MOXICO RESOURCES

Moxico Resources plc

Annual Report & Financial Statements
for the year ended 31 December 2021

Contents

Chairman’s Statement

2021 proved to be a very busy and productive year for the Company as we embark on the exciting journey of building the Mimbula Copper Project (“Mimbula”) into a business that produces 50 kilo-tonnes per annum (“ktpa”) of copper and developing our exciting exploration portfolio.

Construction of the initial 10ktpa heap leach, which constitutes Phase 1 of the development of Mimbula, began in the year and is now well underway. First production from Phase 1 is targeted to occur in Q3 2022. Work is advancing on Phase 2 of the development, with a bankable feasibility study (“BFS”) for the expansion to 50ktpa through an agitated leach circuit nearing completion. Phase 3 of the development consists of a cobalt extraction plant. Simultaneous with Phase 1 and Phase 2, work is being conducted on the reserve and resource identification and exploration activities continue within our licence areas in Zambia, both of which are progressing well.

As part of our development work at Mimbula, further drilling has been undertaken to grow our reserve and resource base. Drilling results to date have been extremely satisfying and we look forward to being able to include these in the BFS for Phase 2. We have activated two more drill rigs on site to speed up the drilling programme to update the reserve and resource estimates. The BFS is expected to be finalised in the coming weeks following the completion of the processing of assays which are looking very encouraging.

The COVID-19 pandemic continues to be a challenge. The safety of our colleagues is paramount and we focus on supporting and encouraging all employees and contractors to be fully vaccinated to protect themselves and our mining community and to ensure the guidance for safe working is being followed.

We were pleased to receive confirmation from the regulatory authorities in Zambia during July 2021 of the reinstatement of the Kalengwa licence to us and our partners after a protracted period of dispute. We remain grateful to our local communities as well as our partners for the support they gave us and the patience they showed during this period and we are now moving forward with our work to develop this exciting prospect.

Moxico places ESG at the forefront of its strategic thinking as we believe that it is in the interests of all stakeholders to ensure operations are run in harmony with the communities and environments in which they are located.

As I mentioned in our letter to shareholders in December 2021, we are very much targeting listing the Company in 2022 and continue to focus on ensuring that the value of our business is appropriately reflected in the offering valuation.

We were pleased to welcome two new members to the Company’s Board in 2021 – Gautam Dalal who joined in February 2021 and Warren Gilman, in December 2021. Both are experienced non-executive directors who undoubtedly add value to the Company whilst also strengthening our governance as we move towards being a listed company.

Finally, I would like to express my thanks on behalf of the Company to all of our team, led by our CEO, Alan Davies, who have worked extremely hard during the year. The results of that work are now coming to fruition and Moxico's future looks very promising indeed.

Peter Wynter Bee
Chairman

Chief Executive's Review

I am delighted to provide a positive review on a very busy and productive 2021 for the Company. We have made excellent progress on the journey to becoming a 50 kilo-tonnes per annum ("ktpa") copper producer in Zambia.

Our primary focus is the development of the Mimbula Copper Project ("Mimbula") where we continue to reach our project milestones, making significant progress towards becoming a low-cost and safe operator.

Mimbula is an independent development consisting of heap and agitated leach circuits, solvent extraction ("SX"), electrowinning plants ("EW") and a cobalt extraction plant. Phase 1 of development is the construction of the 10ktpa heap leach SX/EW plant, Phase 2 is the construction of the 40ktpa agitated leach plant and Phase 3 is the construction of the cobalt extraction plant. Construction of the initial 10ktpa copper heap leach facility began in 2021 and is now well underway. The first cathode from the 10ktpa heap leach and SX/EW plant is expected in Q3 2022. A bankable feasibility study ("BFS") for the expansion to 50ktpa of copper production through an agitated leach circuit, which will also include an updated reserves and resource statement, is currently underway and nearing completion.

We have made good progress on Phase 1 – the ore body has been drilled out to the Joint Ore Reserves Committee ("JORC") standard and is being expanded, environmental and social impact assessment ("ESIA") approval has been received, all permits have been obtained, the final design has been completed and long-lead orders have been placed, the project schedules and capital costs have been finalised, civils construction work has commenced (including ponds and leach pads), and the mining fleet, crusher and agglomerator equipment are at site. These activities have been performed whilst achieving 1.5 million LTI work-free hours.

In addition to Mimbula, we continue to receive encouraging results from the ongoing drilling campaigns and exploration work on our other properties in Zambia, which will add significant value to our existing excellent portfolio. The infill and expansion drilling conducted recently at Mimbula demonstrate high grade zones, which will lower the execution risk for the operations.

Mimbula and the Company's other mineral assets are located in the highly prospective and established copper producing areas in Zambia. The work conducted for the BFS and the exploration work performed to date continue to demonstrate that the business is backed by large scale reserves and resources potential.

As part of the financing of Mimbula, the Company raised US$85 million through an equity placing completed in May 2022. We are also in advanced discussions with various potential offtakers regarding our planned production.

I would like to thank the Moxico team for their continued support and commitment to achieve our primary objective in 2022 to establish the Company as a low-cost copper producer and make Moxico a real success.

Thank you also to our shareholders for your continuous support throughout 2021. The outlook for copper is positive, and we are confident there will be more encouraging news throughout 2022 and beyond as we evolve to being a low-cost copper producer.

Alan Davies
Chief Executive Officer

Strategic Report

The directors ("Directors") of Moxico Resources plc ("Moxico or the "Company") and its subsidiary undertakings (together with the Company, (the "Group") present their Strategic Report for the year ended 31 December 2021.

Principal Activities

The Company's principal activities are the exploration, development and operation of mineral resources. The Company's current main projects are located in Zambia.

Strategy

Moxico's main strategic objective is to become Zambia's next copper champion through the development of its portfolio of mineral assets.

The Company's flagship project, the Mimbula Copper Project ("Mimbula"), reinforces this objective with production due to commence in Q3 2022. The project is underpinned by the Mimbula and Zuka deposits which, together, account for a Joint Ore Reserves Committee ("JORC") resource of 93.7 million tonnes of ore grading at 0.97% Total Copper ("TCu"). Moreover, the Company is working towards adding deposits from its exploration interests within the Chingola and Mufumbwe Clusters. Exploration activities continue with a view to defining reserves and resources and demonstrating significant production for the future.

Additional projects in Zambia and in other jurisdictions are continuously considered, with the aim to generate further long-term shareholder value. Concurrent to that, the Company is pursuing its plan to list on the London Stock Exchange, which is still expected to occur in 2022.

Organisational Overview

The Group's business is directed by the Company's Board of Directors (the "Board") and is managed by the Chief Executive Officer.

The Company's head office is located in London, UK. Exploration and development activities are primarily located in Zambia with offices in Chingola and Lusaka.

The Board comprises the Chairman, three non-executive directors, two of whom were appointed in 2021, and the Chief Executive Officer. Paul Thomson replaced Jim Wynn as Chief Financial Officer and Company Secretary, effective from 7 February 2022. The profiles of the Board members are provided on page 28.

In May 2022, Narjess Naouar joined the Company as General Counsel and was appointed Company Secretary effective from 16 May 2022.

Financial Performance Review

During the first half of the year, production continued at Mimbula. In June 2021, the Company successfully completed the placing of 187 million ordinary shares, generating proceeds of US$73.6 million and allowing the Company to pursue the construction of the heap leach solvent extraction ("SX")/electrowinning plants ("EW") facility at Mimbula and continue to advance the exploration projects in the Group's portfolio.

During 2021, stockpile ore material at Mimbula was processed at the nearby Konkola Copper Mines ("KCM") processing facility using a toll treatment approach. The intention was to assess the KCM processing facility's capability to process Mimbula's ore material whilst opportunistically taking advantage of the prevailing copper price.

Revenues in the year amounted to US$16.8 million (2020: US$6.6 million). This increase reflected copper sales of 1,850 tonnes at an average realised price of US$9,059 per tonne ("/t") (2020: 1,040 tonnes at US$6,384/t), in spite of production being suspended at the end of September 2021.

The Company suspended the tolling agreement. Notwithstanding, gross profit of US$1.3 million was reported in the year (2020: gross loss US$1.4 million), reflecting tight control over production costs.

Administration costs were US$9.9 million (2020: US$6.3 million), reflecting the increase in corporate and head office activities during the year, as the Group pursued fundraising and portfolio activities beyond Mimbula.

Finance costs of US$2.7 million (2020: US$1.6 million) include the interest charges related to the Company's deferred and contingent consideration (including for Mimbula and OB18) and its loan facilities (notably the royalty agreement with Trident Resources Plc signed in June 2020 (the "Trident Royalty").

The Group incurred a net foreign exchange loss of US$1.9 million in the year, predominantly on cash balances held in GBP pounds sterling following the placing in June 2021, after which the GBP pound sterling weakened slightly against the US dollar.

The Group incurred US$1.6 million in relation to share based payment expenditure during the year.

The net loss after taxation for the year was US$15.1 million, compared with US$10.6 million in 2020.

The Group's balance sheet was strengthened considerably during the year, primarily as a result of the June 2021 equity placing which raised US$73.6 million.

A large portion of these proceeds was invested in the continued development of Mimbula where the construction of a heap leach facility commenced in June 2021. By the year end, the Group's property, plant and equipment balance had increased to US$60.1 million (2020: US$40.3 million).

Concurrently with the development of Mimbula, work on the Group's exploration projects increased the Company's intangible assets to US$10.5 million (2020: US$9.1 million), of which US$7.4 million related to the Kalengwa project. The Kalengwa licence (located in the Mufumbwe region) was formally reinstated by the regulatory authorities in Zambia in July 2021.

The Group's receivables as at 31 December 2021 amounted to US$6.3 million (2020: US$2.7 million), of which US$4.0 million related to VAT recoverable, mainly in Zambia. VAT in Zambia is expected to be repaid in full; the reimbursement was delayed due to the COVID-19 pandemic and the government elections that took place during 2021. In addition, VAT was included on a number of large purchases relating to Mimbula and the KCM tolling invoices, which were submitted for reclamation in late 2021.

The Group's cash balance as at year end was US$39.3 million (2020: US$5.3 million), being the residual balance remaining from the June 2021 fundraise. These funds are largely earmarked for the 10ktpa Mimbula heap leach project.

In addition to the Trident Royalty executed in 2020, in 2021 the Company entered into financing facilities totalling US$4.2 million for mining equipment required for the construction work under Phase 1 of Mimbula, which was delivered to the Mimbula site in the second half of the year.

The Group reported a net cash inflow of US$35.9 million in the year (2020: outflow US$5.3 million). In broad terms, this reflected US$71.7 million of net proceeds from the June 2021 equity raise, which in turn financed US$19.8 million of fixed asset additions at Mimbula, US$1.7 million of exploration work at the Company's other projects, US$1.4 million of deferred consideration commitments, US$2.4 million of debt repayments, US$1.9 million of foreign exchange losses on bank balances and US$10.6 million of operating losses (mainly administration costs such as group salaries, professional and technical consultant fees, and other corporate costs).

Key Performance Indicators

The Company is in a growth phase and its strategy is to raise financing to pursue the development of its highly prospective assets in Zambia and beyond. To achieve this, it is important for the Company to retain a certain level of flexibility so that it is able to effectively respond to any changes that may be encountered. Such flexibility can mean that defined key performance indicators ("KPIs") are harder to identify and may not be an appropriate means of assessing progress.

The Company's objectives in the year were to raise sufficient funds to commence construction of a heap leach project at Mimbula, while continuing the toll-treatment of its surface ores at the KCM plant.

Fundraising can be assessed by reference to the amount of financing secured and at what price. In the year funding of US$73.6 million was raised at a price of 28 sterling pence per ordinary share, which was higher than the placing price of 24 sterling pence per ordinary share for the equity raise completed in 2020.

Construction KPIs relate to the achievement of milestones concerning time and on budget, and these are currently ongoing.

Production operations such as those at Mimbula are typically assessed by reference to tonnes mined and processed, and copper sold. In 2021, Mimbula mined approximately 645,000 tonnes of ore (2020: approximately 865,000 tonnes), processed approximately 855,000 tonnes of ore (2020: approximately 622,000 tonnes) and sold 1,850 tonnes at an average realised price of US$9,059/t (2020: 1,040 tonnes at US$6,384/t). It is expected these KPIs will continue to be use once production at Mimbula recommences.

Other strategic priorities relate to environmental, social and governance ("ESG") matters, including climate change, community relations, and health and safety. Environmental and community metrics can be challenging to identify in numeric terms and, we believe, are best established as individual objectives based on strategic targets (e.g. funding the construction of schools, hospitals and clean water sources).

Health and safety is often measured in terms of lost time injuries ("LTIs"), specifically LTI-free hours worked. During 2021, Mimbula achieved over 1.5 million LTI-free hours.

Liquidity

The Group held cash of US$39.3 million as at 31 December 2021 (2020: US$5.3 million). This balance included US$29.6 million in US dollars (2020: US$2.3 million), and the equivalent of US$9.5 million in GBP pounds sterling (2020: US$3.0 million), and the equivalent of US$0.2 million Zambian Kwacha (2020: US$0.0 million).

Funding & Going Concern

As at 30 April 2022, the last practicable date before the publication of these financial statements for the year ended 31 December 2021 (the "Financial Statements"), the Group had a cash balance of US$96.4 million. The Company intends to partly use these funds in the coming months to complete the construction of Phase 1 (the 10ktpa heap leach project) at Mimbula.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors consider that the Group has sufficient funds to undertake its operating activities for a period of at least the next 18 months, including any additional expenditure required in relation to its current exploration and development projects.

The construction of the 10ktpa heap leach project at Mimbula is fully funded, following the equity raise of US$85 million completed in May 2022. This means that the Company will continue to have sufficient liquid resources for the duration of the construction phase until such time as Mimbula becomes cashflow-generating, which is forecasted to occur in September 2022.

A portion of those funds raised during the year will be used to expand the 10kpta plant to 50ktpa (Phase 2) and the Phase 2 construction will not commence until such point that further equity fundraising and/or other funding is secured. The Group plans to commit to long lead items before the next financing completes; however, this will only be done with reference to the available cash balance following the completion of the Phase 1 construction process and the steady-state Phase 1 production.

The Group's general and administrative ("G&A") cash burn is approximately US $0.6 million per month, excluding exceptional costs. Should the Group not enter into Phase 1 commercial production following the completion of the construction of Phase 1 (the 10ktpa heap leach project) at Mimbula, the Group would have sufficient funding in place to continue to fulfil its obligations for a period greater than 12 months.

The Group has also taken into account other potential reasonable downside scenarios, including the failure to secure further funding to complete Phase 2 of Mimbula, cost overruns in the construction of Phase 1, and the aforementioned scenario whereby the Group does not enter commercial production at the point in time that the Phase 1 construction is completed. In all of these scenarios, the Group's obligations would continue to be able to be fulfilled for the going concern period.

In forming their view, the Directors have considered the impacts of the COVID - 19 pandemic related restrictions and potential future delays on the work schedule. Whilst the potential future impacts are unknown, the Board has considered the effect that additional delays in the work schedule could have on the Group's available cash resources. Similarly, the Directors also considered the impact of the conflict in Ukraine and its potential consequences. Having factored in reasonably plausible scenarios and reasonable mitigating actions (for example, the ability to reduce its uncommitted future expenditure), the Directors consider sufficient cash balance reserves are maintained under each scenario and that the Group will be able to meet its obligations as they fall due.

Accordingly, the Directors have concluded that these circumstances form a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Impairment

The Directors conduct an annual review of the intangible assets to consider whether there are any indications of impairment of value.

The largest group of assets on the Balance Sheet as at 31 December 2021 are the Mimbula and Zuka mines, which have been taken together as a single Cash-Generating Unit ("CGU") for the purposes of impairment testing. The Fair Value less Costs to Sell ("FVLCTS") of these assets has been determined to be the best indicator of the asset's recoverable value, and has been based on the standalone production and cash flow forecasts prepared by Management for the initial 50ktpa heap leach project. These forecasts indicate that the VIU of the assets, even after factoring in a number of downside scenarios, are considerably in excess of their carrying value and no impairment is necessary.

The Group's exploration and evaluation assets are actively being progressed and are considered to be highly prospective. No indicator of impairment exists in respect of these assets.

Operating Review

Development – Mimbula and Zuka

The Company holds three mining licences in the Chingola area – Mimbula (21816-HQ-LML), Zuka (8440-HQ-SML), and Luano OB18 (8514-HQ-SML). The Company indirectly holds a 100% ownership interest in Zuka and an 85% ownership interest in each of Mimbula and Luano OB18.

Mimbula and Zuka lie approximately 10 kilometres to the south-east of Chingola, and contain the Mimbula in-situ orebody, as well as surface stockpiles known as SP11 and SP13, most of which were mined and processed via toll treatment during 2020 and 2021.

At Mimbula, the focus has been on starting production via the 10ktpa copper SX/EW plant by Q3 2022. The progress at site has been extensive over 2021, with significant site preparation completed, including the installation of generators and the construction of security facilities, staff offices and workshops.

Arial shot of Mimbula site, showing build workshop and equipment

Recently constructed workshop

Construction equipment at site

Construction of the PLS pond

The mining and construction equipment arrived at site to start site preparation for the heap leach pads, as well as the construction of the ponds for the leach solution. The crusher and agglomerator arrived on schedule to start preparing the material for final processing at the SX/EW plant.

A JORC Resource report on the Mimbula deposit was completed in October 2020 showing 93.7 million tonnes of ore grading at 0.97% TCu.

The Company envisages a phased development of the Mimbula orebody, leaching the oxide and weathered material through heap and agitated leach circuits onsite followed by treatment through a SX/EW plant to produce London Metal exchange ("LME") Grade A copper cathode. The plan is to build out the SX/EW processing facility to produce 10ktpa of copper by Q3 2022, with a subsequent expansion to 50ktpa by 2023.

The BFS for Phase 2 of the project will include the recent test work on the elevated temperature agitated leach circuits and cobalt recovery stream, and an updated JORC Resource Statement following the successful drilling campaign. This was aimed to expand the resource base and upgrade more volumes into measured and indicated categories.

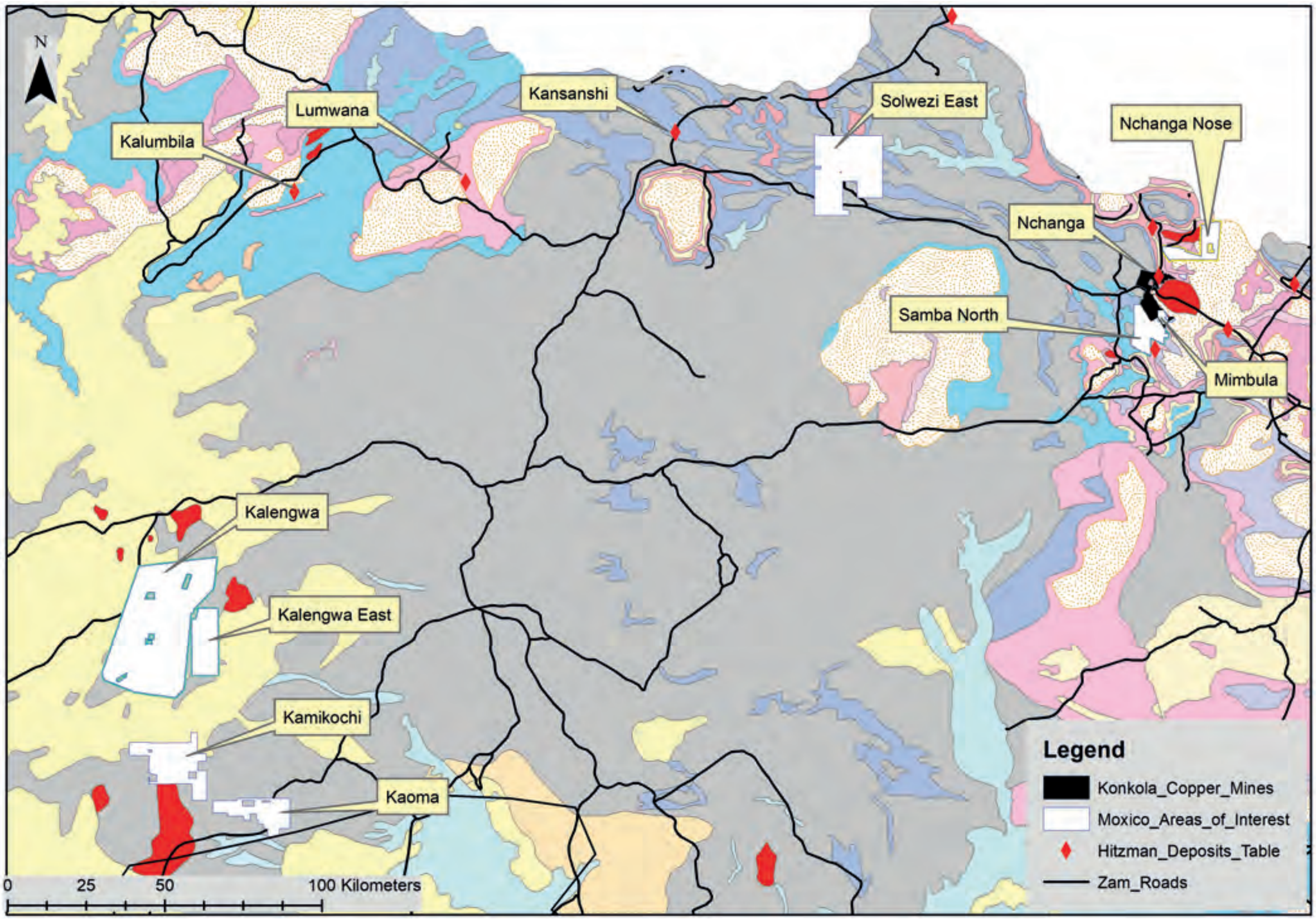
Hole intersections from the December 2021 drilling campaign indicating high-grade copper mineralisation

Exploration

The Group currently holds a total of 12 licences in Zambia in two main areas known as the Chingola and Mufumbwe Clusters. The strategy is to have one processing plant in each cluster and to explore and add additional mineral resources in each area.

The current projects actively progressed are:

Licence Name	Area	Licence No.
OB8	Chingola	21205-HQ-SEL
Mimbula		21816-HQ-LML
Mimbula East		22505-HQ-SEL
Nchanga Nose		20752-HQ-LEL
Samba North		25685-HQ-LEL
Zuka		8440-HQ-SML
Luano OB18		8514-HQ-SML
Kalengwa	Mufumbwe	8584-HQ-LEL
Kalengwa East		22756-HQ-LEL
Kamikochi		24726-HQ-LEL
Kaoma		25726-HQ-LEL
Solwezi East	Solwezi	22800-HQ-LEL



Moxico Resources Licences in Zambia on a regional geological survey geological map with main roads in the region

Chingola Cluster

Mimbula and Zuka

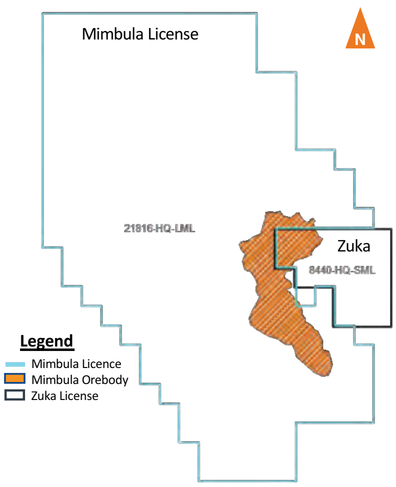
The Mimbula and Zuka licences are contiguous and include the Mimbula deposit which was the subject of a JORC resource report completed in October 2020.

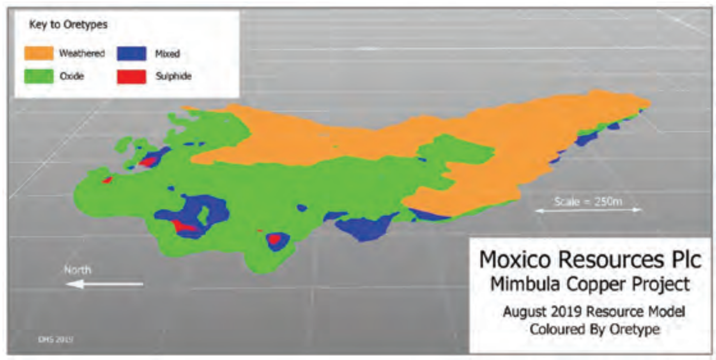
	Measured			Indicated			Inferred			Total		
	Mt	TCu%	kt Cu	Mt	TCu%	kt Cu	Mt	TCu%	kt Cu	Mt	TCu%	kt Cu
Mimbula[1]	46.9	0.98%	460	22.9	0.91%	208	14.2	0.92%	131	84.0	0.95%	798
Zuka[2]	4.8	1.20%	58	2.5	0.91%	23	2.5	1.12%	28.0	9.7	1.14%	111
Total	**51.7**	**1.00%**	**517**	**25.4**	**0.91%**	**231**	**16.7**	**0.95%**	**159**	**93.7**	**0.97%**	**909**

Notes: Mineral Resource (JORC 2012) August 2019, cut-off at 0.3%

[1] Mimbula in-situ deposit within licence 21816-HQ-LML

[2] Zuka deposit, adjoining Mimbula, within licence 8440-HQ-SML





Mimbula licences map (left) and Mimbula orebody coloured by ore type (right)

In parallel with the construction of the heap leach SX/EW plant at Mimbula, a programme of step-out drilling is continuing to expand the resource. Initial results of this campaign are highly encouraging and an upgraded Resource and Reserve Statement is expected to be completed by the end of Q2 2022.

Over time, it is expected that the resource at Mimbula will be augmented by assets currently outside its licence area, including Nchanga Nose and Samba North.

Luano OB18

Moxico currently holds an 85% ownership interest in Luano OB18 which it acquired in September 2019. The deposit consists of both surface stockpiled material from historic mining operations and in-situ deposits. The Environmental Project Brief ("EPB") was approved in late 2019, authorising further verification work and soil sampling activities onsite. Ore from OB18 was treated at the KCM Tailings Leach Plant ("TLP") in 2020 and 2021. Tolling operations were suspended in September 2021.

Nchanga Nose

Moxico currently holds an 80% ownership interest in the Nchanga Nose licence which covers an area of 9,141 hectares. It is underlain by basement rocks as well as the northern extension of the Lower Roan sequence that hosts the giant Nchanga deposit. Previous works included ground magnetics and induced polarization ("IP") geophysic surveys completed in 2020, and soil sampling and pitting in the early part of 2021, which identified drill targets. During 2021, a total of 2,000 metres of drilling had been completed based on 10 diamond drill holes. Of the 10 drill holes which are early-stage target testing holes, six intersected mineralisation along the corridor of the soil copper anomaly controlled by a magnetically high feature that runs along the soil anomaly thought to be a fault.

The six holes with mineralisation cover a strike length of about 800 metres and indicate that mineralisation is hosted along the foliation of biotite-quartz schists, in a few occasions in carbonate veinlets. Mineralisation is mainly fine grained to medium grained bornite associated with chalcopyrite and minor pyrite. Laboratory results will inform the next steps to be taken in 2022 going forward.

There are three anomalies in the licence area being investigated for further evaluation. Anomaly 2 had ground geophysics conducted in 2020. In 2021, the focus was on anomaly 1, while anomaly 2 and anomaly 3 have been scheduled to be worked on in 2022 with infill soil sampling, followed by pitting and shallow drilling to generate deep drilling drill targets. Anomaly 3, if justified from infill soil sampling work, will undergo a ground magnetics survey.

Samba North

Moxico currently holds a 70% ownership interest in the large-scale Samba North exploration licence which was renewed in December 2019 and covers 8,216 hectares. The area is on trend with the regional faults associated with the Konkola and Nchanga deposits as previously mapped by BHP. In 2021, a pitting programme was executed over a priority soil anomaly and the initial laboratory results show that the soil anomaly is in-situ and warrants a ground magnetics survey in 2022. This will be followed up with a shallow aircore drilling programme, in advance of a deeper drilling campaign near-term.

OB8

OB8 licence is held 80% by Moxico and covers 36.7 hectares, which includes low-grade copper material from the Mimbula copper mine in the 1970s. The stockpile requires drilling and is expected to provide feed material to the Mimbula plant, as they are situated less than a kilometre from the Mimbula mining licence.

Solwezi East

The Solwezi East licence is 46,093 hectares in size, lies 50km to the east of Solwezi town, and is wholly owned by Moxico. The licence area is underlain by the same stratigraphy as the Kansanshi mine which is located to the north-west extension of the same rock strike from Solwezi East. Following soil sampling in 2020, work completed during 2021 included submission of selected soil samples to the laboratory in order to firm up the confidence of the detected soil anomalies using X-ray fluorescence ("XRF"). The results from the laboratory were consistent with the existing results on the detected soil anomalies. The plan for 2022 is to complete sampling in the northern portion of the licence area followed by infill soil sampling in order of priority. Pitting will follow, then ground magnetics work will be performed in early 2023 in order to determine and generate credible drill targets.

Mufumbwe Cluster

Kalengwa

The Kalengwa permit, a large-scale exploration licence, was subject to a dispute which was resolved in July 2021 in Moxico's favour when the regulatory authorities in Zambia reinstated the licence to Moxico and its partners. During its period of production (1968-78), Kalengwa was the richest copper mine in Zambia by grade and produced 140,000 tonnes of copper. The higher-grade material (> 20% Cu) was shipped directly to a smelter with the remainder processed onsite using a flotation process. Before Moxico's recent drilling campaign, Kalengwa was last drilled in 1964-68 and there remains significant upside potential for additional ore in and around the open pit and within the greater licence area.

There exists a stockpile of material that was mined from the existing open pit. This material sits in 10 piles with varying volumes and grades with an initial total quantity estimated by a land surveyor in 2017 to be about 2.645 million tonnes with an average grade of about 1.08% TCu, although more recent estimations suggest the surface deposits are closer to 4.0 million tonnes at 0.9% TCu. These stockpiles were drilled by Moxico between November 2018 and February 2019 using reverse circulation to be able to calculate their tonnages and grades with increased confidence and determine the most appropriate metallurgical flow process.

A plan to drill the in-situ ore has yet to be completed as a consequence of delays caused by the dispute concerning the licence, which has now been resolved. The drilled in-situ area has a potential to host about 4.0 million tonnes at a grade between 1% and 2% TCu at 0.5% TCu cut-off with an opportunity to drill below the existing pit which stretches approximately 300 metres in strike. The licence area also has several soil anomalies that point to the potential for the deposit to be even larger.

Following the resolution of the dispute concerning the licence, operations onsite resumed towards the end of 2021. Moxico has since resampled eight of the 11 soil anomalies that were picked from 2019-2020 soil sampling that repeated the known historical soil anomalies. The soil samples have since been submitted to the laboratory for analysis. The aim is to formulate a geochemistry comparative model to the known Kalengwa deposit using trace elements, major elements and stable lead isotopes geochemistry in combination with ground magnetics data. This survey was started in late 2021 to generate high quality prioritised drill targets to be drilled starting with shallow drilling before deep drilling. The rest of the licence area has been planned to be sampled with soils in 2022 to repeat the same process as an ongoing work programme in a prioritised manner.

Kamikochi

Moxico currently holds an 80% ownership interest in the large-scale Kamikochi exploration licence which was renewed in October 2019. The licence contains three prospects with Kansanshi-style copper-gold stratigraphy and mineralisation with proximity to an intrusive dome. Between November 2018 and January 2019, the Company carried out soil sampling over the Chimena and the Breccia ridge historical anomalies, and was able to repeat the Breccia ridge anomaly with the Chimena anomaly not standing out. Using ground magnetics and induced polarisation geophysical surveys allowed the Company to generate drill targets which were subsequently drilled in 2019 and again in 2020.

In 2021, infill soil sampling was undertaken at Chimena; ground magnetics and IP surveys were extended from Breccia ridge, followed by pitting. Infill soil sampling made the Chimena anomaly more apparent and 19 diamond drill holes were drilled in the year, totalling 2,480 metres. Of the 19 holes drilled over a strike length of 1700 metres, 11 showed visual sulphide copper mineralisation, and laboratory results on three showed intersections of copper and gold that warrant further investigation. Work is currently being planned for 2022 to understand the ore body potential in this area.

Kaoma & Lumba West

Moxico currently holds an 85% ownership interest in the Kaoma licence which covers an area of 17,000 hectares and was renewed to a large-scale exploration licence in December 2019. Kaoma is in a similar geological setting to Kamikochi in that mineralisation is expected to be controlled by faults zones that are associated with intrusive rocks that are of the same age as the intrusive rocks associated with the Kalengwa and Kitumba deposits. In 2021, Moxico conducted a regional soil sampling programme on the western half of the licence area as the first priority. A total of 1,076 soil samples were collected and revealed three soil anomalies. Two of these were observed to be associated with structures as seen from the historical airborne magnetics map. These anomalies have also been observed to have copper associated with other elements that are associated with copper-bearing fluid systems, which makes these anomalies suitable to be followed up with infill sampling, before pitting, ground magnetics and eventually drilling can be planned in that order. A third anomaly was identified with a similar strike trend to the other anomalies, which signifies a control by similar underlying structures in the east-west direction.

Kalengwa East

The licence is approximately 17,000 hectares and is wholly owned by Moxico. It is contiguous to the Kalengwa licence area to the east and is underlain by similar stratigraphic sequence. In 2020, a soil sampling and anthill sampling campaigns were carried out with the soil sampling confirming the historical soil anomalies that were followed up with ground magnetics and IP geophysics surveys in 2021. A total of 1,814 metres of diamond drilling was performed in nine holes, which revealed that the soil copper anomaly is caused by specular haematite associated with elevated copper in one of the anomalies.

Environmental, Social and Governance

Moxico places ESG at the forefront of its strategic thinking as we believe that it is in the interests of all stakeholders to ensure operations are run in harmony with the communities and environments in which they are located. As such, it is not considered merely a matter of compliance, but as an integral part of operating effectively, maximising positive impact, and minimising and anticipating potential areas of conflict.

This policy runs right through the organisation from the leadership down. It requires interactions and contact with community leaders and representatives who are considered partners and key stakeholders in the Group's endeavours. By developing its operations at Mimbula and elsewhere in Zambia, the Company will deliver considerable economic benefit to the communities in which it operates. It is critical however that such development proceeds with the interests of all stakeholders in mind.

Communities

Collaboration with communities must also extend to the host government at national, district and local levels. Long term and active engagement founded on transparency and good governance allows for effective and efficient communication between stakeholders, mitigates risk and can provide both insight and foresight.

An illustration of the importance of good relations with local and national communities was seen in the case of the reinstatement of the Company's Kalengwa exploration licence. The dispute concerning this licence was finally resolved in July 2021, and benefitted significantly from the support of the community at Kalengwa in particular, who, in addition to the clear legal arguments, recognised in Moxico a genuine partner who would develop the operation in a positive and beneficial manner.

The priority areas that Moxico seeks to support as part of its community initiatives include healthcare, education and economic development.

During 2021, the Group supported a number of specific initiatives near its operations at Mimbula and Mufumbwe, and its administrative office in Lusaka, including the following:

- Creating access to clean water, including the installation of boreholes at Kalengwa Village and Mufumbwe Hospital, and a hand pump at Kalengwa Community School.
- Providing food and ad hoc logistical support to Mimbula Fitula Community School, particularly during exams.
- Donation of food to Mufumbwe Hospital.
- Extension of Village Banking facility to six additional communities. This project gives basic business training and funding to small businesses, and aims to develop economic activity that is not reliant on mining. The total number of participants in the project has now reached 100.
- Ongoing sponsorship of Rise FM, a local radio station in the Chingola region that offers free advice to small business owners.
- Proposals submitted to Chingola District Forestry Office for seedling to replant areas which have undergone deforestation.
- Submission of plans to develop a healthcare clinic at Mimbula.
- Support for agricultural inputs project at Kalengwa to provide farming education and inputs for local farmers for co-operative groups from Kalengwa, Bulobwe, Jibombo and Totobole.
- Donation of food to Mufumbwe Hospital.
- Supporting the completion of a carpentry facility at the Nchanga Youth Development Centre.
- Encouraging football as a means of supporting health and fitness by establishing a new club at Mimbula, and continuing support for teams at Kalengwa.

Environment

As a mining company, Moxico seeks to minimise any impact on the environment of our actions. As part of the Mimbula project, the Company has undertaken a number of studies to ensure that its environmental footprint is minimised, including managing and monitoring emissions, water sampling, and ensuring water consumption in the process plant is minimised through a closed circuit process.

The Company has a strict policy of adhering at all times to all relevant environmental laws and requirements.

Moxico recognises that mining operations can contribute to climate change and we seek to mitigate and minimise the emissions of greenhouse gases at our operations.

The Company respects the flora and fauna in the locations in which we operate and seek to protect biodiversity as far as is possible.

Governance

Moxico is committed to operating transparently and responsibly whilst upholding good business practices with all our partners.

The Group strongly believes in fair opportunities, upholding ethical conduct and practising sustainability in all aspects of the Company.

It has implemented a number of policies in this regard, including in respect of anti-bribery and corruption, non-discrimination, HIV and AIDS, health and wellness, and workplace relations.

COVID-19 Pandemic

Along with the rest of the world, Zambia continued to be impacted by the COVID-19 pandemic during 2021, particularly the Omicron variant which appeared later in the year.

From the start of the pandemic, the Company has been proactive in providing supplies to both its own staff and local communities to help counter the transmission, and maintain hygiene. These have included the provision of masks and gels, establishment of washing stations both at its workplaces and at the Mimbula Fitula Community School, and a contribution to the Ministry of Health's COVID-19 response plan.

In addition, the Company has strongly encouraged its staff to become vaccinated, and has assisted in sourcing vaccines for that purpose. The Company recognises that vaccination is a choice, rather than an obligation, but has ensured where possible that as many of its workforce receive vaccinations as possible.

Healthy and Safety

The health and safety of Moxico's workers and contractors is of paramount importance. The Company believes that all injuries are avoidable provided the correct procedures and protocols are followed.

To that end, as construction work has begun at Mimbula, safety structures, policies and procedures have been put in place to ensure all staff know their personal responsibilities, and that safety matters remain at the forefront of our workers' minds every day.

During 2021, Mimbula achieved one million LTI-free working hours, which is an achievement on which to build as the project grows and becomes more complex.

SECTION 172 STATEMENT

Moxico's long-term strategy is to become a low-cost and capex-light copper producer, and to create value for its shareholders. The Company has a number of stakeholders and partners, and the Board recognises that managing these relationships is critical to the success of the Company which, in turn, will facilitate the success of the Company for the benefit of all of its stakeholders.

During 2021, the Company's key strategic objective switched from processing surface stockpiles at Mimbula to the commencement of the construction of the heap leach SX/EW plant, supported by the fundraise in June 2021. At the same time, the Company pursued the development of its interests outside Mimbula by advancing a number of its exploration projects, which will either provide feedstock for Mimbula in the future or could be operating mines in their own rights. The Company's plan to list, which is expected to occur in 2022, will provide access to additional sources of financing and will deliver value to shareholders by allowing shares to be sold freely.

The Company views its relationship with local communities, and the environment in which it operates, as vital to its social licence to operate. There are two aspects to this: firstly, the Company needs to consider, and therefore minimise, the potential negative or disruptive impacts of exploration and mining operations locally, both for the communities but also on the environment; and secondly, the Company needs to communicate the benefits of such operations to the local economy. The value of this approach was underlined at Kalengwa, where interaction with community representatives has resulted in considerable support for Moxico in its dispute over the permit, and ultimately led to the decision by the Zambian authorities to reinstate the Company's exploration licence in July 2021.

Engagement with the government of Zambia is another critical aspect of the Company's strategy and management has devoted considerable time to ensuring the government is supportive of Moxico. This was particularly important during 2021 when Zambia underwent a change in government, bringing in a new President and a new set of ministers. Moxico has been pro-active in demonstrating the economic and social benefits to the new government, while at all times remaining strictly politically neutral.

Agricultural inputs for the farming education programme at Kalengwa

Moxico sponsored carpentry for the Nchanga Youth Development Centre

Moxico's key suppliers during 2021 and into 2022 are those that provide equipment and services in relation to Mimbula. Although the Company performs a lot of the project management and design in-house, it nevertheless relies on key suppliers of goods and equipment to meet its objectives. Maintaining good relations with suppliers requires good communication of expectations and objectives, mutual respect and support, including in matters such as the prompt payment of invoices.

During 2021, the Company's workforce in Zambia grew from 75 in January to 592 in December, as the project team was recruited and work began in earnest on the construction under Phase 1. Recruiting locally wherever possible ensures the Company retains good standing in the local community with whom it can develop in partnership. The Company looks after its workforce by offering attractive working conditions, including healthcare, competitive pay rates, and training plans. In return, motivated workers add value to the Company through their achievements.

The Company is aware of the challenges that extractive industries face with regard to maintaining ethical standards at all levels, particularly in developing countries. A number of national and international initiatives and regulations exist in this regard, but the Board does not view this area as a matter of compliance, but rather one of competitive advantage. The Company is committed to bringing its assets into profitable operation while acting at all times with the highest integrity, and in so doing, will play a part in developing a culture of responsible operations that can be replicated by other operators and industries in Zambia and beyond. This is a critical aspect of Moxico's strategy and has been communicated to the government and local communities.

These wider relationships and challenges are considered by the Board to be key elements of the Group's strategy and critical to delivering long-term value to its members.

Moxico sponsored football team at Mimbula

Workers acknowledging the achievement of 1 million LTI free working hours

Risks and Uncertainties

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are mitigated and minimised as far as possible.

The principal risks and uncertainties facing the Group at this stage in its development and in the foreseeable future are detailed in the table below, together with risk mitigation strategies employed by the Board.

RISK	MITIGATION STRATEGIES
COVID-19 Pandemic The COVID-19 pandemic has had a global impact and although the impact on the Company's Zambian projects were relatively modest (in comparison with some neighbouring countries), there were nevertheless periods of disruption to travel, transportation of goods, and government activity. In the event that the COVID-19 pandemic increases in seriousness in areas in which the Group operates (particularly Mimbula), then it may be necessary, or mandatory, to suspend operations for a period of time. This may mean delays to the Mimbula construction, and cost overruns, which may necessitate additional financing.	The Company constantly monitors the potential impact of the COVID-19 pandemic on all of its operations and offices and ensures that its activities minimise risk of transmission at all times. This is undertaken to protect its staff and stakeholders in the first instance, but also helps to ensure that operations can continue as far as possible. The Company has good relations with a number of sources of funding and given the highly prospective nature of its assets, is confident that financing could be sourced, if necessary, to bridge any disruption and to protect the long-term value of its operations. The Company has also encouraged its workers in Zambia and elsewhere to be vaccinated and has ensured vaccines have been available to all staff.
Construction The Company is currently focused on the construction of Mimbula. Construction projects are exposed to risks including delays in deliveries of critical items, design risk, cost overruns and time overruns.	The Mimbula project team is highly experienced in construction matters and seeks to identify and mitigate any potential risks to the completion of the project. The Company uses reputable suppliers, consultants and contractors for all aspects of the project and keeps a close eye on logistical challenges including transportation.
Exploration risk The Group's business includes mineral exploration and evaluation which are speculative activities. There is no certainty that the Group will be successful in the definition of economic mineral deposits or that it will proceed to the development of any of its projects or otherwise realise their value.	The Directors bring many years of combined mining and exploration experience and an established track record in mineral discovery. The Company currently targets advanced and drill-ready exploration projects in order to avoid higher risk grass roots exploration.
Title risk Mineral rights can be challenged due to changes in government policy or for other reasons.	The Company is careful to operate in countries and jurisdictions that have an established legal framework and a history of mining. In addition, due diligence checks are carried out to provide sufficient comfort that legal title to all mineral rights has been acquired. The Company always complies fully with its legal obligations and strictly adheres to the terms of all agreements when acquiring assets. This is intended to reduce the ability of external parties to challenge its legal ownership. The Company also vigorously defends its interests where challenged.
Resource risk All mineral projects have risk associated with defined grade and continuity. Mineral resources and reserves are always subject to uncertainties in the underlying assumptions which include geological projection and metal price assumptions.	Resources and reserves are estimated by independent specialists on behalf of the Group in accordance with accepted industry standards and codes. The Directors are realistic in the use of mineral price forecasts and impose rigorous practices in the Quality Assurance/Quality Control ("QA/QC") programmes that support its independent estimates.

RISK	MITIGATION STRATEGIES
Development risk Delays in permitting, or changes in permit legislation and/or regulation, financing and commissioning of a project may result in delays to the Group meeting production targets or even, in extreme cases, loss of title.	The Company maintains a strict adherence to rules and regulations around permitting and approvals in order to ensure that the necessary permissions are obtained as swiftly and smoothly as possible.
Commodity risk Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.	The Company consistently reviews commodity prices and trends for its key projects throughout the development cycle.
Mining and processing technical risk Notwithstanding the completion of metallurgical test work, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, groundwater conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.	From the earliest stages of exploration, the Company looks to use consultants and contractors who are leaders in their respective fields and in future will seek to strengthen the executive team and the Board with additional technical and financial skills as the Company transitions from exploration to production.
Environmental risk Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during the evaluation phase of a project. Once a project is in production, unforeseen events can give rise to environmental liabilities.	The Company complies with all applicable legislation for environmental protection and employ industry best practices wherever possible, in order to ensure that its environmental practices are sound and fully compliant with local and international standards.
Political risk All countries carry a political risk that can lead to interruption of activity. Developing countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition to the above, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.	The Company maintains strict political neutrality at all times. In addition, the Company ensures that by adhering to sound practices with regards to community relations, environmental management, and health and safety, it safeguards and maximises the social licence it has to operate. In so doing, the Company aims to be seen as a clear force for good in the countries in which it operates, with strong support from its local communities, workforce and governments.
Partner risk The Group could be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments.	The Board's current policy is to maintain control of certain key projects so that it can control the pace of exploration and reduce partner risk. For projects where other parties are responsible for critical payments and expenditures, the Company's agreements require that such obligations are met in a timely manner.
Financing and liquidity risk Liquidity risk is the risk that the Company will not be able to raise working capital for its ongoing activities. The Group is fully funded for the initial stage of its heap leach project at Mimbula up to 10ktpa production and will in due course seek additional financing to expand the scope of the operation to 50ktpa. There is a risk that such funding might not be secured and that the expansion may not be possible.	The Company has good relations with a wide range of investors and has a supportive shareholder base (as evidenced by the over-subscribed share placing which was completed in June 2021). The Company is therefore confident that it will be able to raise the additional funding it requires. In the event that financing proves challenging, or takes longer than expected, the Company will begin production on the heap leach at a reduced scale. Even at lower production levels, Mimbula is forecast to be highly cash-generative, allowing the Company to meet its ongoing obligations.

Internal Controls and Risk Management

The Directors are responsible for the Group's system of internal financial controls. Although no system of internal financial controls 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 and expeditiously.

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.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

Forward-Looking Statements

This Annual Report may contain certain statements and expressions of belief, expectation or opinion which are forward-looking statements and which relate, inter alia, to the Company's proposed strategy, plans and objectives or to the expectations or intentions of the Directors. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from such forward-looking statements.

On behalf of the Board, 27 May 2022

Paul Thomson
Chief Financial Officer

Group Information

Company Secretary	Narjess Naouar (replaced Paul Thomson on 16 May 2022. Paul Thomson replaced Jim Wynn on 7 February 2022)
Registered Company Number	08761494
Registered Office	Salisbury House London Wall London EC2M 5QQ United Kingdom
Bankers	Barclays 1 Churchill Place London E14 5HP United Kingdom
Auditor	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Registrars	Computershare The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom

Directors and Company Secretary

Peter Wynter Bee
Chairman and Director

Lawyer, formerly adviser to the Board of ZincOx Resources Limited and prior to that, KPMG.

Previously in gold and copper in Zambia and Zimbabwe with Reunion Mining Plc and the Skorpion zinc mine in Namibia, which was sold to Anglo-American as well as the Shaimerden project in Kazakhstan, sold to Glencore.

Alan Davies
Chief Executive Officer and Director

20 years with Rio Tinto most recently as Chief Executive, Energy & Minerals, previously Chief Executive, Diamonds & Minerals and Chief Financial Officer of Rio Tinto Iron Ore.

Fellow of the Institute of Chartered Accountants in Australia. Previously Non-executive Director of Rolls Royce Holdings Plc and currently Non-executive Director of Ioneer Ltd.

Dr Rod Beddows
Non-Executive Director

More than 35 years' experience as a strategy consultant and financial adviser to mining, metal processing and steel companies.

Previously co-founder and CEO of HCF Advisers, and founder and Chairman of Beddows and Co, a leading consultancy group to the steel industry. Previously a director of a number of companies, both public and private, in the global metals and mining sectors including Hatch Associates. He has recently been deeply involved with a number of ferrous sector businesses in their development of pathways and funding models to meet the challenge of CO_2 reduction.

Gautam Dalal
Non-Executive Director

Chartered Accountant with over 30 years of experience with KPMG London, including as a partner between 1990 to 2010, and as head of its Indian operations.

Also a Non-executive Director and Vice-Chairman of the Barts Health NHS Trust and a Non-Executive Director of Camellia plc.

Warren Gilman
Non-Executive Director

Mining engineer by training and former Chairman and CEO of CEF Holdings Ltd from 2011 to 2019. Co-founded CIBC's Global Mining Group in 1988. During his 26 years at CIBC, ran the mining investment banking teams in Canada, Australia, and Asia, and served as Managing Director and Head of the Asia Pacific Region for 10 years, latterly as Vice Chairman for CIBC World Markets.

In 2020, founded Queen's Road Capital Investment Ltd where he is Chairman and CEO. He is a board member of NYSE/TSX-listed NexGen Energy Ltd, AIM admitted Chaarat Gold Holdings Ltd, Toronto listed Aurania Resources Ltd and Los Andes Copper Ltd and New York listed Gold Royalty Corp.

Paul Thomson
Chief Financial Officer and Director

Chartered Accountant with over 25 years of experience in natural resources and mining as a financial adviser and CFO of listed mining companies.

Former roles include CFO at Golden Star Resources, CFO at Berkeley Energia, CFO at Aureus Mining, M&A and Business Development at Kazakhmys PLC, Director at World Gold Council and EY.

Narjess Naouar
General Counsel and Company Secretary

Dual qualified English and French lawyer with 14 years of experience as corporate counsel in the mining industry, establishing and managing the legal function of listed mining companies operating in West Africa.

Before joining Moxico, was General Counsel of Golden Star Resources. Prior to that, she led the legal functions of Afferro Mining, Aureus Mining, Stellar Diamonds and GB Minerals.

Report of the Directors

The Directors submit their report and the audited financial statements of the Company and Group for the year ended 31 December 2021.

The Directors who served in the year were as follows:

Peter Wynter Bee	Chairman and Director
Alan Davies	Chief Executive Officer and Director
Rod Beddows	Non-executive Director
Gautam Dalal	Non-executive Director – Appointed 1 February 2021
Warren Gilman	Non-executive Director – Appointed 1 December 2021

Directors' responsibilities

The Directors are responsible for preparing the strategic report, the directors' report/annual report and the financial statements in accordance with applicable laws and regulations.

The Company is governed by the Companies Act 2006 which requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the group and company financial statements in accordance with UK adopted international accounting standards. In accordance with the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these Financial Statements, the Directors were subject to the following requirements:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- ensure the Financial Statements have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and Dividends

The Group's consolidated loss for the year is disclosed in the Financial Performance Review section of the Strategic Report. The Directors do not recommend the payment of a dividend and the consolidated loss for the period will be transferred to the accumulated retained losses in the Financial Statements.

Future Developments

Future plans and developments for the Group are discussed in the Chief Executive's Review.

Streamlined Energy and Carbon Reporting for Businesses

Streamlined Energy and Carbon Reporting ("SECR") regulations came into effect on 1 April 2019 and require large, unquoted companies whose annual consumption of energy in the UK exceeds 40 megawatt hours ("MWh") to report on energy and carbon information. Moxico does not qualify as a large unquoted company due to its UK operations (consisting of a small office with six employees) consuming considerably less than 40 MWh, and therefore is not subject to any disclosure requirements in relation to SECR.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are fully disclosed in the Strategic Report. In addition, the Group's capital management policies and procedures, and management of financial risks, are disclosed in note 1.4 'Financial instruments – risk management'.

Events after the reporting date

During 2022, the Company completed an equity placement raising US$85.3 million through the issue of 130,507,493 ordinary shares at 50 sterling pence per ordinary share. This means that the Company will continue to have sufficient liquid resources for the duration of the construction phase until such time as the Mimbula project becomes cashflow-generating, which is forecast to be in September 2022.

The Group is also in advanced discussions with a number of offtakers in respect of our planned production.

Events after the reporting date are further set out in note 24.

Auditor

BDO LLP have signified their willingness to continue in office in accordance with Section 489 of the Companies Act 2006. A resolution to reappoint them will be proposed at the forthcoming General Meeting.

On behalf of the Board, 27 May 2022

Alan Davies
Chief Executive Officer

Independent Auditor's Report
To the Members of Moxico Resources Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Moxico Resources plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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 and 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report , other than the financial statements and our auditor's report thereon. Our opinion on the 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.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement , the Directors are responsible for the preparation of the 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 financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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's activities and considered the laws and regulations of the UK and Zambia to be of significance in the context of the Group audit. In doing so, we made inquiries of management and the Board, considered the Group's control environment as it pertains to compliance with laws and regulations and considered the activities of the Group. We determined the most significant laws and regulations to be Companies Act 2006, elements of the reporting framework, tax legislation and Zambian licensing and environmental regulations.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We made inquiries of management and the Board and reviewed Board and Committee minutes to identify any instances of irregularities or non-compliance.
- We agreed the financial statement disclosures to underlying supporting documentation and performed detailed testing on accounts balances which were considered to be at a greater risk of susceptibility to fraud.
- In addressing risk of management override of control, we performed testing of general ledger journal entries to the financial statements, including verification of journals which we consider exhibit higher fraud risk characteristics based on our understanding of the Group. This included testing journals direct to cash and expenses, which are outside of the normal purchase to pay cycle.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Acloque (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55, Baker Street, London, United Kingdom
27 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 US$'000	2020 US$'000
Revenue		16,754	6,640
Sales costs		(1,663)	(501)
Production costs		(13,834)	(7,505)
Gross margin		**1,257**	**(1,366)**
Exploration expenses		(177)	(159)
Administrative expenses	4	(9,920)	(6,279)
Transaction fees		–	(788)
Share-based payments	21	(1,622)	(592)
Operating loss		**(10,462)**	**(9,184)**
Finance costs		(2,697)	(1,594)
Finance income		–	36
Foreign exchange (losses)/gains		(1,920)	119
Loss from operations before tax		**(15,079)**	**(10,623)**
Taxation	6	(57)	(9)
Net loss		**(15,136)**	**(10,632)**
Loss for the year attributable to:			
Equity holders of the parent company		(14,027)	(10,181)
Non-controlling interest	17	(1,109)	(451)
		(15,136)	**(10,632)**

	Notes	2021 US$'000	2020 US$'000
From continuing operations			
Basic and diluted loss per ordinary share (cents)	7	(2.92)	(2.78)
Loss for the year		**(15,136)**	**(10,632)**
Other comprehensive income			
Total comprehensive loss for the year		**(15,136)**	**(10,632)**
Total comprehensive loss for the year attributable to:			
Equity holders of the parent company		(14,027)	(10,181)
Non-controlling interest		(1,109)	(451)
		(15,136)	**(10,632)**

The notes on pages 28 to 47 of the Financial Statements form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2021

Company Registration Number 08761494

	Notes	2021 US$'000	2020 US$'000
Assets			
Current assets			
Trade and other receivables	8	6,296	2,686
Inventories	9	–	3,015
Cash and cash equivalents	10	39,255	5,258
		45,551	10,959
Non-current assets			
Property, plant & equipment	11	60,086	40,349
Intangible assets	12	10,515	9,099
Investment in associate	13	244	244
		70,845	49,692
Total assets		**116,396**	**60,651**
Liabilities			
Current liabilities			
Trade and other payables	14	(6,159)	(7,822)
Loans and borrowings	15	(6,901)	(3,148)
Deferred consideration	16	(1,250)	(1,328)
Contingent consideration	16	–	–
		(14,310)	(12,298)
Non-current liabilities			
Trade and other payables		(59)	(7)
Loans and borrowings	15	(2,306)	(2,604)
Deferred Consideration	16	(4,883)	(5,575)
Contingent consideration	16	(3,008)	(5,798)
Total liabilities		**(24,566)**	**(26,283)**
NET ASSETS		**91,830**	**34,368**
Share capital	19	777	512
Share premium	19	121,657	50,668
Foreign exchange reserve	20	(352)	(352)
Share-based payment reserve	20, 21	2,465	843
Retained losses		(32,404)	(18,377)
		92,143	33,294
Non-controlling interest	17	(313)	1,074
TOTAL EQUITY		**91,830**	**34,368**

Approved by the Directors on 27 May 2022.

Alan Davies
Chief Executive

The notes on pages 28 to 47 of the Financial Statements form an integral part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital US$'000	Share premium US$'000	Foreign exchange reserve US$'000	Share-based payment reserve US$'000	Retained losses US$'000	Equity holders of parent US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2020	**489**	**44,284**	**(932)**	**251**	**(8,196)**	**35,896**	**2,105**	**38,001**
Share-based payments	–	–	–	592	–	592	–	592
Issue of share capital (note 19)	23	6,384	–	–	–	6,407	–	6,407
Transactions with owners	**23**	**6,384**	**–**	**592**	**–**	**6,999**	**–**	**6,999**
Loss for the year	–	–	–	–	(10,181)	(10,181)	(451)	(10,632)
Reallocation of fx loss to non-controlling interest	–	–	580	–	–	580	(580)	–
Other comprehensive income								
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**580**	**–**	**(10,181)**	**(9,601)**	**(1,031)**	**(10,632)**
Balance at 31 December 2020	**512**	**50,668**	**(352)**	**843**	**(18,377)**	**33,294**	**1,074**	**34,368**
Share-based payments	–	–	–	1,622	–	1,622	–	1,622
Issue of share capital (note 19)	265	70,989	–	–	–	71,254	–	71,254
Capital increase from non-controlling interest	–	–	–	–	–	–	(278)	(278)
Transactions with owners	**265**	**70,989**	**–**	**1,622**	**–**	**72,876**	**(278)**	**72,598**
Loss for the year	–	–	–	–	(14,027)	(14,027)	(1,109)	(15,136)
Other comprehensive income								
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(14,027)**	**(14,027)**	**(1,109)**	**(15,136)**
Balance at 31 December 2021	**777**	**121,657**	**(352)**	**2,465**	**(32,404)**	**92,143**	**(313)**	**91,830**

The notes on pages 28 to 47 of the Financial Statements form an integral part of these Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 US$'000	2020 US$'000
Loss for the period		**(15,136)**	**(10,632)**
Adjustments for:			
Depreciation and amortisation	11	1,044	462
Share-based payments	21	1,622	592
Add back: finance costs in income statement		2,697	1,594
Operating finance costs		(56)	(22)
Add back: foreign exchange loss/(gain) in income statement		1,922	(119)
Operating foreign exchange costs		16	(25)
Cash from operations before working capital changes		**(7,891)**	**(8,150)**
(Decrease)/increase in trade and other payables	14	(2,082)	7,088
Increase in trade and other receivables	8	(3,610)	(2,319)
Increase in inventory	9	3,015	(3,015)
Net cash flow used in operating activities		**(10,568)**	**(6,396)**
Investing activities			
Capitalised exploration and evaluation expenditure	12	(1,694)	(1,904)
Purchase of property, plant and equipment	11	(19,760)	(1,925)
Deferred consideration	16	(1,368)	(6,322)
Net cash used in investing activities		**(22,822)**	**(10,151)**
Financing activities			
Proceeds from loan funding	15	–	4,978
Loan repayments	15	(2,399)	–
Finance costs		–	(102)
Proceeds from issue of ordinary shares	19	73,643	6,371
Costs of issuing new shares	19	(1,925)	–
Net cash received from financing activities		**69,319**	**11,247**
Net increase/(decrease) in cash and cash equivalents		**35,929**	**(5,300)**
Cash and cash equivalents at start of year	10	5,258	10,321
Exchange differences on cash and cash equivalents		(1,932)	237
Cash and cash equivalents at end of year	**10**	**39,255**	**5,258**

The notes on pages 28 to 47 of the Financial Statements form an integral part of these Financial Statements.

Notes to the Group Financial Statements

For the year ended 31 December 2021

1. Accounting policies

1.1. Statutory information

Moxico Resources plc ("Moxico" or the "Company", and together with its subsidiaries, the "Group") is a public company limited by shares, registered in England and Wales (registration number 8761494), whose registered address is Salisbury House, London Wall, London EC2M 5QQ, United Kingdom.

1.2. Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated and Company financial statements for the year ended 31 December 2021 (the "Financial Statements") are set out in note 1. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated and Company Financial Statements are presented in US dollars which is also the functional currency of the Company and all subsidiaries in the Group.

The consolidated and Company Financial Statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The preparation of Financial Statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the Financial Statements and their effect are disclosed in note 1.3.

As permitted by section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented as part of these Financial Statements.

Changes in accounting policy and disclosures

a) Standards, amendments and interpretations effective in future periods

As at the date of authorisation of these Consolidated Financial Statements, the following new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The Group accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the balance sheet. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. There will be no impact on retained earnings on adoption of the amendments.

- **Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)**

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. At 31 December 2021 the Group did not have any onerous contracts.

- **Other standards -**

The following new and amended standards are not expected to have a significant impact on the Group's financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16);
- Annual improvements to IFRS Standards 2018-2020;
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8).

Management anticipates that all the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

- **International accounting standards**

On 31 December 2020, IFRS as adopted by the European Union at that date were incorporated into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting as a result of the transition.

- **Basis of measurement**

The consolidated and Company Financial Statements have been prepared on a historical cost basis, except for the fair valuing of share-based payments.

- **Basis of consolidation**

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets, liabilities, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated Financial Statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

- **Going concern and impact of the COVID-19 pandemic**

As at 30 April 2022, the last practicable date before the publication of these financial statements for the year ended 31 December 2021 (the "Financial Statements"), the Group had a cash balance of US$96.4 million. The Company intends to partly use these funds in the coming months to complete the construction of Phase 1 (the 10ktpa heap leach project) at Mimbula.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors consider that the Group has sufficient funds to undertake its operating activities for a period of at least the next 18 months, including any additional expenditure required in relation to its current exploration and development projects.

The construction of the 10ktpa heap leach project at Mimbula is fully funded, following the equity raise of US$85 million completed in May 2022. This means that the Company will continue to have sufficient liquid resources for the duration of the construction phase until such time as Mimbula becomes cashflow-generating, which is forecasted to occur in September 2022.

A portion of those funds raised during the year will be used to expand the 10kpta plant to 50ktpa (Phase 2) and the Phase 2 construction will not commence until such point that further equity fundraising and/or other funding is secured. The Group plans to commit to long lead items before the next financing completes; however, this will only be done with reference to the available cash balance following the completion of the Phase 1 construction process and the steady-state Phase 1 production.

The Group's general and administrative ("G&A") cash burn is approximately US $0.6 million per month, excluding exceptional costs. Should the Group not enter into Phase 1 commercial production following the completion of the construction of Phase 1 (the 10ktpa heap leach project) at Mimbula, the Group would have sufficient funding in place to continue to fulfil its obligations for a period greater than 12 months.

The Group has also taken into account other potential reasonable downside scenarios, including the failure to secure further funding to complete Phase 2 of Mimbula, cost overruns in the construction of Phase 1, and the aforementioned scenario whereby the Group does not enter commercial production at the point in time that the Phase 1 construction is completed. In all of these scenarios, the Group's obligations would continue to be able to be fulfilled for the going concern period.

In forming their view, the Directors have considered the impacts of the COVID-19 pandemic related restrictions and potential future delays on the work schedule. Whilst the potential future impacts are unknown, the Board has considered the effect that additional delays in the work schedule could have on the Group's available cash resources. Similarly, the Directors also considered the impact of the conflict in Ukraine and its potential consequences. Having factored in reasonably plausible scenarios and reasonable mitigating actions (for example, the ability to reduce its uncommitted future expenditure), the Directors consider sufficient cash balance reserves are maintained under each scenario and that the Group will be able to meet its obligations as they fall due.

Accordingly, the Directors have concluded that these circumstances form a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

1.3. Critical accounting judgements and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting judgements

- **Carrying Value of Mimbula and Zuka**

Production of copper from the Mimbula and Zuka sites commenced in April 2020, consisting of the contract haulage of surface stockpiles to the nearby KCM Nchanga processing plant for toll-treatment. This early phase of production was commenced using predominantly local contractors for the ore transportation, and KCM were paid on a per tonne basis for processing the material.

The Mimbula and Zuka assets were deemed to have moved from being a development project to a production mine with effect from April 2020, and their carrying values were transferred from intangible to tangible fixed assets.

In September 2021, production was suspended in order to allow the Company to focus on the construction of the Mimbula heap leach project. Although this change in operation had been the intention for some time, it nevertheless represented a change in operational approach and therefore triggered the requirement to undertake an impairment review.

1. Accounting policies (continued)

The initial stage of the Mimbula heap leach project consists of a 10ktpa heap leach SX/EW facility. Work commenced on this in earnest in July 2021, and is expected to be completed in mid-2022, with copper production ramping up in H2 2022.

The value of Mimbula has been calculated as the Fair Value less Costs to Sell (“FVLCTS”). Mimbula and Zuka are considered a single Cash-Generating Unit (“CGU”) on the basis that the orebody forms a single deposit, which will undergo processing via the same production route.

The Company intends to expand the facility at Mimbula to a capacity of 50ktpa through the addition of an agitated leach circuit, as well as a cobalt recovery circuit. The financing for this expansion is expected to be finalised in time for work to commence in H2 2022.

The cashflows for the 50ktpa indicated a value for the Mimbula asset considerably in excess of its carrying value. Sensitivity analysis was also undertaken, including varying the copper price and production assumptions, and showed that the economics of the 50ktpa project were able to support the carrying value of the asset under all realistic downside scenarios.

The Board therefore concluded that no impairment was appropriate.

- **Impairment assessment of intangible assets**

In accordance with the accounting policy stated in note 1.6, the Group performs an assessment of the recognition and recoverability of intangible assets to see whether there exists an indication that any of the Group’s exploration expenditures have suffered impairment. This assessment is dependent upon management’s judgement as to the existence of impairment indicators in respect of the various exploration projects.

At the end of 2021, the Group held intangible assets totalling US$9.1 million relating to the historic spend incurred on the Group’s exploration and mining assets. These projects, which included the Kalengwa licence (which had previously been the subject of a legal dispute now resolved fully in Moxico’s favour), are considered to be early-stage development projects with good prospectivity. No licences or permits are expected to be discontinued or not renewed, all permits have active exploration plans in place, have good prospects of being economically exploited and are likely to confer economic benefit to the Group in excess of their carrying value. Management accordingly did not consider there to be any indications that an impairment would be appropriate for these assets.

- **Determination of control of subsidiaries and joint arrangements**

The consolidation of the results of subsidiaries and joint arrangements represents a judgement based on the degree of control exercised by the Company over those entities. In arriving at this judgement, the Company takes into consideration the legal arrangements and agreements governing the operation of the underlying assets, the percentage ownership and rights pertaining to the appointment of board representatives. The Company has concluded that all subsidiaries in which it holds an interest of greater than 50% are under its control and are consolidated.

Key sources of estimation uncertainty

- **Mineral resources and reserves**

The major value associated with the Company’s exploration and mining projects (particularly Mimbula) is the value of its mineral resources and reserves.

Mimbula is underpinned by the Mimbula and Zuka deposits, which together account for a JORC resource of 93.7 million tonnes of ore grading at 0.97% Total Copper (“TCu”).

The other projects, including OB18, Kalengwa and other projects in the Chingola and Mufumbwe clusters, do not yet have JORC-defined resources or reserves but have exploration information that has been gathered by the Group’s experienced geological teams, including drilling, surface sampling, and other mapping techniques.

The value of the resources and reserves has an impact on the Group’s accounting estimates in relation to depreciation and amortisation, impairment of assets and the assessment of going concern of the Mimbula property. They are the Group’s best estimate of product that can be economically and legally extracted from the relevant mining property.

Resource and reserve estimates may vary from period to period. This judgement has a significant impact on impairment consideration and the period over which capitalised Mine Development are depreciated within the Financial Statements.

- **Trident royalty**

On 28 June 2020, a royalty agreement (the “Royalty Agreement”) was entered into between Trident Resources Plc (“Trident”), Mimbula Minerals Ltd, Moxico Resources Zambia Limited and the Company. Under the terms of the Royalty Agreement which came into force on 1 July 2020, Trident paid US$5 million to Moxico, in return for which the Company agreed to pay a royalty of 1.5% of gross revenues deriving from production from the Mimbula and Zuka licence areas on a quarterly basis, until such time as payments totalling US$5 million have been made to Trident, at which point the royalty rate will drop to 0.3%. In the event that cumulative copper production from Mimbula and Zuka exceeds 575,000 tonnes, the rate will drop further to 0.2%.

The Company has determined that the facility is a financial liability in accordance with IFRS 9 on the basis that it represents a contractual obligation to pay a cash settlement. The interest implicit in the Royalty Agreement is based on the internal rate of return derived by calculating the expected total payments to be made over the life of the Mimbula and Zuka deposits, compared with the US$5 million advanced by Trident at the start.

This interest is then unwound over the duration of the expected duration of the royalty obligation.

Estimations included in these assumptions comprise the total production of copper from the Mimbula and Zuka projects, the timing of the production and forecast copper prices based on market consensus. In evaluating the liability associated with Trident, the Company used the expanded 50ktpa production scenario, on the basis that this represented management’s intentions, even if, at the time of publication of this report, the financing for this project had not been put in place.

- **Deferred and contingent consideration**

The Group has recognised the present value of deferred and contingent consideration in respect of a number of its assets (see note 16).

The value of contingent consideration payments can depend on a number of factors, including the performance of the underlying asset, the timing of milestones being reached, and the discounting factors, which are based on the estimated cost of similar borrowing. These represent estimates and uncertainties which may prove to be materially different in future periods.

The value of deferred consideration payments are contingent only on the passage of time, with an agreed undiscounted value and fixed timing.

The Mimbula Deferred Consideration represents the present value of future payments in respect of the Mimbula permit whereas the Mimbula Contingent Consideration represents the present value of future payments made out of cash flows generated from the production of copper ore.

- **Share-based payments**

Share-based payments represent the fair value of shares issued to employees of the Company, calculated on the number of share options, the grant date and exercise price, and calculated on the basis of a Black-Scholes model whose input assumptions are derived from market and other estimates. The key estimates include volatility rates and the expected life of options.

1.4. Financial instruments – risk management

Capital management policies and procedures

The Group's capital management objectives are:

- to increase the value of the assets of the business;
- to provide an adequate return to shareholders in the future when assets are developed and taken into production; and
- to ensure the Group's ability to continue as a going concern.

The impact of the risks required to be discussed in accordance with IFRS 7 are detailed below, supported by a specific explanation of these risks in the Strategic Report.

Liquidity and funding risk

The objective of the Group in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due.

Credit risk

The Group's credit risk is primarily attributable to its other receivables. It is the policy of the Group to present the amounts in the statement of financial position net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group does not have a large number of counterparties and customers and as such, has a significant concentration of credit risk.

Foreign exchange risk

The Group's transactional foreign exchange exposure arises from expenditure, and the purchase of assets denominated in foreign currencies. As each material commitment is made, the risk in relation to currency fluctuations is assessed by the Board and regularly reviewed. The Group does not have a hedging programme in place at this time.

Interest rate risk

The Group is not exposed to significant interest rate risk in respect of the cash balances held with banks and other highly rated counterparties.

1.5. Non-controlling interests

For business combinations, the Group has the choice, on a transaction-by-transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value.

The Group has not elected to take the option to use fair value in acquisitions completed to date.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Non-controlling interests are accounted for when applicable if mineral assets are acquired through the acquisition of non-operational corporate entities.

1.6. Impairment

Assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. 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. In accordance with the requirements of IFRS 6, 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 which 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the year.

1. Accounting policies (continued)

1.7. Foreign currency

Transactions entered into by Group entities in a currency other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings which serve as a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

1.8. Financial instruments

Financial instruments are measured as set out below. Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables and loans to Group companies.

Financial instruments are initially recognised at fair value when the group becomes a party to their contractual arrangements. Transaction costs directly attributable to the instrument's acquisition or issue are included in the initial measurement of financial assets and financial liabilities, except financial instruments classified as at fair value through profit or loss ("FVTPL"). The subsequent measurement of financial instruments is dealt with below.

- **Financial assets**

On initial recognition, a financial asset is classified as:

- Amortised cost;
- Fair value through other comprehensive income ("FVTOCI") - equity instruments; or
- FVTPL.

The Group does not currently have any financial assets classified as FVTOCI or FVTPL.

- **Amortised cost**

Financial assets are those that arise principally from assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of 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.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains or losses, together with foreign exchange gains or losses. Impairment losses are presented as a separate line item in the statement of profit or loss. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains or losses in the period in which it arises. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in profit or loss.

Financial assets at amortised cost consist of trade receivables and other receivables (excluding taxes), cash and cash equivalents, and related party intercompany loans.

Impairment provisions for receivables and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

- **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments with a maturity of three months or less at the date of purchase and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

- **Financial liabilities**

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

- **Fair value through profit or loss**

The Group does not currently have any financial liabilities carried at fair value through profit and loss.

- **Other financial liabilities**

Accounts payable and other short-term monetary liabilities are initially recognised at fair value, which equates to the transaction price, and subsequently carried at amortised cost using the effective interest method.

- **Loans and Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

1.9. Deferred and contingent consideration

Deferred consideration is treated as a financial instrument to the extent that it constitutes a financial obligation to make fixed cash payments at future dates. It is initially recognised at fair value and subsequently measured at amortized cost.

Contingent consideration is contingent on production and future cash flows generated from the production of copper ore. It is recognized as a provision, when it is considered probable that outflow of resources will be required to settle the obligation and a sufficiently reliable estimate of the amount of the obligation can be made. Contingent consideration is measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the deferred and contingent liabilities due to passage of time is recognised as finance cost. For contingent consideration, changes in the liabilities due to changes in the timing or amount of the expected expenditures are accounted for as changes in the cost of the mineral asset acquired.

1.10. Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

1.11. Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period.

Non-market vesting conditions are accounted for by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

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

Where the 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 consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

1.12. Capitalised exploration and evaluation costs and mining rights

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred. Subsequent to the legal rights being obtained, all costs related to the exploration of mineral properties are capitalised on a project-by-project basis and deferred until either the properties are demonstrated to be commercially viable or until the properties are sold, allowed to lapse or abandoned, at which time any capitalised costs are written off as an amortisation charge to the income statement. Costs incurred include appropriate technical and administrative overheads and depreciation but not general overheads. Deferred exploration costs are carried at cost, less any impairment losses recognised.

At such time as commercial feasibility is established, and a development decision is reached, the costs associated with that property will be transferred to and re-categorised as Projects in Construction and upon commercial production being achieved, re-categorised as Fixed Assets (Mine Development).

All expenditure identified by the Group as relating to the acquisition and maintenance of mining rights is capitalised as intangible fixed assets. Expenditure contracted for on contingent and deferred consideration terms is accounted for at the present value of the estimated consideration payable.

Property, plant and equipment used in the Group's exploration activities are separately reported.

1.13. Taxation

Current taxation

Current taxation is the tax currently payable based on taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

1. Accounting policies (continued)

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1.14. Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions (see rehabilitation provision below).

Mine development costs are included within property, plant and equipment. These costs include the costs attributable to the establishment of mining and processing operations, such as pre-stripping activities, dewatering, groundworks, and site preparation.

Depreciation is provided on all other items of property, plant and equipment, so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

- Mine development – unit of production basis (based on ore mined as a proportion of reserves)
- Plant and machinery - 10% per annum straight line
- Mining fleet – 20% per annum straight line
- Office equipment - 25% per annum straight line
- Motor vehicles - 20% per annum straight line

1.15. Segmental information

An operating segment is a component of the Group engaged in exploration, evaluation or production activity that is regularly reviewed by the Chief Operating Decision Maker ("CODM") for the purposes of allocating resources and assessing financial performance. The CODM is considered to be the Chief Executive Officer. The Group currently has only one primary business activity namely the exploration for and development of copper projects in Zambia.

1.16. Joint arrangements and earn-in agreements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either: (a) joint ventures: where the Group has rights to only the net assets of the joint arrangement; (b) 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: (a) the structure of the joint arrangement; (b) the legal form of joint arrangements structured through a separate vehicle; (c) the contractual terms of the joint arrangement agreement; and (d) 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. If the interest is deemed to be a joint venture, the Group accounts for it using equity accounting.

The contractual rights under earn-in arrangements are deemed to have been met when the conditions of the earn-in right have been met.

1.17. Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

1.18. Acquisition of Mineral Exploration Licences

The acquisition of Mineral Exploration Licences through acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, is accounted for as the acquisition of an asset and recognised at the fair value of the consideration. Related future consideration if contingent is recognised if it is considered that it is probable that it will be paid.

1.19. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application, 1 January 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Amounts payable for leases covered by the short-term exemption are charged to the income statement on a straight-line basis over the term of the relevant lease

1.20. Revenue recognition

The Company's policy for revenue recognition is based on IFRS 15, which establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

The Company is primarily a producer and seller of copper cathode, and although other metals and minerals may be sold in the future as by-products or additional sources of revenue, in 2021 and 2020 copper salves were the single source of revenue.

Copper sales during the year were made under the terms of an offtake agreement, and future copper sales are also likely to be subject to similar agreements (although the Company may use different offtake partners as appropriate). These agreements are the contracts which determine the enforceable rights and obligations between the Company as vendor and its customer.

The performance obligation under the existing offtake agreement is satisfied and associated revenue from customers is recorded when title for the copper is transferred to the offtake partner. This transfer takes place at the gates of the refinery. On transfer of title, control is considered to have passed to the customer with the Company having right to payment, but no ongoing physical possession or involvement with the concentrate, legal title and risk having transferred.

The price for each shipment is initially based on the weight and quality of copper as assessed at the time of the collection from the refinery, and is normally based on an average of five days' copper prices quoted on the London Metals Exchange ("LME"). The Company receives 95% of the value of the export at the time of collection, based on this pricing.

The copper is transported by the offtaker by road to a seaport. On arrival at the port, the export is reweighed to determine a final weight. The Company has the right to fix a final price based on LME prices during a 30-day period following the transfer of title to the offtaker. A final value of the product is then determined based on the final weight and price, and a balancing payment, net of any deductions, is made to the Company.

The Company recognises revenue for the sale of the product initially at the time of transfer of title (when the goods are collected at the refinery) based on 100% value of that shipment. An adjustment for the final price and weight determination is recognised at a later point when those amounts are finalised.

The Company believes it appropriate to recognise the majority of the revenue at the point of transfer of title as it has met its performance obligations, the adjustments due to final price and weight are not expected to be significant, and that legal title, risk and control over the product has transferred entirely to the offtaker at that point.

1.21. Production inventory

Production inventory (whether Run of Mine ("RoM") ore, ore in circuit, or copper cathode not yet sold) is valued at the lower of historic cost and net realisable value. Historic cost is based on an allocation of mining costs and (in the case of unsold copper) processing costs incurred in bringing the stock items to their finished condition for transportation at the period end (including mining costs, haulage costs to the processing plant, and processing costs).

Realisable value is based on an estimate of selling price less any shipment costs, royalties, and other fees to be incurred in the course of the sales process. Inventory stockpile costs do not include an allocation of support costs.

Inventory spares (including tools, parts for equipment, and stocks of consumables) are also valued at the lower of historic cost and realisable value, where material. Spares are reviewed at each period end for obsolescence, with provisions applied to those stock lines whose value in use and re-sale value is uncertain.

1.22. Rehabilitation provision

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate of the rehabilitation costs in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

A provision for future restoration costs has been recognised at 31 December 2021 in the amount of US$59,000 (2020: US$4,000), based on the minimal levels of disruption incurred as a result of mining activities to that point, which had largely been restricted to the removal of historic surface stockpiles, site clearing and initial earthworks and civils in relation to the heap leach project. At year end, no significant structures or plant items had been erected.

2. Operating loss

The table below states those charges and credits included within operating loss.

	2021 US$'000	2020 US$'000
Operating loss is stated after charging:		
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Group accounts	178	113
Fees payable to the Company's auditors for tax services	57	9
Fees payable to other external auditors for the audit of subsidiary accounts	44	41
Depreciation of owned property, plant and equipment	1,044	462
Share-based payments	1,622	592

Fees payable to the Company's auditors (BDO LLP) for the audit of the Group accounts were US$178,000 (2020: US$113,000). Fees payable to the subsidiary auditors (Grant Thornton LLP) were US$44,000 (2020: US$41,000).

3. Directors and employees

Total employee costs in the year were as follows:

	2021			2020		
US$'000	**Admin-istration**	**Production**	**Total**	**Admin-istration**	**Production**	**Total**
Salaries	4,285	1,482	5,767	3,105	447	3,552
Pension contributions	222	51	273	116	11	127
Social security costs	525	12	537	287	2	289
Share-based payments	1,456	167	1,623	592	–	592
Total	**6,488**	**1,712**	**8,200**	**4,100**	**460**	**4,560**

The average number of employees in the Group (including Directors) during the year was 276 (2020: 44) while the average number of employees in the Parent company (including Directors) during the year was 8 (2020: 6).

The average number of employees in the Group (including Directors) during the year is split as follows:

	2021	2020
Administration	79	17
Production	197	27
Total	**276**	**44**

Key Management employment costs in the year were as follows:

	2021 US$'000	2020 US$'000
Short term employment benefits	3,734	2,197
Post-employment benefits	176	75
Share-based payment benefits	1,395	527
Short term employee benefits	**5,305**	**2,799**

Key management personnel are deemed to include executive and non-executive Directors, and the Chief Financial Officer. Total Directors' remuneration in the year was US$3.5 million (2021: US$2.1 million). The highest paid Director received US$1.9 million in 2021 (2020: US$1.1 million).

The Directors and key management personnel in office at the end of the year and their shareholdings at 31 December 2021 are shown in the table below.

	2021		2020	
	Ordinary Shares	Options	Ordinary Shares	Options
Alan Davies[1]	7,886,902	41,500,000	7,726,501	35,500,000
Peter Wynter Bee[2]	14,393,414	8,000,000	14,950,229	4,000,000
Rod Beddows[3]	2,840,380	650,000	2,500,000	500,000
Gautam Dalal	7,666,667	150,000	n/a	n/a
Warren Gilman	2,469,317	–	n/a	n/a
Jim Wynn	182,972	1,000,000	157,972	750,000
	35,439,652	**51,300,000**	**25,334,702**	**40,750,000**

1 *2,284,834 ordinary shares were held in the name of AJD Capital and Advisors Ltd, a company in which Mr. Davies is a director and holds a material interest.*

2 *3,553,854 ordinary shares were held in the name of Wynter Bee Resources Limited (formerly Wynter Bee Consulting Limited), a company in which Mr. Wynter Bee is a director and holds a material interest. A further 3,985,998 shares were held in the name of Sarah Wynter Bee being the spouse of Peter Wynter Bee.*

3 *500,000 ordinary shares are held in the name of Devonian Ventures Ltd, a company in which Rod Beddows is a director and holds a material interest.*

Further details of employees' and directors' share options can be found in note 21.

4. Administration costs

Included in Administration are the following costs:

	2021 US$'000	2020 US$'000
Staff and other employee costs	4,866	3,298
Professional fees	3,147	1,836
Office and other overheads	1,987	1,145
	9,920	**6,279**

5. Related party transactions

There were no transactions with related parties during the year, nor amounts outstanding due to related parties at 31 December 2021. The Directors and management personnel are only key management members as defined by IAS – 24 Related Party Disclosures.

6. Taxation

Analysis of tax charge
There was no liability to tax in the Group for the year (2020: US$nil).

The tax assessed for the year is lower than the standard rate of tax in the UK of 19% (2019: 19%).

The differences are explained as follows:

	2021 US$'000	2020 US$'000
Loss on ordinary activities before tax	(15,079)	(10,623)
Loss on ordinary activities at corporation tax in the UK of 19%	(2,865)	(2,018)
Effect of:		
Different tax rates in overseas jurisdictions (35% in Zambia)	(1,376)	(510)
Disallowed expenses	992	305
Accelerated capital allowances	1	1
Deferred tax assets not recognised in respect of losses	3,248	2,222
Other taxes	57	9
Current income tax charge for year	**57**	**9**

6. Taxation (continued)

At the year end, the Group had accumulated trading losses of US$37.6 million (2020: US$23.1 million) of which US$14.2 million (2020: US$13.2 million) were derived from UK operations and US$23.2 million (2020: US$9.8 million) from activities in Zambia, with US$0.2 million (2020: US$0.1) being losses in other jurisdictions. The prior year figures for accumulated losses have been restated to include the correct figure of losses. Accumulated losses in the prior year were disclosed as US$16.3 million and have been restated to US$23.1 million. UK tax losses were restated from US$9.8 million to US$13.2 million, and Zambian tax losses were restated from US$6.5 million to US$9.8 million. There were accelerated capital allowances of US$2k (2020: US$1k) but these were not recognised as a deferred tax asset in the Financial Statements because their value was not certain.

The UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change has been substantively enacted at the balance sheet date and therefore is incorporated into the amounts contained in this report.

7. Loss per share

The calculation of the loss per share from continuing operations of US$2.92 (2020: US$2.78) is based on the loss of US$14.0 million (2020: US$10.2 million) attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year of 480,393,131 (2020: 366,491,792).

There was no dilutive effect of the share options in issue during 2021 and 2020.

8. Trade and other receivables

	2021 US$'000	2020 US$'000
VAT	3,956	1,042
Other receivables	2,340	1,644
	6,296	**2,686**

VAT receivable is primarily in Zambia. Recoveries in 2021 in Zambia were impacted by the elections in August 2021, and the ongoing disruption to government activities due to the COVID-19 pandemic. In spite of this, 14.7 million ZMW (approximately US$0.8 million) was repaid in the year, and a further 11.3 million ZMW (approximately US$0.6 million) was recovered in February 2022. The Zambian tax authorities have audited and formally approved 39.5 million ZMW (US$2.2 million) of the balance, and payment is expected shortly. The Company is confident the remaining VAT submissions will be audited and reclaimed with no losses within 2022.

Other receivables at 31 December 2021 included US$1.5 million (2020: US$1.3 million) in respect of loans due from the Company's partners in Mimbula Minerals Limited.

9. Inventories

	2021 US$'000	2020 US$'000
Ore stockpile	–	1,008
Finished goods	–	2,007
	–	**3,015**

Inventories includes RoM ore stockpiled for processing, and unsold copper cathode. The cessation of production in September 2021 meant that there were no inventories at 31 December 2021.

10. Cash and cash equivalents

	2021 US$'000	2020 US$'000
Cash at bank and in hand	39,255	5,258
	39,255	**5,258**

The Group held cash of US$39.3 million (2020: US$5.3 million) at the year end. This balance included US$29.6 million in US dollars (2020: US$2.3 million), the equivalent of US$9.5 million in GBP pounds sterling (2020: US$3.0 million), and the equivalent of US$0.2 million Zambian Kwacha (2020: US$32k).

11. Property, plant and equipment

US$'000	Mine development	Plant & machinery	Leased assets	Motor Vehicles	Office, IT, & fittings	Total
Cost						
At 1 January 2021	**37,867**	**2,604**	**66**	**181**	**162**	**40,870**
Additions	5,133	13,966	–	512	149	19,760
New vehicles on finance	–	4,220				4,220
Change in estimated value of deferred consideration	(3,198)	–	–	–	–	(3,198)
At 31 December 2021	**39,802**	**20,790**	**66**	**693**	**311**	**61,662**
Depreciation						
At 1 January 2021	**351**	**28**	**30**	**57**	**65**	**531**
Charge for year	305	568	33	93	45	1,044
At 31 December 2021	**656**	**596**	**63**	**150**	**110**	**1,575**
Net book value						
At 31 December 2021	**39,146**	**20,194**	**3**	**543**	**201**	**60,086**
At 31 December 2020	37,516	2,575	36	125	97	40,349

Prior year US$'000	Mine development	Plant & machinery	Leased assets	Motor Vehicles	Office, IT, & fittings	Total
Cost						
At 1 January 2020	**159**	**234**	**–**	**181**	**121**	**695**
Transfer from intangibles	36,372	–	–	–	–	36,372
Transfer from prepayments	–	2,363	–	–	–	2,363
Additions	1,812	6	66	-	41	1,925
Change in estimated value of deferred consideration	(476)	–	–	–	–	(476)
At 31 December 2020	37,644	2,603	66	181	162	40,879
Depreciation						
At 1 January 2020	**2**	**16**	**–**	**21**	**29**	**68**
Charge for year	349	12	30	36	35	462
At 31 December 2020	351	28	30	57	64	530
Net book value						
At 31 December 2020	**37,516**	**2,575**	**36**	**125**	**97**	**40,349**
At 31 December 2019	157	218	-	160	92	627

12. Intangible assets

Exploration & Evaluation	2021 US$'000	2020 US$'000
At 1 January	9,099	43,703
Additions	1,717	1,904
Adjustment for non-controlling interest	(301)	–
Transfer to PPE	–	(36,372)
Expensed to income statement	–	(44)
Foreign exchange	–	(92)
At 31 December	**10,515**	**9,099**

Under IFRS 6 — Exploration for and Evaluation of Mineral Resources, an impairment test is required when the technical feasibility and commercial viability of extracting a mineral resource become demonstrable, at which point the asset falls outside the scope of IFRS 6 and has been reclassified in the financial statements to a mine asset. Management carried out the impairment review and determined that no impairment adjustment was appropriate.

US$1.7 million was spent on exploration in 2021, in order to advance the Company's portfolio of permits Zambia.

US$'000	At 1 Jan	Additions	NCI gross Adj	Transfer to PPE	Expensed in period	Foreign exchange	At 31 December
2021							
Mimbula	–	–	–	–	–	–	–
Zuka	–	–	–	–	–	–	–
Kaoma	247	74	(26)	–	–	–	295
Samba North	446	96	(107)	–	–	–	435
Kamikochi	912	423	(144)	–	–	–	1,191
Nchanga Nose	164	418	(24)	–	–	–	558
Kalengwa	7,196	186	–	–	–	–	7,382
Kalengwa East	10	517	–	–	–	–	527
Other	124	3	–	–	–	–	127
2021 Total	**9,099**	**1,717**	**(301)**	**–**	**–**	**–**	**10,515**
2020							
Mimbula	31,890	1,554		(33,444)	–	–	–
Zuka	2,928	–		(2,928)	–	–	–
Kaoma	219	28		–	–	–	247
Samba North	445	1		–	–	–	446
Kamikochi	744	168	–	–	–	–	912
Nchanga Nose	142	22	–	–	–	–	164
Kalengwa	7,176	112	–	–	–	(92)	7,196
Kalengwa East	5	5	–	–	–	–	10
Other	154	14	–	–	(44)	–	124
2020 Total	**43,703**	**1,904**	**–**	**(36,372)**	**(44)**	**(92)**	**9,099**

US$1.6 million of additions were made to the Mimbula asset from 1 January to 30 April 2020, at which point the project began in production and was transferred to Mine Development in Fixed Assets. At the same time, production also began at Zuka, and its balance was also transferred (see note 1.1 for further details).

The mineral licence asset of US$7.4 million represents the fair value of 100% of the Kalengwa exploration licence (8584-HQ-LEL). Moxico's holds a 60% ownership interest in this asset and, therefore, 40% of this value is shown under non-controlling interest in the balance sheet.

13. Investment in Associates

During 2019, the Company entered into an agreement to acquire a 30% interest in Cathral Investments Ninety One (Pty) Ltd ("Cathral"), a Namibian company which in 2020 acquired an exclusive prospecting licence over the Sinclair project in Namibia. In September 2019, Cathral changed its name to Tiras Metals (Proprietary) Limited ("Tiras").

As at 31 December 2021, the Group had advanced US$0.2 million to Tiras as a shareholder advance, recorded under Investment in Associates.

There was no income in the associate during the period (2020: US$nil).

14. Trade and other payables

	2021 US$'000	2020 US$'000
Trade payables	3,876	1,709
Accruals	2,159	5,947
Taxation and social security	121	132
Lease obligations	3	34
Trade and other payables	**6,159**	**7,822**

15. Loans and Borrowings

US$'000	Current loans	Non-current loans	Total
At 1 January 2020	**–**	**–**	**–**
Cashflows		4,876	4,876
Non-cash movements:			
Interest	–	1,170	1,170
Revaluation at year end	–	(294)	(294)
Loans reclassified as current in year	3,148	(3,148)	–
At 31 December 2020	**3,148**	**2,604**	**5,752**
Cashflows		(2,399)	(2,399)
Non-cash movements:			
New loans in year	–	4,220	4,220
Interest	–	1,888	1,888
Revaluation at year end	–	(254)	(254)
Loans reclassified as current in year	3,753	(3,753)	-
At 31 December 2021	**6,901**	**2,306**	**9,207**

Movements on loans in the year relate to the following facilities:

US$'000	Trident	Loan 1	Loan 2	Loan 3	Loan 4	Total
At 1 January 2020	**–**	**–**	**–**	**–**	**–**	**–**
Cashflows	4,876	–	–	–	–	4,876
Non-cash movements:						
Interest	1,170	–	–	–	–	1,170
Revaluation at year end	(294)	–	–	–	–	(294)
At 31 December 2020	**5,752**	**–**	**–**	**–**	**–**	**5,752**
Cashflows	(1,557)	(250)	(47)	(267)	(278)	(2,399)
Non-cash movements:						
New loans in year	–	560	266	1,662	1,731	4,219
Interest	1,329	29	8	271	252	1,889
Revaluation at year end	(254)	–	–	–	–	(254)
At 31 December 2021	**5,270**	**339**	**227**	**1,666**	**1,705**	**9,207**

Trident
On 28 June 2020, the Company entered into the Royalty Agreement with Trident (see note 1.3 for further details). US$1.6 million was repaid during 2021 in relation to the US$5 million advance.

Loan Facilities
In 2021, the Company entered into four financing agreements totalling US$4.2 million in value, in order to finance the acquisition of mining equipment which is used as collateral (with a value of US$4.2 million). These agreements were accounted for as borrowings in the 2021 year end accounts. Two of the facilities require repayment in 17 equal monthly instalments. The other facilities are repayable in 12 equal monthly instalments.

16. Deferred and contingent consideration

Deferred consideration includes consideration payable in respect of the following assets:

	2021 Current (<1 year) US$'000	2021 Non-current (>1 year) US$'000	2021 Total US$'000	2020 Current (<1 year) US$'000	2020 Non-current (>1 year) US$'000	2020 Total US$'000
Mimbula	1,000	4,883	5,883	1,000	5,396	6,396
Fitula	250	–	250	328	179	507
Total	**1,250**	**4,883**	**6,133**	**1,328**	**5,575**	**6,903**

Contingent consideration includes consideration payable in respect of the following assets:

	2021 Current (<1 year) US$'000	2021 Non-current (>1 year) US$'000	2021 Total US$'000	2020 Current (<1 year) US$'000	2020 Non-current (>1 year) US$'000	2020 Total US$'000
Luano OB18	–	1,095	1,095	–	3,229	3,229
Zuka	–	1,913	1,913	–	2,569	2,569
Total	**–**	**3,008**	**3,008**	**–**	**5,798**	**5,798**

The Mimbula deferred consideration represents the present value of future payments in respect of the Mimbula permit, following the settlement agreement reached with KCM in the prior year. Under the terms of this agreement, US$1.0 million is payable each year until 2029. US$1.0 million was paid during 2021 (2020: US$6 million) in respect of these commitments.

The deferred consideration in respect of Fitula represents a commitment to pay 600,000 ZMW per month until July 2022 as part of a settlement over surface rights for a portion of the Mimbula permit.

Luano OB18 deferred consideration relates to the OB18 deposit area near Mimbula, which was acquired during 2019 for consideration of US$8 million, of which US$3.5 million was settled during 2019. The balance of payments is contingent on profitable future production from this area. In 2021, approximately 118,000 tonnes of ore from OB18 surface stockpile were toll-treated at the KCM Nchanga plant, producing 93 tonnes of copper (after deduction of 50% of copper in lieu of a tolling fee in accordance with commercial terms agreed with KCM). Toll-treatment of OB18 ore was suspended in the year and the remaining ores are now intended to be processed through the Mimbula heap leach, commencing in late 2023, at a rate of 20ktpm treated, producing approximately 1,000 tonnes copper per annum. The contingent consideration obligations under this agreement are based on 10% of Moxico's 85% interest in the net cashflows from this production.

Contingent consideration in respect of Zuka relates to the portion of the overall Mimbula in situ deposit which lies within the small-scale mining licence (8440-HQ-SML) acquired in 2018. Under the terms of the acquisition agreement, consideration totalling US$3.6 million is due to be paid over a period of eight years, out of cash flows generated from production of copper from this portion of the deposit. Under current mining plans, access to the Zuka portion of the ore body is not expected in the next two years, and accordingly the present value of the deferred consideration has been classified as non-current.

17. Non-controlling interests

In 2020, US$0.6 million of foreign exchange losses in respect of the minority interest in Kalengwa in 2019 were reclassified between the foreign exchange reserve and the non-controlling interest.

Moxico Resources Zambia Ltd acquired 60% of the share capital of Euro Africa Kalengwa Mines Ltd in 2018. The remaining 40% is held by a small number of private shareholders who do not exercise any control over the business. A non-controlling interest has been recognised in respect of the Kalengwa mineral asset acquired in 2018.

As at 31 December 2021, Rephidim Mining Suppliers and Technical Services Ltd held a 15% non-controlling interest in the share capital of Mimbula Minerals Ltd.

By 31 January 2021, the Company had satisfied the terms of an earn-in agreement in respect of the Kamikochi permit, whereby its beneficial interest increased from 51% to 80%. The administration of this transfer was delayed during 2021 due to the COVID-19 pandemic and the elections in Zambia. These formalities are expected to be resolved shortly and accounting treatment assumes the 80% interest is in place in the year.

In May 2021, the Nchanga Nose permit was transferred to a newly set up subsidiary of the Company, Moxico Amadoda Mining Ltd, under the terms of an option agreement signed in 2019. Moxico's beneficial interest in Moxico Amadoda Mining Ltd is 81%, and the assets of this company have been consolidated as a subsidiary on this basis.

18. Earn-in and joint venture agreements

The Group has entered into a number of agreements where they have either acquired, or have an option to acquire, a percentage interest in the respective licences referred to in the Strategic Report (Operating Review).

19. Share capital and share premium

The shares of the Company are denominated in pounds sterling and have a nominal value of 0.01 pence per ordinary share. The following table shows the movement in allotted, issued and fully paid-up shares in the year and the comparative period. There were no shares unpaid or partially paid up.

In May and June 2021, the Company placed 189 million ordinary shares at a price of 28 sterling pence per share. This raised a total of US$70.9 million of cash after accounting for placing commissions settled at year end. The purpose of the placing was to raise funds for the construction of the heap leach and SX/EW plant at Mimbula, which commenced shortly after the financing closed.

	Number of ordinary shares	Share capital US$'000	Share premium US$'000	Total US$'000
In issue at 1 January 2020	**356,545,466**	**489**	**44,284**	**44,773**
Issued in the year	21,513,108	23	6,384	6,407
In issue at 1 January 2021	**378,058,574**	**512**	**50,668**	**51,180**
Issued in the year	186,922,729	262	73,378	73,640
Commissions paid in shares	2,027,468	3	–	3
Commissions paid in cash	–	–	(1,925)	(1,925)
Commissions accrued at year end	–	–	(607)	(607)
Shares issued to settle liabilities	321,429	–	143	143
In issue at 31 December 2021	**567,330,200**	**777**	**121,657**	**122,434**

No shares were allotted in the year to any Persons Discharging Managerial Responsibility ("PDMRs"). Of the allotment of 189 million ordinary shares, 186.9 million were for cash, 2.0 million were in settlement of commissions, and 0.3 million were for the settlement of creditors. Commissions on the placing were US$2.5 million of which US$1.9 million was settled in the year.

In 2020, 21,513,108 ordinary shares were issued at 24 sterling pence per share. Total cash raised from the share placing was US$6.4 million, after deducting commissions of US$48,000.

20. Reserves

The following describes the nature and purpose of each reserve within equity.

Reserve	Description and purpose
Share premium	Amounts subscribed for share capital in excess of the nominal value (0.01 pence).
Foreign exchange reserve	Historic gains/losses arising on retranslating net assets of overseas operations into Group presentation currency. In 2020, US dollars was adopted as a both the Group's presentation currency and the functional currency for all subsidiaries.
Share-based payment reserve	Amounts charged each year as share-based payments.

21. Share-based payments

- **Employee-related share options**

Share options to employees and other eligible persons are granted on a discretionary basis.

During the year, 10-year share options over ordinary shares of the Company were granted with a vesting period of three years, and with no non-market performance conditions attached. They are listed below:

- **13,750,000 options at an exercise price of 28 pence on 1 June 2021**

Movements in the number of employee share options outstanding and their related weighted average exercise prices, as stated in their nominal currency of GBP pound sterling, are as follows:

	2021		2020	
	Weighted average exercise price (£ per share)	**Outstanding options**	**Weighted average exercise price (£ per share)**	**Outstanding options**
At 1 January	0.16	45,000,000	0.14	34,750,000
Granted	0.28	13,750,000	0.24	11,500,000
Cancelled	–	–	0.14	(1,250,000)
At 31 December	**0.19**	**58,750,000**	**0.16**	**45,000,000**

The total share-based payment charge for the period relating to employee share option plans was US$1.6 million (2020: US$0.6 million).

The weighted average assumptions made in applying the Black-Scholes model to option grants made in the period are set out below.

Weighted average fair value of share options and input assumptions	**2021 CSOP options granted**	**2021 Non-CSOP options granted**	**2020 CSOP options granted**	**2020 Non-CSOP options granted**
Share price at grant	£0.28	£0.28	£0.24	£0.24
Exercise price	£0.28	£0.28	£0.24	£0.24
Shares under option	428,568	13,321,432	125,000	10,125,000
Expected volatility	80.41%	80.41%	77.27%	77.27%
Option life assumed (years)	5	5	5	5
Risk-free interest rate	0.3567%	0.3567%	0.376%	0.376%
Fair value per option (GBP)	£0.1777	£0.1777	£0.147	£0.147
Fair value per option (US$)	US$0.2514	US$0.2514	US$0.1833	US$0.1833
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

Since the shares of the Company are not listed on any stock exchange, the volatility calculation used for the 2021 options has been determined by benchmarking against five other junior mining companies, taking an average of their combined volatility, and based on a share price movement for the previous 12 months preceding the date of grant. No dividend is assumed in the calculation of the option fair values.

As at 31 December 2021, there were 58,750,000 options in issue (2020: 45,000,000), of which 51,300,000 were held by Directors and the balance by employees or former employees. The exercise price of each option is between 5 sterling pence and 28 sterling pence. All options have a 10-year life and can be exercised three years from the grant date.

The number of ordinary shares which would have been in issue at the end of the financial year, had all options been exercised, was 626,080,200. There were no share options exercised in the year (2020: nil).

Details of the Company share options are given in the table below. The weighted average exercise price of all share options is 19.04 sterling pence.

Date issued/(exercised)	**Number of share options**	**Exercise price £**	**Exercisable from**	**Expiry date**
2 May 2017	6,000,000	0.050	2 May 2020	2 May 2027
2 May 2017	7,000,000	0.100	2 May 2020	2 May 2027
2 May 2017	7,500,000	0.125	2 May 2020	2 May 2027
1 September 2018	4,000,000	0.120	1 Sep 2021	1 Sep 2028
1 July 2019	9,750,000	0.240	1 July 2019	1 July 2029
23 October 2019	500,000	0.240	23 Oct 2022	23 Oct 2029
2 Jan 2020	250,000	0.240	2 Jan 2023	2 Jan 2030
1 July 2020	9,875,000	0.240	1 July 2023	1 July 2030
14 October 2020	125,000	0.240	14 Oct 2023	14 Oct 2030
1 June 2021	13,750,000	0.280	1 June 2024	1 June 2031
	58,750,000	**0.190**		

22. Financial instruments

The Group's policies and procedures for capital management and its objectives in managing the various risks associated with liquidity and funding, credit, foreign exchange and interest rate, are discussed in note 1.4 above. The specific risks and strategies to mitigate them are discussed within the Strategic Report.

Liquidity and funding risk

The Group's financial obligations include trade payables, royalty minimum payment obligations and deferred and contingent consideration.

Trade payables all fall due within six months of the balance sheet date.

Loans consist of royalty payments related to the Royalty Agreement which had minimum remaining repayment commitments of US$3.5 million between March 2022 and June 2023, and financing for mining equipment acquired in the year.

Deferred and contingent consideration includes future amounts payable in accordance with various agreements entered into relating to the acquisition of mining and exploration assets. These amounts are all payable in US dollars and are split between those payable within 12 months of the balance sheet date (shown under Current Liabilities) and those payable after 12 months (shown under Non-current Liabilities). Details of these agreements are covered in more detail under note 17.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments in other Group companies, which represent the Group's maximum exposure to credit risk in relation to financial assets. Where possible, the Group seeks to hold funds in established financial institutions, in safer jurisdictions, and less volatile currencies such as GBP pounds sterling and US dollars. Trade and other receivables are regularly reviewed to ensure recoverability

Foreign exchange risk

The Group held cash of US$39.3 million (2020: US$5.3 million) at the year end. This balance included US$29.5 million in US dollars, and the equivalent of US$9.5 million in GBP pounds sterling, and the equivalent of US$0.2 million Zambian Kwacha.

As at 31 December 2021, if the Zambian Kwacha had weakened by 5% against the US dollar with all other variables held constant, post tax loss for the year would have been approximately US$32,000 higher mainly as a result of foreign exchange gains on translation of the Zambian Kwacha financial assets and liabilities.

The Group held foreign currency cash assets of US$9.5 million at 31 December 2021 (2020: US$3.0 million) denominated in GBP pound sterling and translated into US dollars at closing rates.

If the GBP pound sterling rate had decreased by 5% the foreign exchange gain on translation would have been US$0.5 million. In the prior year if the GBP pound sterling rate had decreased by 5% the foreign exchange gain on translation would have been approximately US$137,000.

Interest rate risk

The Group is not exposed to interest rate risk in respect of its cash balances, which are held with banks and other highly rated counterparties, or its financial liabilities.

Capital Commitments

Capital commitments relating to the purchase of Property, Plant and Equipment total US$0.9 million for equipment on order and not yet delivered.

Financial assets and liabilities

The Group's financial assets comprise cash and cash equivalents, and trade and other receivables. Their fair values are not considered to be materially different from their carrying values.

The Group's financial liabilities comprise trade and other payables, royalty obligations and deferred consideration, and are carried at amortised cost, with their fair values not considered to be materially different from their carrying values.

The following is an analysis of the Group's financial instruments:

CHIEF EXECUTIVE'S REVIEW
STRATEGIC REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

Financial Assets

	Amortised cost	
	2021 US$'000	**2020 US$'000**
Cash and cash equivalents	39,255	5,258
Trade and other receivables	2,296	2,686
Total	**45,551**	**7,944**

Financial Liabilities

	Amortised cost	
	2021 US$'000	**2020 US$'000**
Trade and other payables	6,156	7,788
Lease obligations	3	34
Loan obligations	6,901	3,148
Deferred consideration	1,250	1,328
Current	14,310	12,298
Loan obligations	2,365	2,604
Lease obligation	–	2
Contingent consideration	3,008	5,798
Deferred consideration	4,883	5,575
Non-current	10,256	13,981
Total	**24,566**	**26,283**

The following table sets out the contractual maturities of financial liabilities (undiscounted amounts):

At 31 December 2021	**<1 Year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**>5 Years**
Trade and other payables	6,156	–	–	–
Lease obligation	3	–	–	–
Loans and borrowings	6,901	2,697	3,600	18,188
Deferred & contingent consideration	1,250	1,077	4,363	6,307
Total	**14,310**	**3,774**	**7,963**	**24,595**

At 31 December 2020	**<1 Year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**>5 Years**
Trade and other payables	7,787	–	–	-
Lease obligation	35	3	–	-
Loans and borrowings	3,148	4,425	2,036	2,694
Deferred & contingent consideration	1,328	4,984	3,865	7,432
Total	**12,298**	**9,412**	**5,901**	**10,126**

Contingent consideration has been included in the above table as it is deemed to provide additional information regarding the liquidity risk of the Group.

23. Segment information

Geographic information
The Group splits its activities by geographical location which is reflected in the segmental analysis. The United Kingdom includes head office and corporate functions, while all operations are currently based in Zambia.

The carrying amount of non-current assets, excluding deferred tax assets, analysed by the geographical area of the Group entity, in which the assets are recorded, is shown in the table below, which also shows revenue earned in the year in Zambia:

	2021 UK US$'000	2021 Zambia US$'000	2021 Total US$'000	2020 UK US$'000	2020 Zambia US$'000	2020 Total US$'000
Revenue	–	16,754	**16,754**	–	6,640	**6,640**
Non-current assets	7,166	63,679	**70,845**	7,209	42,483	**49,692**

24. Events after the reporting date

During 2022, the Company completed an equity placement raising US$85.3 million through the issue of 130,507,493 ordinary shares at 50 sterling pence per share. This means that the Company will continue to have sufficient liquid resources for the duration of the construction phase until such time as Mimbula becomes cashflow-generating, which is forecast to occur in September 2022.

The Group is also in advanced discussions with a number of offtakers in respect of our planned production.

25. Litigation

The Group has a number of minor cases of litigation in Zambia, none of which are expected to have a material impact on the Group.

Company Statement of Financial Position

As at 31 December 2021

(Company Registration Number 8761494)

	Notes	2021 US$'000	2020 US$'000
Assets			
Current assets			
Trade and other receivables	C1	420	569
Cash and cash equivalents	C2	35,333	4,426
		35,753	4,995
Non-current assets			
Trade and other receivables	C1	59,141	26,861
Property, plant & equipment	C3	7	13
Investments	C4	7,200	6,951
		66,348	33,825
Total assets		**102,101**	**38,820**
Liabilities			
Current liabilities			
Trade and other payables	C5	(1,024)	(613)
		(1,024)	(613)
Non-current liabilities			
Trade and other payables	C5	(2)	(2)
		(2)	(2)
Total liabilities		**(1,026)**	**(615)**
NET ASSETS		**101,075**	**38,205**
Share capital	20	777	512
Share premium	20	121,657	50,668
Foreign exchange reserve		1,306	1,306
Share-based payments reserve	22	2,465	843
Retained losses		(25,130)	(15,124)
TOTAL EQUITY		**101,075**	**38,205**

Approved by the Directors on 27 May 2022

Alan Davies

Chief Executive Officer

The notes on pages 51 to 54 of the Financial Statements form an integral part of these Financial Statements.

The Company's loss for the year was US$10.0 million (2020: US$6.5 million).

Company Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital US$'000	Share premium US$'000	Foreign exchange reserve US$'000	Share-based payment reserve US$'000	Retained losses US$'000	Total equity US$'000
Balance at 1 January 2020	489	44,284	1,306	251	(8,637)	37,693
Share-based payments	–	–	–	592	–	592
Issue of share capital	23	6,384	–	–	–	6,407
Transactions with owners	23	6,384	–	592	–	6,999
Loss for the year	–	–	–	–	(6,487)	(6,487)
Total comprehensive income for the year	–	–	–	–	(6,487)	(6,487)
Balance at 31 December 2020	**512**	**50,668**	**1,306**	**843**	**(15,124)**	**38,205**
Share-based payments	–	–	–	1,622	–	1,622
Issue of share capital	265	70,989	–	–	–	71,254
Transactions with owners	**265**	**70,989**	**–**	**1,622**	**–**	**72,876**
Loss for the year	–	–	–	–	(10,006)	(10,006)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(10,006)**	**(10,006)**
Balance at 31 December 2021	**777**	**121,657**	**1,306**	**2,465**	**(25,130)**	**101,075**

The notes on pages 51 to 54 of the Financial Statements form an integral part of these Financial Statements.

Company Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 US$'000	Restated[1] 2020 US$'000
Loss before tax		**(10,006)**	**(6,487)**
Depreciation and amortisation	C3	7	7
Share-based payments	22	1,622	592
IFRS 9 provision	C1	3,587	643
Add back: finance costs in income statement		8	144
Operating finance cost (cash)		(8)	(7)
Add back: FX loss/(gain) in income statement		1,769	(267)
Operating fx costs (cash)		–	(41)
Cash from operations before working capital changes		(3,021)	(5,416)
Increase in trade and other payables	C5	507	253
Decrease/(increase) in trade and other receivables	C1	149	(413)
Net cash flow used in operating activities		**(2,365)**	**(5,576)**
Investing activities			
Other investments	C4	(250)	(128)
Loans made to subsidiaries	C1	(35,867)	(6,432)
Net cash used in investing activities		**(36,117)**	**(6,560)**
Financing activities			
Finance costs		–	(102)
Net proceeds from issue of ordinary shares	20	71,254	6,371
Net cash received from financing activities		**71,254**	**6,269**
Net increase in cash and cash equivalents		**32,773**	**(5,867)**
Cash and cash equivalents at start of year		4,426	9,987
Exchange differences on cash and cash equivalents		(1,866)	306
Cash and cash equivalents at end of year		**35,333**	**4,426**

The notes on pages 51 to 54 of the Financial Statements form an integral part of these Financial Statements.

Note:

1. Loans made to subsidiaries were reclassified as an Investing Activity in both the current and prior periods. In the prior periods, the loans made to subsidiaries were classified as Financing activity which was corrected in the current year accounts.

C0. Accounting policies and estimations

Other than as stated below, the accounting policies, areas of judgement, and sources of estimation uncertainty in respect of the Company's Financial Statements are covered in the Group policies note 1 to those Financial Statements.

Critical accounting judgements

Carrying value of investments in subsidiaries

The Company considers the carrying value of its investments in subsidiaries, to consider whether there exists an indication that these amounts should be impaired. In view of the positive progress of the underlying assets in those entities, and the strong cashflows they are expected to generate in the future, the Company concluded that no trigger for such an impairment existed at the period end.

Sources of estimation uncertainty

Carrying value of loans to subsidiaries

The Group has applied the 'expected credit loss' ('ECL') model to financial assets classified as measured at amortised cost.

As part of the assessment of ECL of the intercompany loan receivable, the Directors assess the cash flows associated with a number of different recovery scenarios. This includes consideration of the development of commercial mines, ability to sell the projects and loss of asset value due to unforeseen events.

These factors constitute sources of estimation uncertainty.

C1. Trade and other receivables

Current	VAT US$'000	Prepayments US$'000	Other Receivables US$'000	Amounts owed by Group Undertakings US$'000	Total US$'0000
At 1 January 2021	77	115	377	–	569
Movement in the year	(28)	69	(190)	–	(149)
At 31 December 2021	**49**	**184**	**187**	**–**	**420**
Non-current					
At 1 January 2021	–	–	–	26,861	26,861
Movement in the year	–	–	–	35,867	35,867
IFRS 9 provision	–	–	–	(3,587)	(3,587)
At 31 December 2021	**–**	**–**	**–**	**59,141**	**59,141**

Balances with subsidiaries at the year end were:

	2021 Assets US$'000	2020 Assets US$'000
Moxico Resources Zambia Limited	8,672	9,480
Mimbula Minerals Ltd	48,040	16,911
Other Group entities	2,429	470
Total	**59,141**	**26,861**

Amounts owed by Group undertakings are unrestricted and payable on demand, but the Directors do not anticipate that they will be paid within 12 months and therefore have classified them as non-current.

The Directors have concluded that certain amounts may not be fully recovered giving rise to an ECL adjustment in the year of US$3.6 million, based on an assessment of conservative cashflows associated with those loans.

Movements during the year were as follows:

Expected Credit Loss	US$'000
At 1 January 2020	2,341
Movement due to increase in provision	643
At 1 January 2021	2,984
Movement due to increase in provision	3,587
At 31 December 2021	**6,571**

C2. Cash and cash equivalents

	2021 US$'000	2020 US$'000
Cash at bank and in hand	35,333	4,426
	35,333	**4,426**

C3. Property, plant and equipment

	Office Equipment US$'000	Furniture & Fittings US$'000	Total US$'000
Cost			
At 1 January 2020	12	15	27
Additions	–	–	–
At 1 January 2021	12	15	27
Additions	–	–	–
At 31 December 2021	**12**	**15**	**27**
Depreciation			
At 1 January 2020	3	4	7
Charge for the year	3	4	7
At 1 January 2021	6	8	14
Charge for the year	2	4	6
At 31 December 2021	**8**	**12**	**20**
Net book value			
At 31 December 2021	**4**	**3**	**7**
At 31 December 2020	6	7	13

C4. Investments

	Subsidiaries US$'000	Other investments US$'000	Total US$'000
Cost			
At 1 January 2020	**2**	**6,821**	**6,823**
Additions	5	123	128
At 1 January 2021	**7**	**6,944**	**6,951**
Additions	–	249	249
At 31 December 2021	**7**	**7,193**	**7,200**

The Company held a 95% interest in the share capital of Moxico Resources Zambia Limited, a subsidiary company registered in Zambia. The remaining 5% interest is held in the name of Melvin Brice on behalf of the Company, with all rights and benefits attached to the shares assigned to the Company under a separate agreement.

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2021

C4. Investments (continued)

The Company had an interest in the following subsidiary undertakings during the year ended 31 December 2021, all of which are included in the Consolidated Financial Statements. With the exception of those holdings marked with an asterisk (*), all shareholdings were held directly by the Company. Those companies marked with a caret (^) are entitled to, and have opted to take, exemption from the requirement for its individual accounts to be audited under s479A of the Companies Act relating to subsidiary companies.

Subsidiary undertaking	Country	Principal activities	Ownership interest at 31 Dec 2021	Ownership interest at 31 Dec 2020
Moxico Resources Zambia Ltd	Zambia	Mining & exploration	100%	100%
Mimbula Minerals Ltd *	Zambia	Mining & exploration	85%	85%
Euro Africa Kalengwa Mines Ltd *	Zambia	Mining & exploration	60%	60%
Kamikochi Mining Ltd *	Zambia	Mining & exploration	51%	51%
Kaoma Mining Ltd *	Zambia	Mining & exploration	85%	85%
Elmet Mining & Technical Services *	Zambia	Mining & exploration	72%	77.5%
Moxico Kalengwa Ltd*	Zambia	Mining & exploration	100%	100%
Samba North Mineral Resources Ltd *	Zambia	Mining & exploration	70%	70%
Moxico Amadoda Ltd *	Zambia	Mining & exploration	81%	80%
Mimbula Minerals Ltd ^	UK	Holding company	100%	100%
Moxico Kosovo Ltd ^	UK	Holding company	100%	100%
Moxico Mufumbwe Ltd ^	UK	Holding company	100%	100%
Moxico Namibia UK Ltd ^	UK	Holding company	100%	100%
Moxico Mimbula UK Ltd ^	UK	Holding company	100%	100%
Moxico Dongwe Ltd ^	UK	Holding company	100%	100%
Moxico Mining Ltd ^	UK	Holding company	100%	100%
Moxico Mimwest Ltd ^	UK	Holding company	100%	100%
Moxico Mufumbwe B.V.*	Netherlands	Holding company	100%	100%
Moxico Namibia B.V.*	Netherlands	Holding company	100%	100%
Moxico Mimbula B.V.*	Netherlands	Holding company	100%	100%
Moxico Dongwe B.V.*	Netherlands	Holding company	100%	100%
Moxico Mining B.V.*	Netherlands	Holding company	100%	100%
Moxico Mimwest B.V.*	Netherlands	Holding company	100%	100%
Kalengwa Mining B.V.*	Netherlands	Holding company	100%	100%
Moxico Zambia Processing B.V.	Netherlands	Holding company	100%	100%
Moxico Mauritius Ltd*	Mauritius	Holding company	100%	100%
Moxico Luma Kosovo Mining LLC *	Kosovo	Mining & exploration	80%	80%
Metals Marketing Services Pte Ltd*	Singapore	Sales/marketing	100%	100%

The registered address of the Company's subsidiaries are as follows:

UK subsidiaries	Netherlands subsidiaries	Zambia subsidiaries
Salisbury House, London Wall, London EC2M 5QQ, United Kingdom	Zuidplein 126 WTC, Tower H, 15th floor, 1077 XV, Amsterdam	Villa 15, Kasama Road, Millennium Village, Birdcage Walk, Longacres, Lusaka, Zambia

The Company tests the carrying value of its investments in its subsidiary undertakings which are carried at historical cost less any impairment. This test is carried out on an annual basis at the end of the year, or more frequently if there are any indications of impairment.

C5. Trade and other payables

	2021 US$'000	2020 US$'000
Trade payables	158	374
Accruals	800	161
Taxation and social security	66	78
Current	**1,024**	**613**
Amounts owed to Group undertakings	2	2
Non-current	**2**	**2**

C6. Financial instruments

Financial Assets – amortised cost

	2021 US$'000	2020 US$'000
Cash and cash equivalents	35,333	4,426
Trade and other receivables	420	569
Current	**35,753**	**4,995**
Trade and other receivables	59,141	26,861
Non-current	**59,141**	**26,861**

Financial Liabilities – amortised cost

	2021 US$'000	2020 US$'000
Trade and other payables	(1,024)	(613)
Total	**(1,024)**	**(613)**

Parent company guarantee
On 28 June 2020, the Company and Trident executed the Royalty Agreement pursuant to which Moxico has extended a parental guarantee for the repayment of the outstanding minimum payments. As at 31 December 2021, these unpaid minimums amounted to US$3.9 million (undiscounted).

In addition, during 2021, Mimbula Minerals Ltd entered into loan facilities for the purpose of acquiring mining equipment. The outstanding amounts on these loans were also subject to a parental guarantee from the Company. The undiscounted repayments remaining on these facilities as at 31 December 2021 amounted to US$4.8 million.

Based on the liquidity of the Group's subsidiaries, it is not considered probable that the parental guarantees will be called upon, and therefore such guarantee do not represent a material liability in the parent company's accounts.

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