, providing consultancy services to the Company. Further details on the joint venture arrangement with Red Rock Resources plc is disclosed in the Chairman's Statement and note 12 to the financial statements. The total fees invoiced to the Company for the year ended 30 September 2021 was £37,700 (2020: £52,572), of which nil was outstanding at the year end and all of which related to office support provided to the Company or repayment of costs incurred by Red Rock Resources plc on behalf of POW, and then repaid.

Paul Johnson, a Director who served during the year is also director of Value Generation Limited, a management consultancy business. The total fees invoiced to the Company for the year ended 30 September 2021 were £20,900 (2020: £18,084) of which nil was outstanding at the year end and all of which related to office support provided to the Company or repayment of costs incurred by Value Generation Limited on behalf of POW, and then repaid.

During the year, the Company advanced funds to Power Metal Resources SA, totalling £101,000 (2020: £109,000). At 30 September 2021, £788,000 was outstanding (2020: £687,000). An expected credit loss of £788,000 was recognised at the year-end in respect of the intercompany receivable (2020: £16,000), impairing the balance in full, as per the decision taken by the directors to impair the investment.

During the year, the Company advanced funds to its subsidiary, Cobalt Blue Holdings, totalling £3,000 (2020: £6,000). The loan is repayable on demand and on 30 September 2021, £34,000 was outstanding (2020: £31,000). A cumulative expected credit loss of £10,000 was recognised at the year-end in respect of the intercompany receivable (2020: £2,000).

During the year, the Company advanced funds to its subsidiary, Regent Resources Interests Corporation, totalling £3,000 (2020: £2,000). The loan is repayable to the subsidiary and as at 30 September 2021, £27,000 was owed (2020: £30,000).

During the year, the Company advanced funds to its subsidiary Golden Metal Resources Ltd, totalling £233,000 (2020: £nil). The loan is repayable on demand and on 30 September 2021, £233,000 was outstanding (2020: £nil). An expected credit loss of £17,000 was recognised at the year-end in respect of the intercompany receivable (2020: £nil).

During the year, the Company advanced funds to its subsidiary, Power Metal Resources Australia Pty Ltd, totalling £1,000 (2020: £nil). The loan is repayable on demand and on 30 September 2021, £1,000 was outstanding (2020: £nil). An expected credit loss of £100 was recognised at the year-end in respect of the intercompany receivable (2020: £nil).

During the year, the Company advanced funds to its subsidiary, Power Metal Resources Canada Inc, totalling £55,000 (2020: £nil). The loan is repayable on demand and on 30 September 2021, £55,000 was outstanding (2020: £nil). An expected credit loss of £4,000 was recognised at the year-end in respect of the intercompany receivable (2020: £nil).

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During the year, the Company advanced funds to its subsidiary, Tati Greenstone Resources Pty Ltd, totalling £114,000 (2020: £nil). The loan is repayable on demand and on 30 September 2021, £114,000 was outstanding (2020: £nil). An expected credit loss of £9,000 was recognised at the year-end in respect of the intercompany receivable (2020: £nil).

During the year, the Company advanced funds to its subsidiary, First Development Resources Ltd, totalling £32,000 (2020: £nil). The loan is repayable on demand and on 30 September 2021, £32,000 was outstanding (2020: £nil). An expected credit loss of £3,000 was recognised at the year-end in respect of the intercompany receivable (2020: £nil).

During the year, the Company advanced funds to its subsidiary, Power Capital Investments Ltd, totalling £5,000 (2020: £nil). The loan is repayable on demand and on 30 September 2021, £5,000 was outstanding (2020: £nil). An expected credit loss of £400 was recognised at the year-end in respect of the intercompany receivable (2020: £nil).

25. Subsequent events

In November 2021, Power Metal raised over £1,050,000 gross proceeds through a placing of 60,000,000 new ordinary shares of 0.1 pence each, at an issue price of 1.75 pence per share. In conjunction with the placing, each new ordinary shareholder receives an attaching warrant, to subscribe for a further new ordinary share of 0.1 pence each, at an exercise price of 3.5 pence each, expiring after two years.

Following the end of this reporting period, to the date of signing, the Company has received funds of £593,481 in relation to warrant and option exercises, issuing a total of 74,192,876 new ordinary shares.

Drilling programme commencement at Tati project in Botswana was announced October 2021 with completion by the calendar year end and results dispatched to Intertek in Australia for assay testing.

New copper anomalies identified at the Garfield project in Nevada USA, with additional claims staked to cover the ground footprint over the identified anomalies, as announced in October 2021.

In October 2021, it was announced that the final licence application was granted at the Wallal project, leading to the Company signing a revised agreement to acquire 100% of First Development Resources Australia Pty, via its subsidiary First Development Resources Ltd. The transaction consideration was funded through the issue of 13,333,333 Power Metal new ordinary shares at an issue price of 2.75 pence each and 13,333,333 warrants over Power Metal shares at an exercise price of 4.5 pence per ordinary share. Additional consideration of 10,000,000 Power Metal shares at an issue price of 3.2 pence and 10,000,000 warrants over Power Metal shares with an exercise price of 5.0 pence per ordinary share will be settled by Power Metal for all other Australia licences with interests held by First Development Resources Pty Ltd, owned by third parties to be transferred to First Development Resources Pty Ltd.

Approval of the Environmental Management Plan was secured in October 2021 for the Kalahari Copper Belt and Ditau Camp projects licence areas held in the Kanye Resources joint venture with Kavango Resources plc clearing the last key administrative step prior to drilling key targets at the project areas.

In October 2021, Power Metal Resources Australia Pty Ltd, a subsidiary of the Company, submitted two licence applications in South Australia covering 1,994km² targeting Olympic Dam style mineralisation.

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On 29 October 2021, the Group concluded the 100% share capital purchase of First Development Resources Pty Ltd ('FDR Australia') for total consideration of £749,743, consisting of £36,200 cash (AUD\$66,000), 13,333,333 new ordinary shares in the Company at a share price of 2.75 pence, 10,000,000 new ordinary shares at a share price of 3.2 pence, and warrants with a total fair value of £26,876. FDR Australia holds exploration interests in the Paterson region of Western Australia and work in 2021 identified three magnetic bullseye targets hosted within the Wallal Project. The acquisition meets the definition of a business combination and will be accounted for using the acquisition accounting method in accordance with the Group's accounting policies.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	<i>Fair value</i> <i>£'000's</i>
Prospecting and exploration rights	749
Cash and cash equivalents	1
Total fair value	750
Consideration	750
Goodwill	-

There were no associated transaction costs.

The Company announced in November 2021 the signing of a 3 month option agreement by Kavango Resources plc to acquire 51.15% of Kalahari Key Minerals Exploration Pty Ltd. The acquisition will include the 5,313 shares in Kalahari Key currently owned by Power Metal. The acquisition does not affect the 40% project interest which the Company has earned-in to. Following the transaction, Kalahari Key is due to restructure, with the 40% project interest held by Power Metal to transfer to interest in the company.

In November 2021, the Company announced it had signed an agreement for the 100% acquisition of the Selta project, located in the Northern Territory, Australia. The acquisition will be made by the Company's wholly-owned subsidiary, First Development Resources Ltd ("FDR"). Consideration includes AUD \$25,000 cash and £100,000 payable through the issue of 1,499,250 shares in First Development Resources Ltd at an issue price of 6.67 pence per share. Additional consideration in the form of FDR shares will be due as each of the three licence applications are granted. Should all FDR shares be issued Power Metals interest will dilute down to 83.33%. FDR is to seek a listing on the London capital markets.

The Company announced in November 2021 it had exercised the option to acquire a 100% interest in the Pilot Mountain Project from fellow AIM listed Thor Mining plc, via its wholly-owned subsidiary, Golden Metal Resources Ltd. Power Metal paid consideration of US\$1,650,000 through the issue of 48,118,920 new ordinary shares at an issue price of 2.5 pence per share (£1,202,973), together with a US\$115,000 cash payment and issue of Power Metal warrants to Thor Mining plc.

In November 2021 the Company announced drill assay results from its 30% owned Silver Peak Project in British Columbia Canada demonstrating bonanza grade silver in 10 of 19 holes drilled, and in December 2021, overlimit assays for copper, lead and antimony further increasing silver equivalent grades by an average of 18.8%.

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In November 2021 a detailed exploration update covering the Nevada projects held through wholly Power Metal owned Golden Metal Resources Limited was followed by a pre-IPO financing for Golden Metal raising £750,000 for was announced in December 2021 at a pre-money valuation of £3.25million. Golden Metal is seeking a listing on the London capital markets. Following completion of the financing Power Metal's holding in Golden Metal will dilute down to 83.13%.

In November 2021 the Company received notification of the grant of one exploration licence in the Victoria Goldfields of Australia.

In December 2021 the Company's 49.9% holding in the Victoria Goldfields joint venture was hived up to New Ballarat Gold Corporation PLC where Power Metal holds the same 49.9% interest. Diamond drilling commenced in the joint venture properties located in the state of Victoria in December 2021.

Sampling assay results of initial uranium exploration at 3 properties in the Athabasca basin, Saskatchewan, Canada were announced, demonstrating up to 38,600ppm (3.86%) uranium highlighting the prospectivity of the uranium properties examined.

January 2022 saw the launch of inaugural diamond drilling at the 35% Power Metal owned Haneti Project in Tanzania, with a 3 hole 1,000 drill programme, targeting nickel sulphide-copper-platinum group metal mineralisation.

Also in January 2022 a ground reconnaissance programme was commenced in the Paterson Region, Western Australia to review and access locations for a planned deep drill programme in 2022 seeking gold-copper mineralisation at magnetic bullseye targets at the Wallal Project.

Following a rotary air blast drill programme completed in 2021 an inaugural diamond drilling programme was launched in January 2022 at the Haneti Project in Tanzania, targeting nickel, copper, cobalt and platinum group elements. The programme was completed in February 2022 with core logging and sampling currently being prepared for analysis and laboratory assay testing.

January 2022 saw the successful transfer of Tati Project prospecting licences into Power Metal's wholly owned local operating company in Botswana triggering share and warrant payments to the vendors

January also saw the renewal of key prospecting licences at the Molopo Farms Complex project in Botswana.

The initial results from a uranium project data compilation at the Athabasca Basin project interests in Saskatchewan, Canada, demonstrating considerable prospectivity and to be used as the basis for planned 2022 exploration programmes.

In January 2022, Power Metal completed the acquisition of the Pilot Mountain project into a newly created Australian holding company and announced early clearance of a US\$500,000 tail benefit potentially due to vendor Thor Mining plc.

Diamond drilling commenced in January 2022 at the Haneti Project in Tanzania completing in February 2022, with samples being prepared for assay testing at SGS Tanzania.

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In February 2022 the Company received notification of the grant of three exploration licences at the Selta Project in the Northern Territory, Australia.

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