First Class Metals

2022 Annual Report

Annual Report and Financial Statements

FIRST CLASS METALS Plc

For the Year Ended 31 December 2022

(Company Number: 13158545)

Contents

First Class Metals Plc Company Information

Directors	Marc Sale - CEO James Knowles – Executive Chairman Ayub Bodi – Executive Director Danesh Varma - NED Marc Bamber - NED
Company Secretary	Siddharth Muricken
Registered Office	Suite 16 Freckleton Street Business Centre Freckleton Street Blackburn BB2 2AL
Broker	First Equity Limited Salisbury House London Wall London EC2M 5QQ
Auditor	Royce Peeling Green Limited The Copper Room Deva City Office Park Trinity Way Manchester M3 7BG
Corporate Lawyers to the Company	OBH Partners 17 Pembroke Street Upper Dublin 2 Ireland D02 AT22
Lawyers to the Company as to Canadian Law	Peterson McVicar 18 King Street East Suite 902 Toronto Ontario M5C 1C4 Canada
Registrars	Share Registrars Limited Molex House Millennium Centre Farnham Surrey GU9 7XX
Company Website	**www.firstclassmetalsplc.com**

Highlights

Highlights

Corporate

- Raised a total sum of £1,130,000 before expenses from admission to the London Stock Exchange in July 2022.

- Appointed Marc Sale as the Chief Executive Officer.

Exploration and Operations

- During the period ground exploration activity was undertaken on six of the 100% owned claim blocks. Additionally, over 6,000m was drilled on the West Pickle Lake Joint Venture area by Palladium One.

- Acquired the 'Sunbeam' mining claims located in northwest Ontario from Nuinsco Resources Limited ('**Nuinsco**'), which are around 15 Km southeast of Agnico Eagle's 3.3M oz Hammond Reed gold project. The Mining Claims, covering about 45km^2, host the historic Sunbeam mine which operated from 1898-1905. A data review was initiated on the Sunbeam Option area. Encouraging geochemical results were generated, details appear in the relevant sections under the Operations Report.

Post-Period

- Post reporting period the company has undertaken a detailed geophysics survey over almost the entire Sugar Cube block. The data generated by the survey is currently being interpreted by Paterson Grant & Watson Limited ('**PGW**')

- Acquired the 'Zigzag' Mining Claims from Nuinsco. These Mining Claims show potential for hard-rock, pegmatite hosted lithium. Historic grades have been encountered at surface in Zigzag of up to 1.68% ($Li_2 20$) lithium over 7.0m and 0.168% tantalum ($Ta_2 20_5$) over 2.54m. The pegmatite hosting these grades is reported to be more than 800m in length and 20m wide at surface.

Strategic Report for the Year Ended 31 December 2022

Chairman’s Statement

For the Year Ended 31 December 2022

Dear Shareholder,

First Class Metals Plc (the “**Company**” or “**FCM**”) was successfully admitted to the Standard List of the London Stock Exchange (“**LSE**”) on the 29 July 2022.

FCM’s property portfolio is located in northwest Ontario, Canada, one of the top mining jurisdictions globally. The Company is focused on the exploration of gold and other semi-precious metals as well as battery metals critical to energy storage and power generation solutions.

FCM has exposure to nine exploration projects in total, prospective for gold, lithium, nickel, copper, zinc, molybdenum and rare earth elements (“**REE**”).

In April 2022, the company entered into a convertible loan note (“**CLN**”) with ultra-high net worth (“**UHNW**”) investor James Huddleston (“**Huddleston CLN**”) for £300,000 with terms to convert into ordinary shares at 8.75p. The funds were predominantly allocated to early season ground exploration work and low-level, high-definition magnetic surveying over the Company’s flagship North Hemlo property.

This early season work helped to define and prioritise targets for the latter part of the Canadian field season. It proved invaluable in providing FCM with a meaningful exploration program, in line with both the aims of the Company’s Executive Board and the spending required to keep all the claims in good order through to the 2023 exploration season.

In July 2022 FCM successfully transitioned into a Public Limited Company was listed on the Standard List of the LSE in what was a challenging time in the capital markets for raising IPO funds. FCM’s IPO raised £1,130,000 at 10p per share via a private subscription and a broker led placing. The latter was completed through First Equity Limited.

At the same point, the Huddleston CLN was also converted into equity at 8.75p. This resulted in the issuance of a further 14,728,571 shares, bringing the Company’s total shares in issue at the point of IPO to 65,672,055. FCM’s market capitalisation on admission totalled £6.57 million.

In addition to raising finance on the open market, the Company has also issued Share Warrants which has aided in ensuring sufficient capital reserves for the Company. The table below provides the details of the warrants issued, the number of which had been exercised and the number remaining as of 31 December 2022.

Chairman's Statement (continued)

Warrants at 31st December 2022			
Warrant, Issue & Expiry date	**Amount Issued**	**Amount Exercised**	**Number Remaining**
10p Warrants 28 July 2022 Exp 28 July 2023	7,652,563	679,985	6,972,578
12.5p Warrants 28 July 2022 Exp 28 July 2023	7,321,785	325,000	6,996,785
20p Warrants 28 July 2022 Exp 28 July 2025	7,321,785	0.00	7,321,785
15p Broker Warrants 28 July 2022 Exp 28 July 2025	150,000	0.00	150,000
20p Sunbeam Subscription Warrants 3 October 2022 Exp 3 October 2025	666,667	0.00	666,667
20p James Goozee Warrants 4 December 2022 Exp 4 December 2025	1,875,000	0.00	1,875,000

Post admission, FCM's work continued on the ground in Ontario across six of the Company's seven owned properties at that time.

Initially the work consisted of a systematic "ground truthing" campaign, based on historical data reviews and involved rock chip "grab" sampling, mapping, and soil sampling across North Hemlo, Esa, Enable, McKellar, Magical, and Coco-East. However, the Company's primary focus throughout this campaign was the progression of groundwork in the southern area of the North Hemlo Property.

In August, FCM sourced and sent for reinterpretation a recent magnetic and Versatile Time Domain Electromagnetic study ("**VTEM**"™) survey dataset covering the Esa Property at zero additional cost. This initiative saved the Company both a considerable amount of cost and time as well as significantly assisting the early progression of exploration over the property.

September was a very active month for FCM across several fronts, including the first indications of drilling visual results at the West Pickle Lake project. West Pickle Lake is held in a joint venture ("**JV**") with Palladium One Inc. ("**PDM**"), which is earning-in to an 80% position in the project. Upon completion of the earn-in, FCM would intend to retain a 20% position in West Pickle Lake.

Palladium One intercepted a 1.75m section of massive to semi-massive sulphides and published pictures of the drill core. This indicated massive pentlandite-pyrrhotite sulphide and mineralisation in Hole TK-22-059. This hole subsequently reported 4.8% Nickel, 3.7% Copper (6.8% Nickel Equivalent) over 1.8 meters from Massive Nickel Copper Sulphides.

Later in September, FCM appointed Mr. Carlos Espinosa as a director of the Company's 100%-owned subsidiary First Class Metals Canada Inc ("**FCMC**") (FCM and FCMC are collectively referred to as the "**Group**"). Carlos brings a wealth of knowledge and contacts within the Canadian mining sector, and I am sure his skills and efforts will be invaluable to the continued development of the Group's profile in Canada.

September also saw FCM assess the historical REE potential of the McKellar property. This involved reviewing historical data relating to a "diatreme" occurring near the project's southern boundary as well as a limited reconnaissance trip to collect samples from the area. The early work proved encouraging, indicating the requirement for further exploration work to assess the scale of the Project's REE potential.

Chairman's Statement (continued)

October saw FCM announce its first acquisition. The Company entered an agreement to take ownership of the Sunbeam Project area, which includes a very high grade, past-producing gold mine in Ontario's Ramsey-Wright township. The mine ceased production in 1905 for unknown reasons, and the Sunbeam Project area inexplicably remained largely undeveloped for the majority of the 19th century. Only sporadic attempts at subsequent exploration using modern geological methods have been undertaken.

FCM acquired the Sunbeam Property from Nuinsco for an initial CAD$700,000 to be paid over an eight-month period with further milestone payments of CAD$250,000 due at the point of a 250,000-ounce compliant gold resource and an aggregate CAD$500,000 at the point of defining a 500,000-ounce gold resource. Nuinsco will retain a 1% Net Smelter Royalty ("**NSR**"), with terms in place for a partial buy back of half of the NSR by FCM for CAD$500,000 and first right of refusal on the remaining half of the NSR thereafter.

The Sunbeam deal also included an element of financing, with FCM entering into a £1 million CLN with Sanderson Capital Partners/Afzal Valli as well as a private subscription at 12p per share with two high net worth individuals ("**HNW**") raising £80,000.

The Sanderson Capital Partners/Afzal Valli CLN comprises four tranches of £250,000 at fixed conversion prices per tranche of 12p, 15p, 19p and 22p. The facility runs for 12 months from the first drawdown. This took place on the 28 October 2022 and will convert into equity at expiry or at the discretion of the lender or by the Company if the share price remains at 30p for five consecutive days. Warrants are issued per drawdown on a one for one basis as follows:

i) 20p for Loan tranche one

ii) 22p for Loan tranche two

iii) 24p for Loan trance three

iv) 30p for Loan tranche four

Sunbeam represents a significant acquisition for FCM as the mine workings and wider area have been subjected to only limited modern exploration activity. It provides the Company with an opportunity to develop a resource based around a historical, past producing high grade gold mine. FCM believes a systematic exploration programme following a detailed review of all historical data will help to identity the potential that exists across the entire claim area.

Later in October, Palladium One released its first drill assays from the West Pickle Lake JV. This included Hole TK-22-059, which intersected a significant high-grade nickel sulphide section of 1.8m at 6.8% nickel equivalent ("**Ni Eq**"). Further visualisations and commentary on subsequent drill core from holes not yet assayed were also reported.

The release of the assays was a significant event for FCM. It provided encouraging indications that the high-grade nickel sulphide zones discovered by Palladium One to the east of the West Pickle Lake area and FCM's own 100%-owned North Hemlo property could potentially extend in a westerly direction.

November brought further confirmation of West Pickle Lake's potential, with further very high-grade nickel sulphide assays being released by Palladium One. Highlights included Hole TK-22-076, which encountered exceptional grades of 12.8% Ni Eq over 2.3m.

Interestingly for FCM, Palladium One also announced the drilling of Hole TK-21-076 within an area 400m from the Company's 100%-owned North Hemlo property. Palladium One's intention was to test an east/west trending "chonolith", or "feeder dyke". The results from Hole TK-21-070 offered

Chairman's Statement (continued)

further encouragement of the wider area's overall potential, which Palladium One described as an "emerging new nickel/copper sulphide district".

The results of the VTEM reinterpretation over the ESA property were also released in November. The work was completed by PGW and added further credence to the Company's theory of an interpreted shear zone dissecting the property. Exploration on this "Hemlo-style" shear zone also continued on the ground, with multiple soil sampling lines being conducted across the area of interest until the first heavy snowfall in November curtailed ground operations.

The first of the "Pre-IPO" 10p warrants were exercised on 25 November, with 359,985 warrants converted for a total of GBP£35,998.50 of funds being received by the Company.

FCM's acquisition activity continued at pace during the final month of 2022, with the Company announcing that it had secured exclusivity over the Zigzag lithium property, this was completed on 8 March 2023. At the same time as securing the mentioned exclusivity, we also announced the support of a new HNW battery metal focussed investor, James Goozee, who subscribed for £300,000 of stock. This totalled 1,875,000 shares at 16p each.

Mr Goozee's funding provides FCM with considerable additional support, which vindicates the Company's strategy of adding a "pure" battery metals project to its portfolio base.

Further warrants totalling 657,500 were exercised in December in two tranches, bringing in a total of £71,375 of funding to the company.

On 28 December, FCM published its inaugural Environmental, Social and Governance ("**ESG**") Policy Statement. This provided clear insight into the Company's purpose as a mineral explorer, setting out the values upon which it operates on both a day-to-day and longer-term basis. These values guide FCM's strategic decision making.

FCM has developed to the point at which the early-stage projects it held moving into the IPO are showing encouraging indicators of mineral prospectivity on several fronts. The Company is advancing various strategies to add value to the portfolio. Your board is committed to finding ways to add value in the most cost effective and efficient possible timeframe, and this focus will remain a priority throughout 2023. Consequently, the activities of the Company during the period have been outstanding, exceeding the objectives put in place for 2022.

I would like to congratulate the "in country team" in Canada led by FCM's CEO Marc J. Sale. They have shown the highest standards of diligence, commitment, and professionalism throughout the period, evidenced in the results achieved by the Company across the properties upon which work has taken place.

The momentum FCM established in 2022 and has maintained since the end of period covered in this report will remain core to the Company's overall strategy moving forward.

....

James Knowles
Executive Chairman
30 April 2023

CEO's Review on the Company Portfolio, Strategy and Overview of Operations

At the point of listing in July 2022, FCM, through its wholly owned subsidiary FCMC, held seven 100% owned properties located in northwest Ontario. Geologically, these seven blocks lie within the highly mineralised and prospective Hemlo-Greenstone Belt and the named extensions to the east and west.

Four of these discrete claim blocks and a fifth that forms the nucleus of the North Hemlo block were acquired from Power Metals Inc. ("**Power**" or "**Power Metals**") prior to listing as part of a pre-IPO agreement in which Power vended the claims into FCM for a one-third stake in the pre-IPO entity.

Subsequent to listing, FCMC has entered into two agreements, one covering the historic Sunbeam gold mine and a second on the Zigzag hard rock lithium prospect. Both agreements are with Nuinsco, and both properties are also located in northwest Ontario, see Figure 01. The details of both these transactions have been provided in press releases.

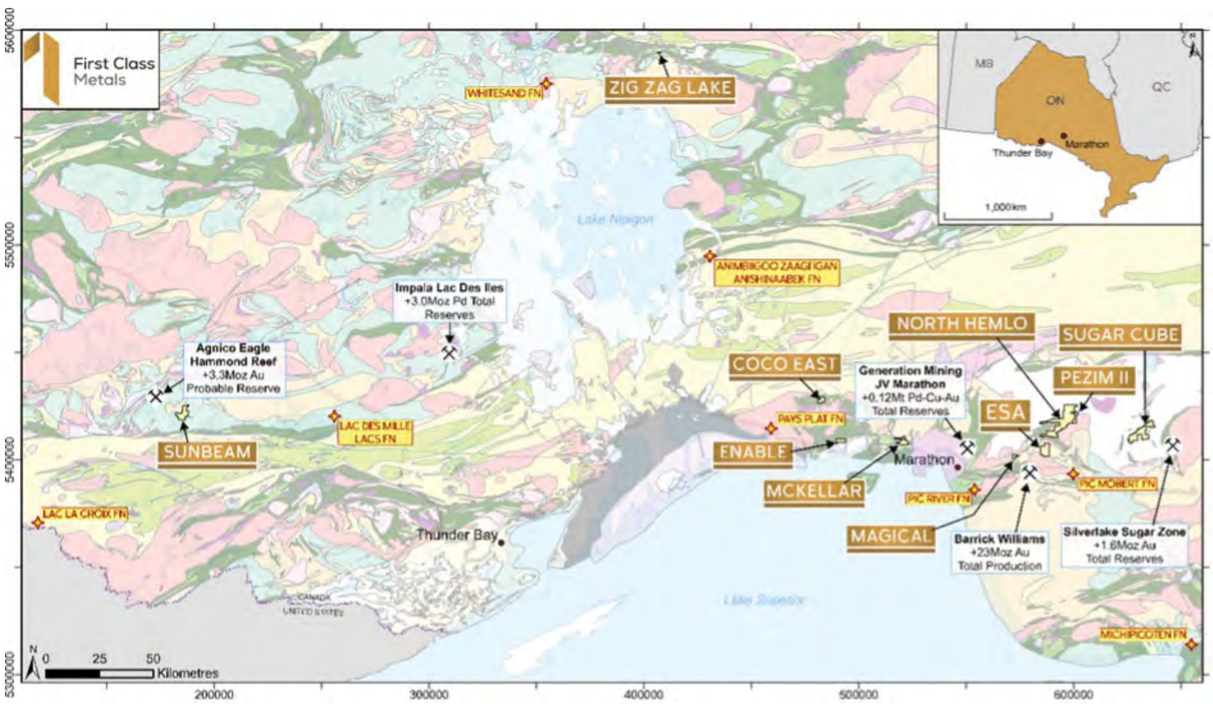


Figure 01 *showing the nine property blocks currently under the control of FCMC.*

CEO's Review (continued)

The following table and narrative details the portfolio of nine claims from west to east.

Area	Owner	Number of Claims	Area (km^2)	Claim Types	Minimum Expenditure required (CAD$)
Sunbeam	FCM	104	20.2	Single cell mining claims	40,800
Sunbeam extn	Others	9	24.8	8 multi -cell mining claims & 1 single cell mining claims	48,000
Zigzag	Others	6	1.2	2 boundary cell mining claims & 4 single cell mining claim	2,000
Coco East	FCM	30	6.3	9 Boundary Cell Mining Claims, 21 Single Cell Mining Claims	10,200
Enable	FCM	41	8.7	9 Boundary Cell Mining Claims, 32 Single Cell Mining Claims	16,400
McKellar	FCM	66	12.5	9 Boundary Cell Mining Claims, 57 Single Cell Mining Claims	23,600
Magical	FCM	14	2.9	Single Cell Mining Claims	5,600
Esa	FCM	86	20.6	1 Multi-cell Mining Claim, 85 Single Cell Mining Claims	38,800
North Hemlo	FCM 100%	394	82.7	Single Cell Mining Claims	157,600
North Hemlo Pezim II	FCM 49%	33	6.9	Single Cell Mining Claims	13,200
Sugar Cube	FCM	205	42.7	Single Cell Mining Claims	82,000
			229.5		**438,200**

Royalties

All the claim blocks have underlying Net Smelter Return ("NSR") or similar royalty payments.

These generally fall into the three following categories but are detailed in the attached table and in the relevant press releases pertaining to the individual transactions:

(i) NSR due to the original claim holders and NSR due to Knowles and Bodi when they were sold to FCMC.

(ii) On the claims vended into FCM by Power Metals, prior to the IPO, an NSR is due to Power Metals and/or the original owners from whom Power Metals purchased the claims.

(iii) NSR due to the original claim holders and subsequently to Nuinsco on the Sunbeam (plus Extended) and Zigzag transactions.

NOTE: many of the NSRs can be bought back in part by either the optionor or by FCMC.

CEO's Review (continued)

The following table is reproduced from the prospectus with the addition of the Sunbeam and Zigzag acquisitions.

Agreement date	Claim block	Claims details	Vendor	Buyer	NSR %	Payee / Owner	Beneficiaries	buy back (Cdn$) / comments
02/07/21	Pezin 2	624162 - 624172 and 631648 - 631669	FCM Inc.		1.00%	Tyko Resources Inc.	FMC Inc.	$1 million, payable in cash and stock
06/09/21	North Hemlo, McKellar, Enable, Magical, Coco East		Power Metal Resources Plc and Power Metals Canada Inc.	First Class Metals Canada Inc. and First Class Metals Ltd				Vendors will not aquire properties within 25km. AND FMC Inc. will assume underlying NSR commmitments
20/01/21	Hemlo North claim block	122 single cell claims	Brian Fowler and Gerard Buchanan	Power Metal Resources Plc	2.00%	FMC Inc.	Vendors	the Buyer (payee) may purchase 1% anytime by making cash payment of $500k
18/02/21	North Hemlo- Wabikoba Area	593720 to 593734	Ayub Bodi and James Knowles	First Class Metals Canada Inc. and First Class Metals Ltd	2.00%	FMC Inc. FMC Ltd	Vendors	the Buyer (payee) may purchase 1% anytime by making cash payment of $500k
31/03/21	Hemlo North - Wabikoba Area	129 single cell claims, 563370 to 563498	North American Exploration Inc. and Silver Water Capital Corp.	First Class Metals Ltd	2.00%	First Class Metals Ltd	Vendors	no details avaiable
07/04/21	Hemlo North Pezim 1 Olga Lake & Black River	41 single cell claims, 634019 to 634054 and 635648 to 634651	Ayub Bodi and James Knowles	First Class Metals Canada Inc. and First Class Metals Ltd	2.00%	FMC Inc. FMC Ltd	Vendors	the Buyer (payee) may purchase 1% anytime by making cash payment of $500k
19/04/21	Hemlo North Mining camp Pezim 2	Pezim 2, 33 single cell claims, 624162 to 624172 and 631648 to 631669	Ayub Bodi and James Knowles	First Class Metals Canada Inc. and First Class Metals Ltd	2.00%	FMC Inc. FMC Ltd	Vendors	the Buyer (payee) may purchase 1% anytime by making cash payment of $500k
24/04/21	Hemlo North Mining camp Pezim 1 Area	119 single cell claims, 634019 to 634054 and 635636 to 635659 and 637310 to 637344 and 640187 to 640252	Ayub Bodi and James Knowles	First Class Metals Canada Inc. and First Class Metals Ltd	2.00%	FMC Inc. FMC Ltd	Vendors	the Buyer (payee) may purchase 1% anytime by making cash payment of $500k
03/10/22	Sunbeam	both claim blocks are subject to NSRs with Nuinsco and the underlying claim holders	Nuinsco	First Class Metals Canada Inc. and First Class Metals Ltd	executed and underlying agreements vary	First Class Metals Canada Inc. and First Class Metals Ltd	Vendors	executed and underlying agreements both have provision for part buy back
03/10/22	Sunbeam Extended							
08/03/23	Zigzag	both claim blocks are subject to NSRs with Nuinsco and the underlying claim holders	Nuinsco	First Class Metals Canada Inc. and First Class Metals Ltd	executed and underlying agreement vary	First Class Metals Canada Inc. and First Class Metals Ltd	Vendors	executed and underlying agreements both have provision for part buy back

CEO's Review (continued)

The claim blocks from west to east:

The nine claim blocks, covering almost 230km², are distanced by about 400km from Sunbeam in the west to Sugar cube in the east.

I. Sunbeam

The Sunbeam Gold Property includes the historic Sunbeam Mine. This is a high-grade underground gold mine which operated from 1898 to 1905. The core of the Property consists of 104 unpatented mining claims covering 20.2km² in the Ramsay-Wright Township in North-western Ontario, see Figure 02.

The Option to purchase was signed with Nuinsco in October 2022. Nuinsco holds the claims through an underlying agreement with several prospectors who held the claims. In February 2023, FCM made a second payment to Nuinsco and the claim ownership was transferred to FCMC for the central Sunbeam area. The Sunbeam extended (English Option extending over 24.8km²) is still part of an Option agreement with Nuinsco and the claim owner, which FCMC has assumed.

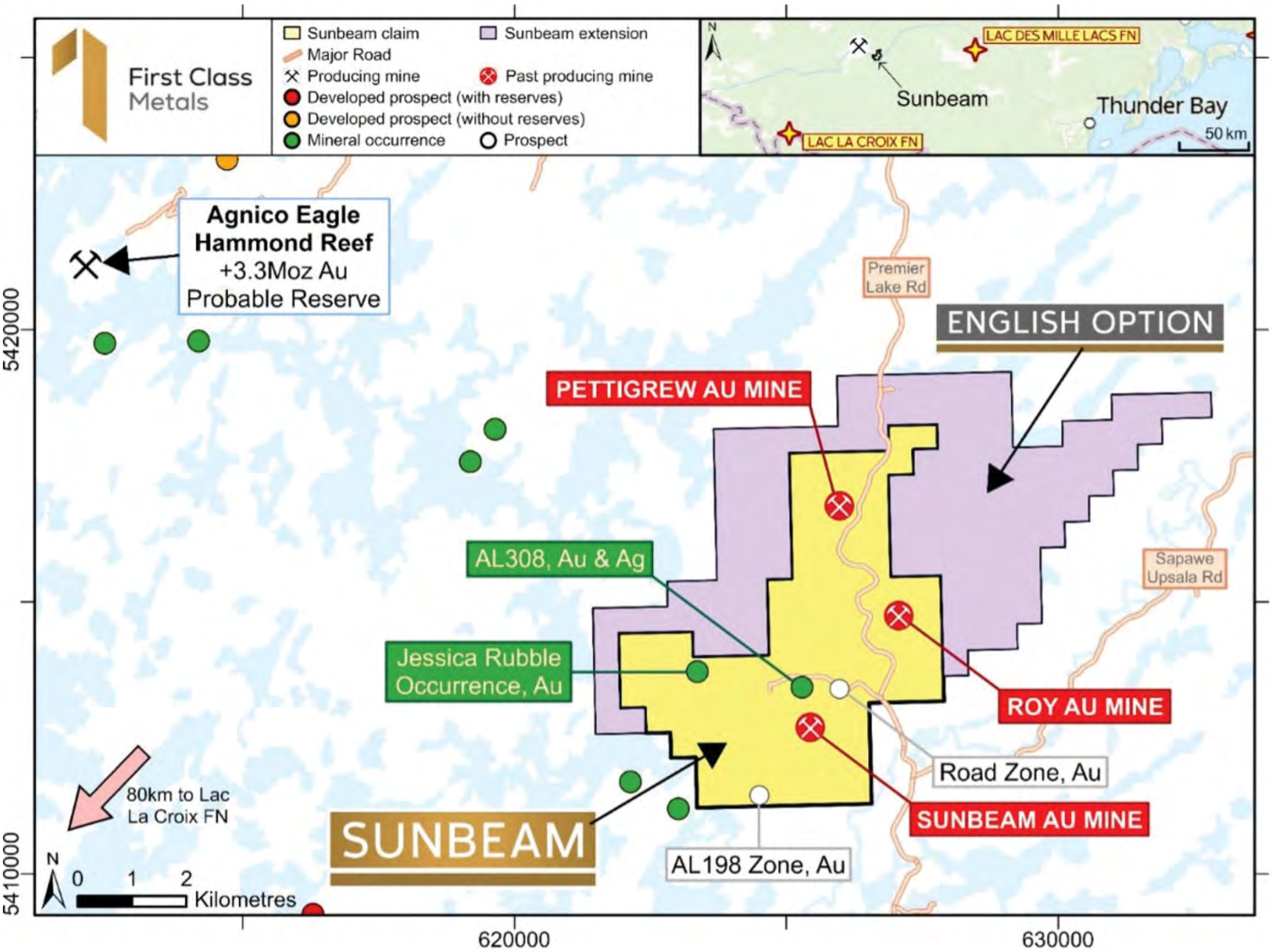


Figure 02 *showing the Sunbeam Property including the Sunbeam extended option.*

CEO’s Review (continued)

II. Zigzag

The 6-unit claim group spans approximately 1.2km² and covers the historic Tebishogeshik lithium occurrence as well as other mineralized sites. The claims were optioned from Nuinsco in March 2023. Nuinsco, whilst not the registered owners, hold an Option to Purchase agreement with the claim owner. FCM has entered into a four-year work programme as well as staged payments to Nuinsco, which can be accelerated. At the fulfilment of these obligations, FCM will own the claim option on an 80:20 arrangement with Nuinsco. At this point a JV would be entered into between FCM and Nuinsco for the further development of the mining claims. Should either party not wish to contribute to the JV they would be diluted as per an agreed dilution formula. If either Nuinsco or FCM is diluted to 10% ownership their entire remaining ownership would be automatically converted into an NSR. See Figure 03.

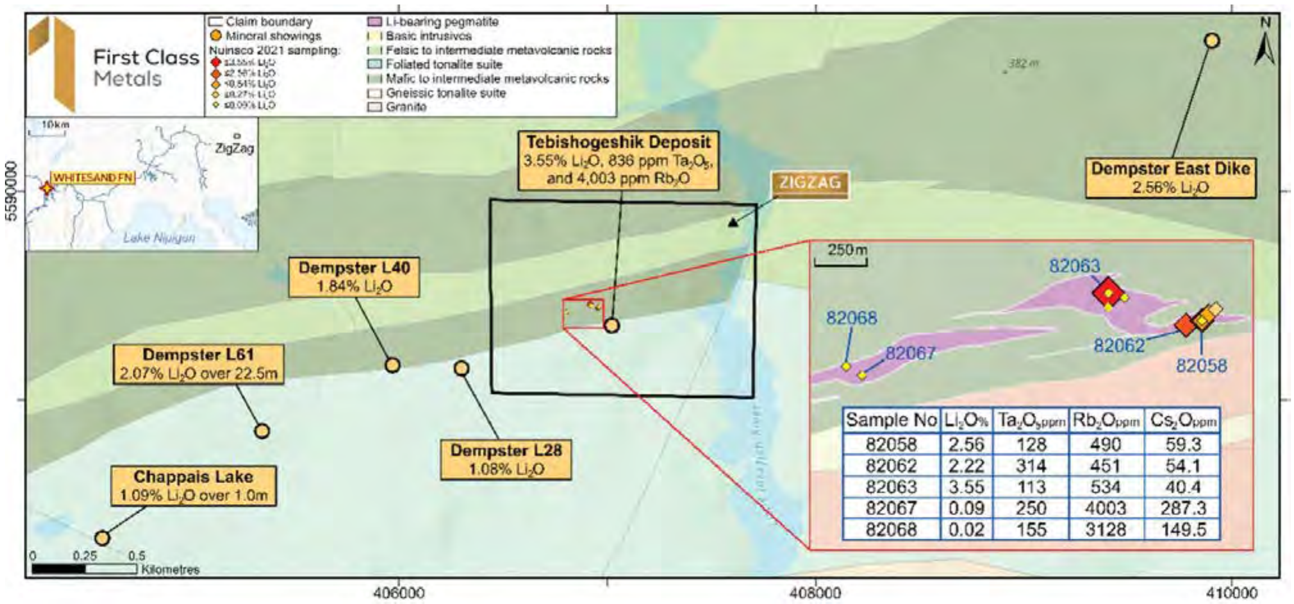


Figure 03 *showing the regional setting of the Zigzag claim block.*

CEO's Review (continued)

III. Coco East

The Coco East block of 30 claims covering 6.3km² is located on the eastern sector of the Big Duck Lake Porphyry, which contains several historic showings as well as the Coco Estelle deposit. This claim block was part of the Power Metal acquisition during pre-IPO. Assessment credits from 2022 field work extend into next year.

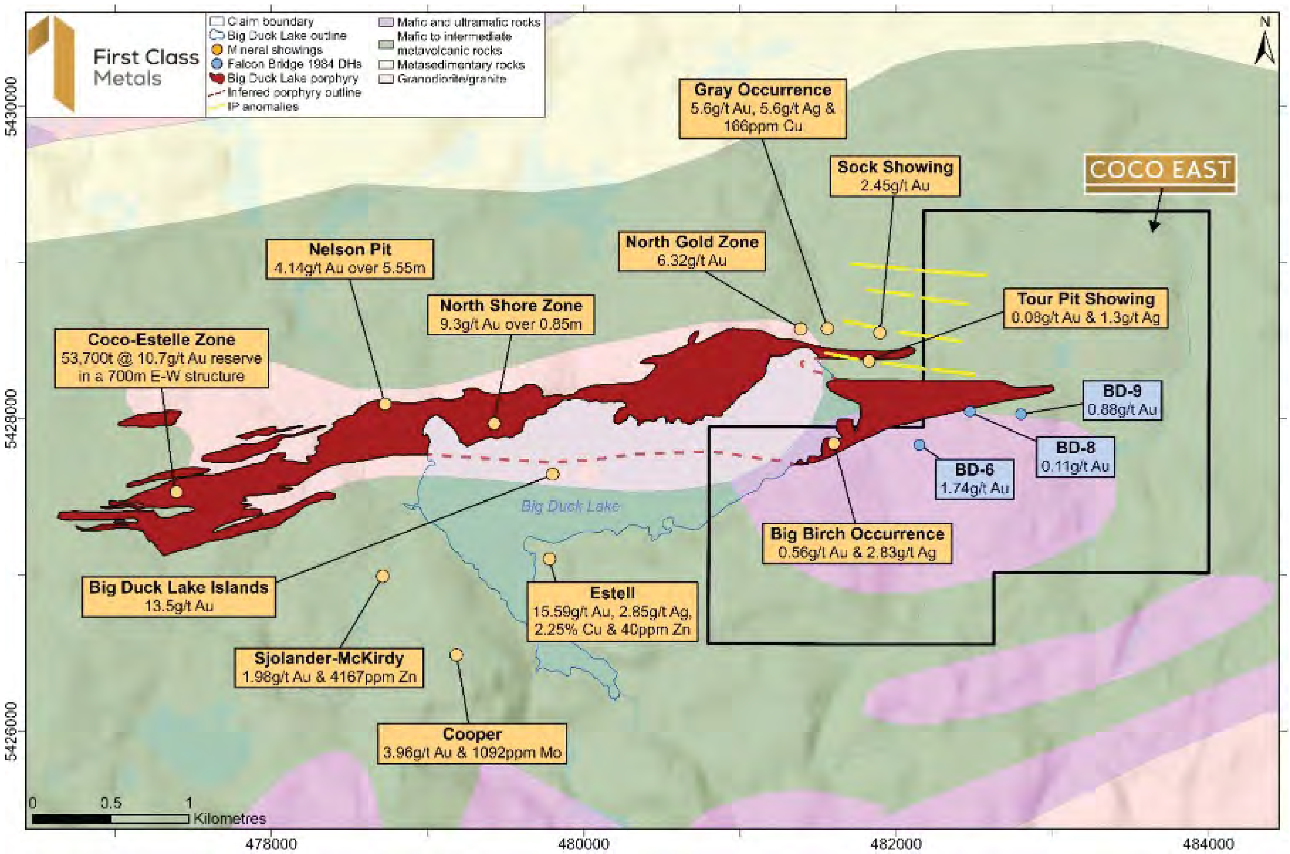


Figure 04 *showing the regional setting of the Coco East claim block*

CEO’s Review (continued)

IV. Enable

This property comprising 41 claims covers around 8.7km² and includes a significant geological feature of interest: the contact between the Terrace Bay batholith (to the southeast) and the mafic volcanics and iron formation. These have been intruded by quartz-feldspar porphyry dykes. This contact roughly dissects the Enable property from the northeast to southwest corners of the claim block and its inferred strike extent is underexplored within the property, see Figure 05.

Enable was also one of the claim blocks that formed part of the “Power claim acquisition”, pre-IPO. Assessment credits from 2022 field work extend into 2023. An exploration permit, required for “invasive” exploration such as trenching, stripping, and drilling has been drafted and will be discussed with the relevant First Nations before submitting the same to the relevant authority.

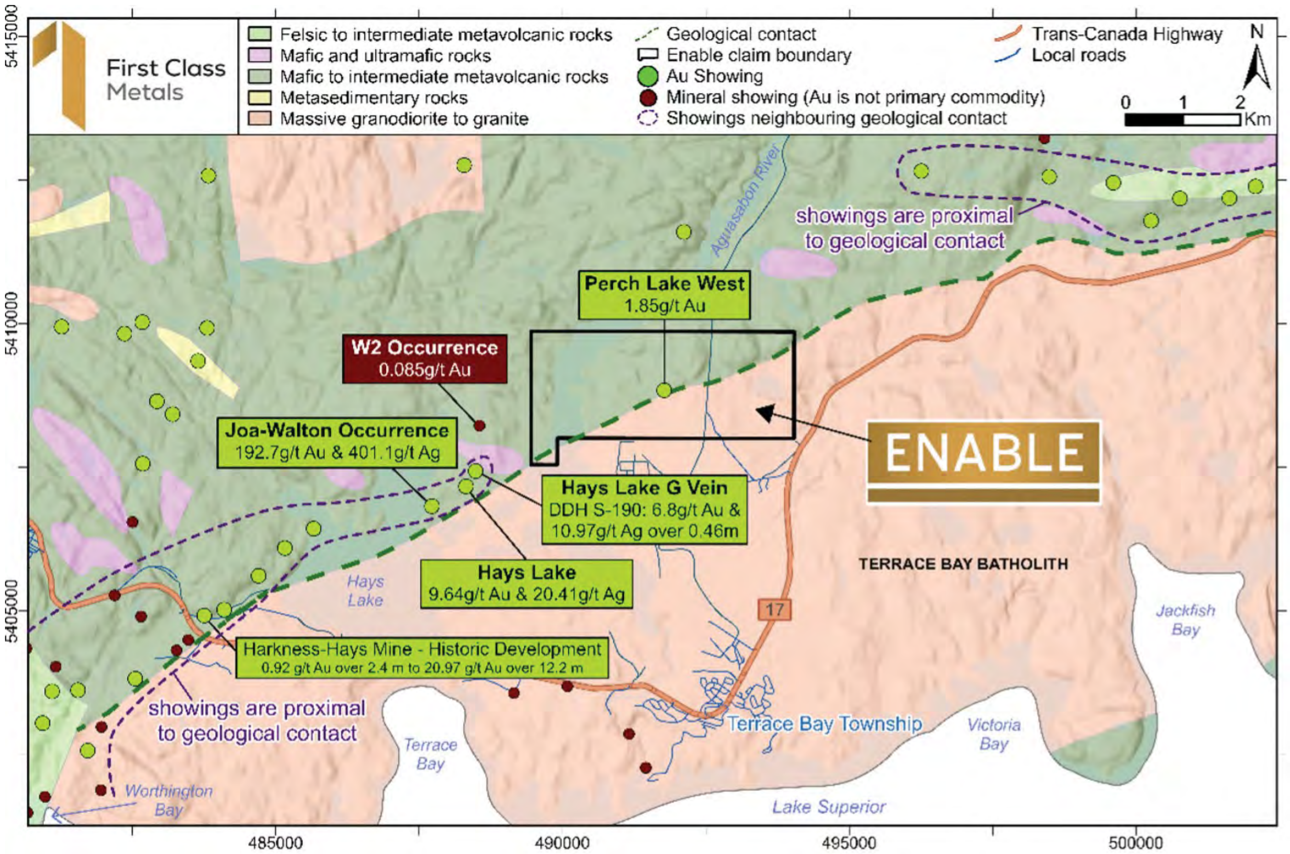


Figure 05 *showing the Enable claim block in a regional geological setting.*

CEO's Review (continued)

V. McKellar

The McKellar property, originally comprising 66 claims, covers 12.5km² and is situated in prime geological terrain within the Coldwell complex. Located to the west of Generation Mining's Palladium Project, McKellar is roughly 25 kilometres from the town of Marathon, the main service centre for Barrick's Hemlo mine. McKellar has a number of historic 'showings' with significant values in both base (battery) and precious metals, see Figure 06. McKellar was the second largest of the claim blocks that formed the Power claim acquisition. Field work conducted in 2022 generated assessment credits that cover the property into 2023. Eight contiguous claims were 'staked' in February 2023 in the southern area of the claim block, extending the total claim area to 12.3km².

An exploration permit, required for 'invasive' exploration such as trenching, stripping and drilling has been drafted and is currently under discussion with the First Nations.

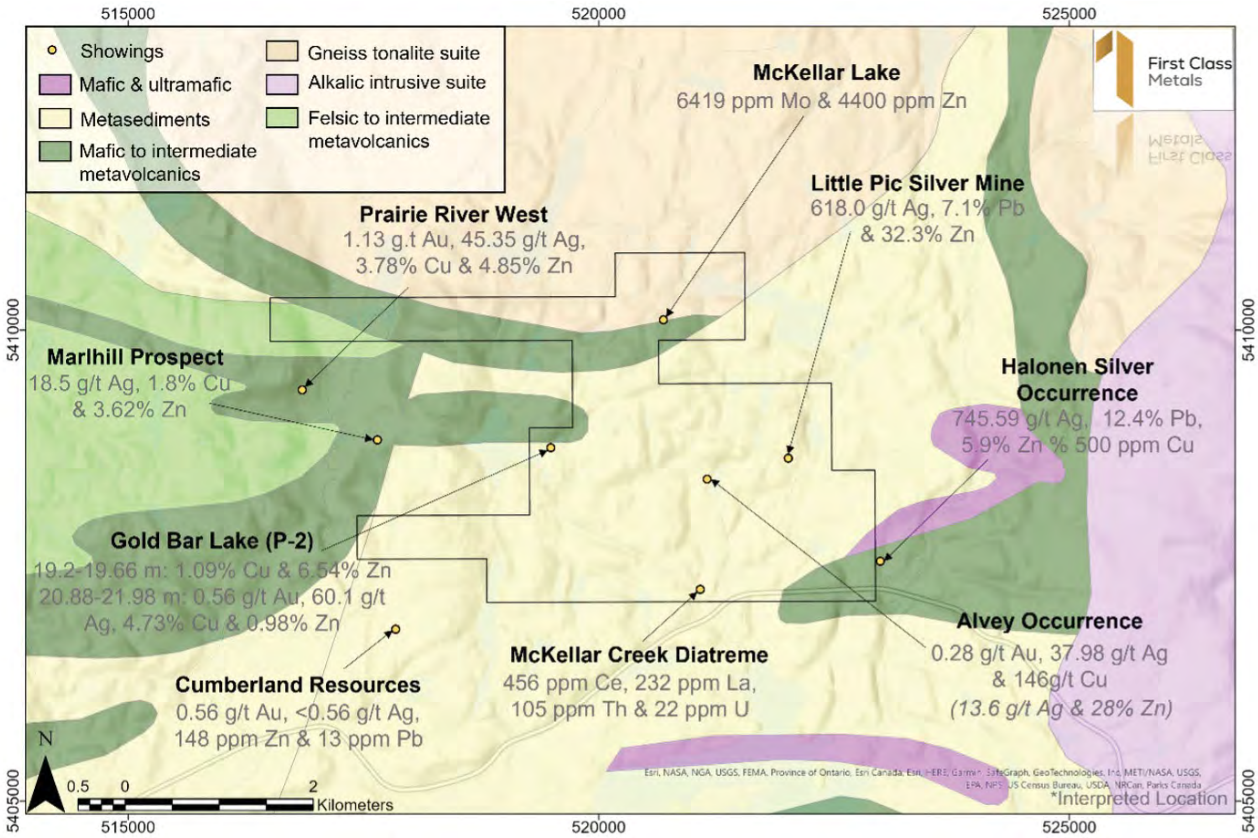


Figure 06 *Shows the McKellar claim block (pre-2023) in a district scale geological setting with historic showings.*

CEO’s Review (continued)

VI. Magical

Located only 9km northwest of the Barrick Hemlo gold mine, these 14 claims which are 2.9km² are situated on a compelling geological contact. The enigmatic ‘Valley Float’ less than 1km off the property boundary to the northeast has reported >16g/t Au, whilst grades of c.1.5g/t gold have been reported from the Gowan Lake showing to the southwest, see Figure 07. While only a small land package, Magical’s geological location gives weight to its potential. Exploration in 2022 generated sufficient credits into 2024.

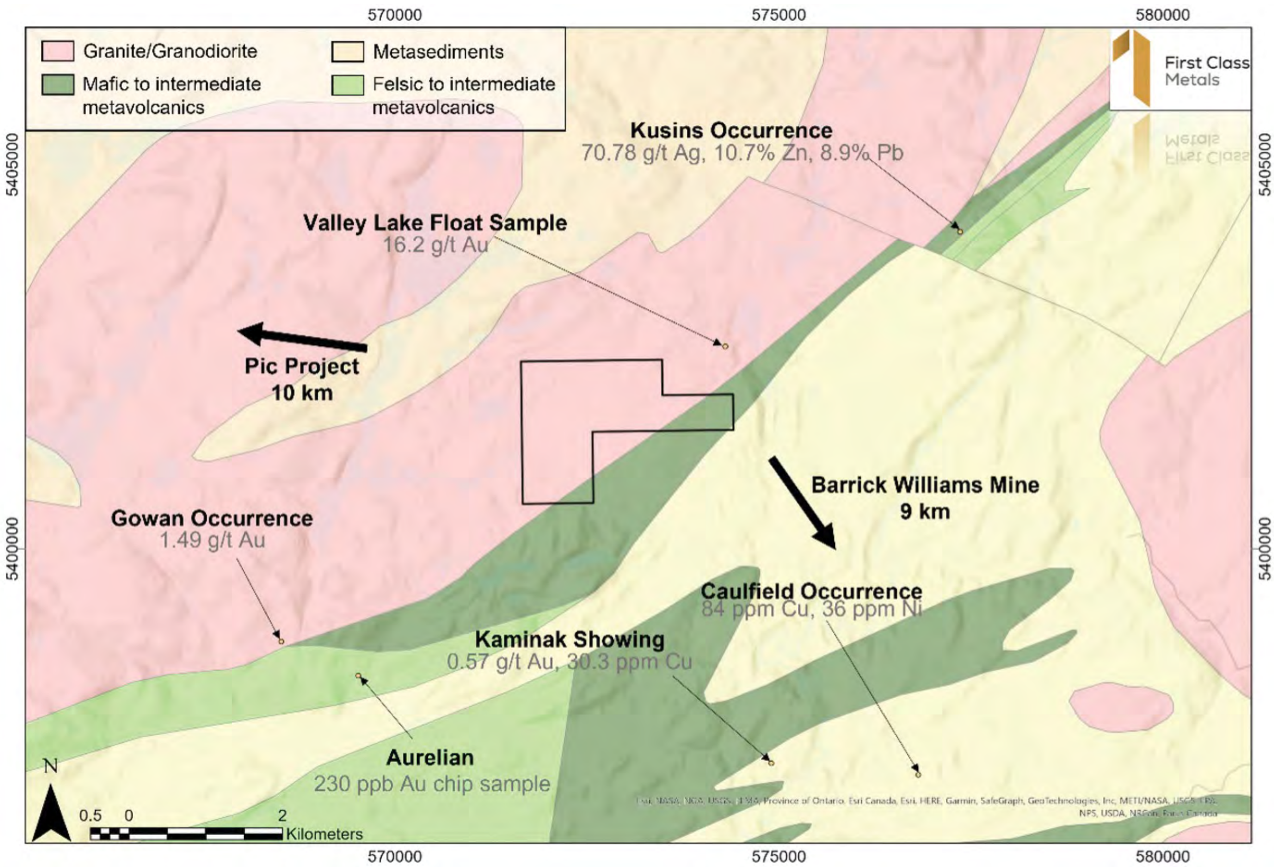


Figure 07 *showing the Magical claim block in a geological district scale with pertinent ‘showings’.*

CEO's Review (continued)

VII. Esa

The Esa property contains 86 claims, covers 20.6km², and is located approximately 11km northeast from the Barrick Hemlo gold mine, immediately south of FCM's North Hemlo property.

The claim block is dissected by a geological / geophysical feature, which adds significant merit to the block's potential, see Figure 08. This structure is considered one of three subparallel, arcuate trends contained in the Hemlo 'north limb', which mirror the Hemlo trend to the south, (see Figure 10). Re-interpretation of geophysical data further enhanced the property's prospectivity. Esa was one of the 'seed' properties that formed the pre-IPO package. Extensive exploration was conducted along this feature in 2022, and the assessment credits generated during the year will maintain the property in good standing through 2023.

An Exploration permit, required for 'invasive' exploration such as trenching, stripping, and drilling has been drafted and currently under discussion with First Nations.

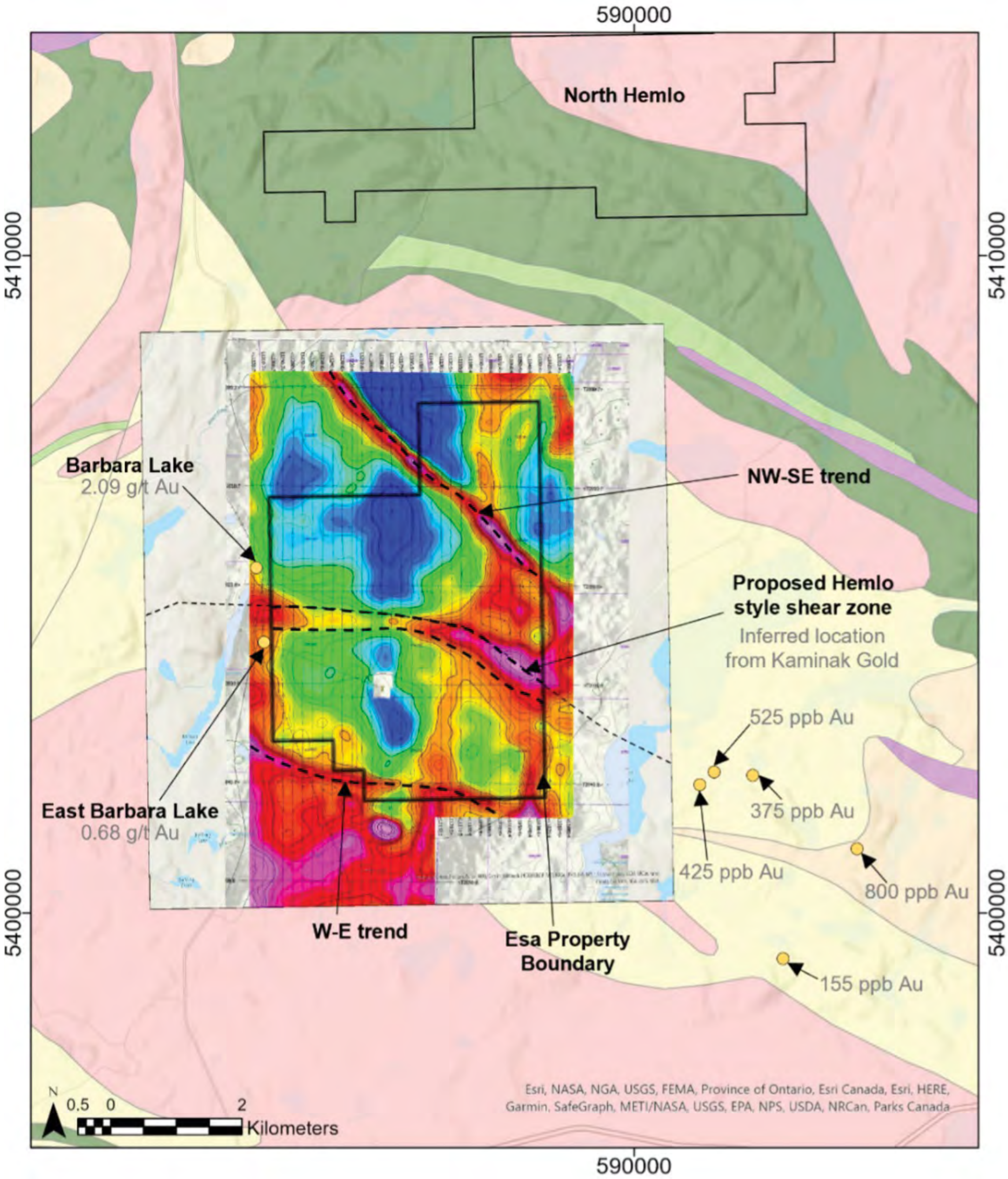


Figure 08 *the Esa block with geophysics overlay and district geology.*

CEO's Review (continued)

VIII. North Hemlo

The Flagship North Hemlo property historically comprised of three claim areas: Pezim I & II, and Wabikoba, which weren't contiguous. However, the addition of the Hemlo North block, acquired from Power Metals Plc., brought North Hemlo together as one cohesive block.

The property now extends across 427 claims covering ~90km², see Figure 09. Note: 33 claims are under effectively a Joint Venture agreement with Palladium One and FCMC's ownership is reduced to 20%.

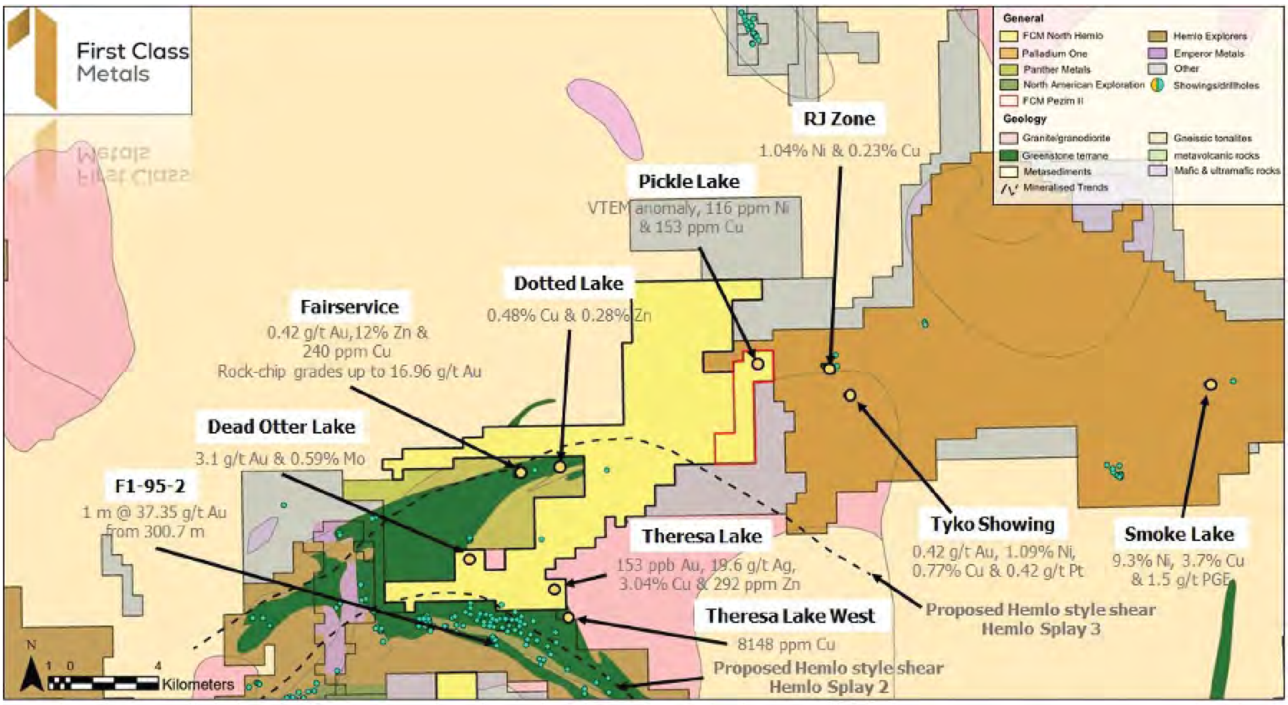


Figure 09 *showing the North Hemlo block and position of district 'showings' and Pezim II*

There were limited historical showings on the property, the most important being the gold / molybdenum showing at Dead Otter Lake. The geology / geophysical signature of the Dotted Lake / Fairservice prospect continues onto the North Hemlo block. Furthermore, the JV – Earn-in with Palladium One has significantly enhanced the base, battery, and critical metal potential of the block.

CEO's Review (continued)

Further potential is derived from the arcuate inferred shears which mimic the shear hosting the Hemlo gold mine, see Figure 10.

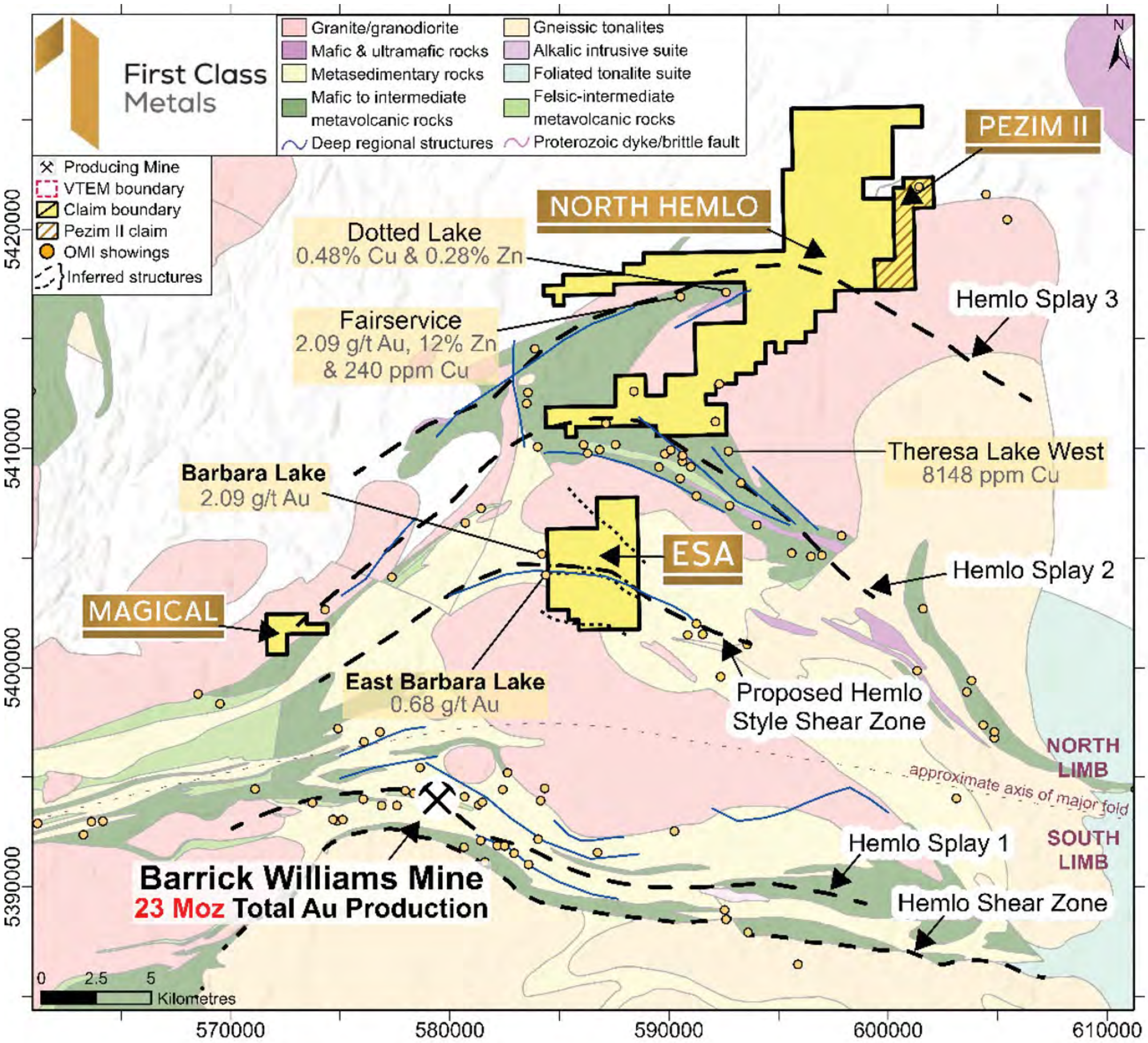


Figure 10 *showing the regional geological and structural setting of the North Hemlo and Esa block (Hemlo 'north limb'), relative to the Hemlo gold mine*

An Exploration permit, required for 'invasive' exploration such as trenching, stripping and drilling, has been drafted and currently under discussion with the First Nations.

CEO's Review (continued)

VIIII. Sugar Cube

The Sugar Cube claim block of 205 claims, covering ~43km², is contiguous to the north-west of Silver Lake's 1.6Moz+ Sugar Zone gold mine. Sugar Cube was one of the 'seed' properties that formed the pre-IPO package. Whilst virtually no ground-based exploration was conducted in 2022, the geophysics survey undertaken in early 2023 will provide sufficient credits to maintain this entire block through 2023.

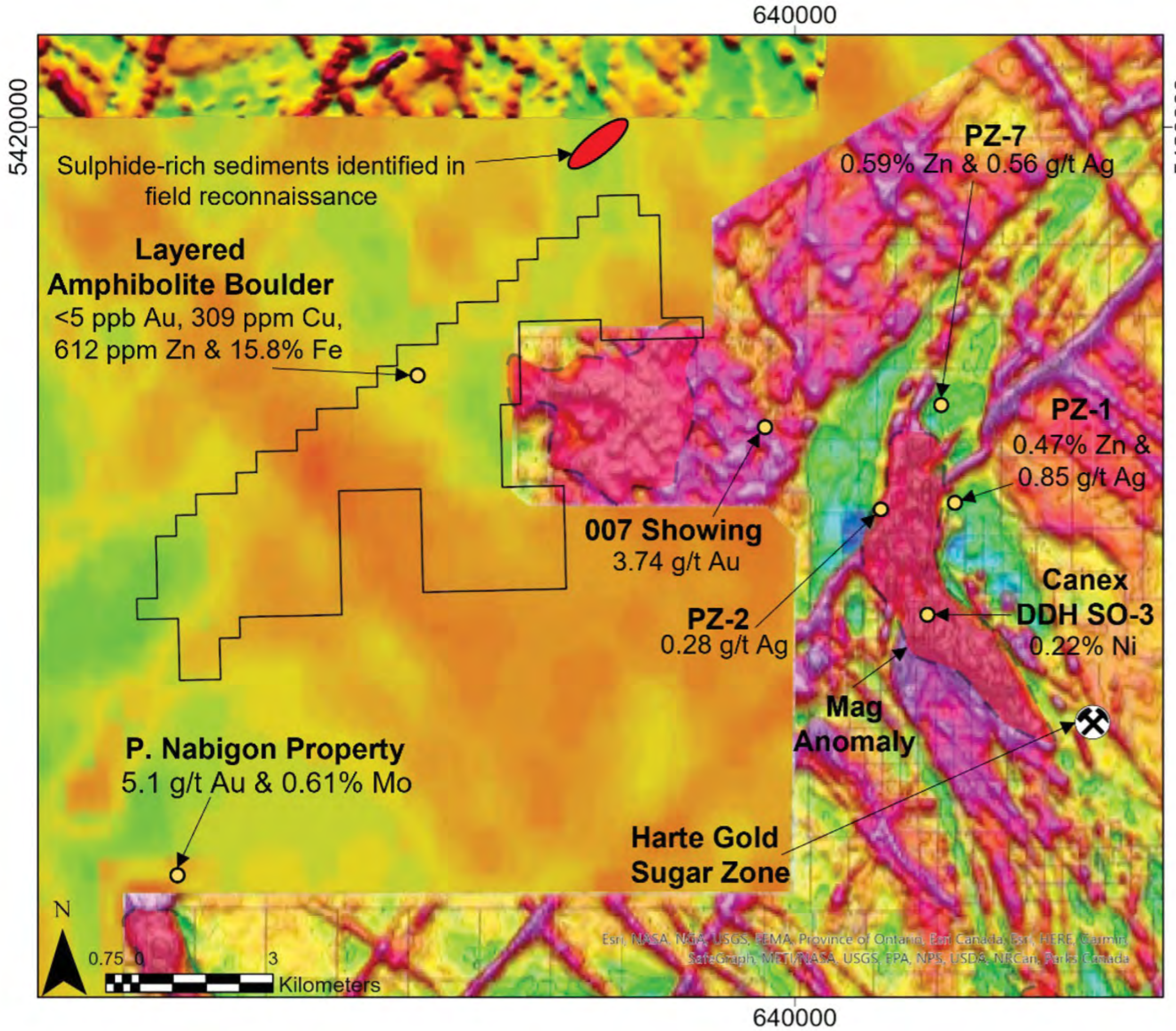


Figure 11 *the Sugar Cube property with the government regional magnetics as background as well as district historical showings.*

CEO's Review (continued)

Conclusion

In summary, FCM, through its 100% owned Canadian subsidiary, controls nine claim blocks in northwest Ontario covering 230km². The flagship property, North Hemlo, constitutes 90km² of this area, (including Pezim II), whilst Sunbeam and Sugar Cube collectively constitute another ~88km².

All of the seven listing properties have sufficient assessment credits generated by field work in 2022, or latterly in the case of Sugar Cube, to keep them in good standing through 2023.

The annual commitment to maintain the claims is about CAD$450,000. FCM intends to progress the exploration of the properties by drilling where permitting, funding and logistics allow.

Overview of Operations

The 2022 inaugural field season was a very successful one for First Class Metals Plc as the first full year of activity.

Significant advances were achieved on the flagship North Hemlo property. Owing to the pre-IPO funds, FCM, through its 100% owned subsidiary First Class Metals Canada Inc., was able to initiate exploration on several of the seven properties that formed the portfolio on listing. Whilst there was no significant ground exploration on the post-IPO Sunbeam acquisition, a detailed data review was initiated. The Zigzag property, which was added to the portfolio after year's end, likewise has not yet had any appreciable ground exploration. The Sugar Cube property was not explored in 2022 but a geophysical survey was completed in early 2023.

The business / exploration strategy of FCM is similar in rationale and execution as that of many junior, newly-listed exploration companies: to value add to an exit event, by JV or sale. This approach can equally apply to the company itself or individual projects in the Company's portfolio.

The field season's results reported to date for 2022 have advanced this business strategy significantly. Notwithstanding the acquisitions which also enhanced the Company's appeal to investors.

FCM intends to continue this business model in 2023 to value add to the existing portfolio as well as to review other opportunities in Ontario that will add value to the company. However, the focus of any exploration company is the timely undertaking of drilling. FCM is moving four of the key properties towards possible drill events in 2023.

Whilst the Company is monitoring its land position as well as expansion opportunities, the possibility of joint venturing parts of the portfolio is always a consideration. The West Pickle Lake project area under JV with Palladium One in the northeast of the North Hemlo property is a clear example of the success of this aspect of the Company's strategy.

The following is an overview of the Company's field activities resulting from the 2022 field season. Many of the final assays were not received until 2023, though the work was completed and samples submitted for analysis during the reporting period.

The following sections detail the nine properties from west to east in respect to the field operations undertaken and planned. Whilst most activities fall within the reporting period, events noteworthy after 31 December 2022 are included in order to present an accurate account of activities.

Coco East

The Coco East block of 30 claims covering ~6.3km² is located on the eastern sector of the Big Duck Lake Porphyry, which contains a number of historic showings as well as the Coco Estelle deposit. This porphyry, as well as other similar intrusions, are strongly spatially associated with Archean lode gold deposits.

There is only one showing located within the Coco East property boundary, the Big Birch Occurrence. Two pits are reported with a 5m spacing, striking east-west. The main pit exposes a 10cm-wide quartz and calcite vein and contains pyrite and possible chalcopyrite mineralisation, and historic assay results have returned values of 0.56 g/t Au and 2.83 g/t Ag.

Overview of Operations (continued)

During the 2022 field season, FCM collected 47 rock samples predominantly in the area of the Big Birch occurrence and historical drilling. Assays returned gold and silver grades that were generally in order of the historic samples.

The work conducted during 2022 has generated sufficient assessment credits that the claim block is in ‘good standing’ through 2023.

During the winter of 2022-‘23, a lake sediment sampling programme across the property collected six samples.

An exploration programme to cover other areas of the block, particularly the geophysical anomaly to the north of the property, is currently being drafted and will include the possible follow-up of any anomalism reported from the lake sediment sample.

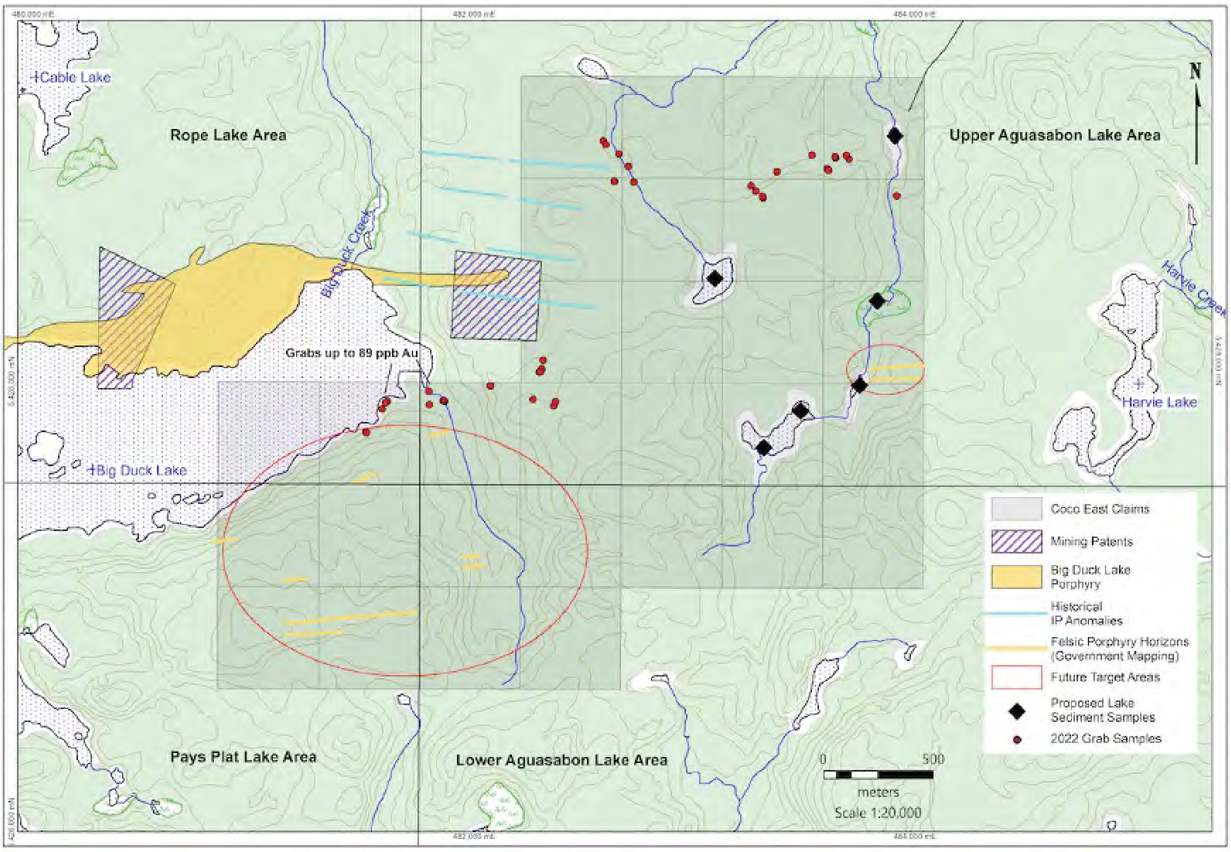


Figure 12 *showing the prospective areas of Coco East and the areas of work undertaken by FCM*

Overview of Operations (continued)

Enable

The 41 Enable claims blocks cover 16.4km² and are dissected by an important geological feature striking northeast to southwest which can be traced off property to historical showings, see Figure 13.

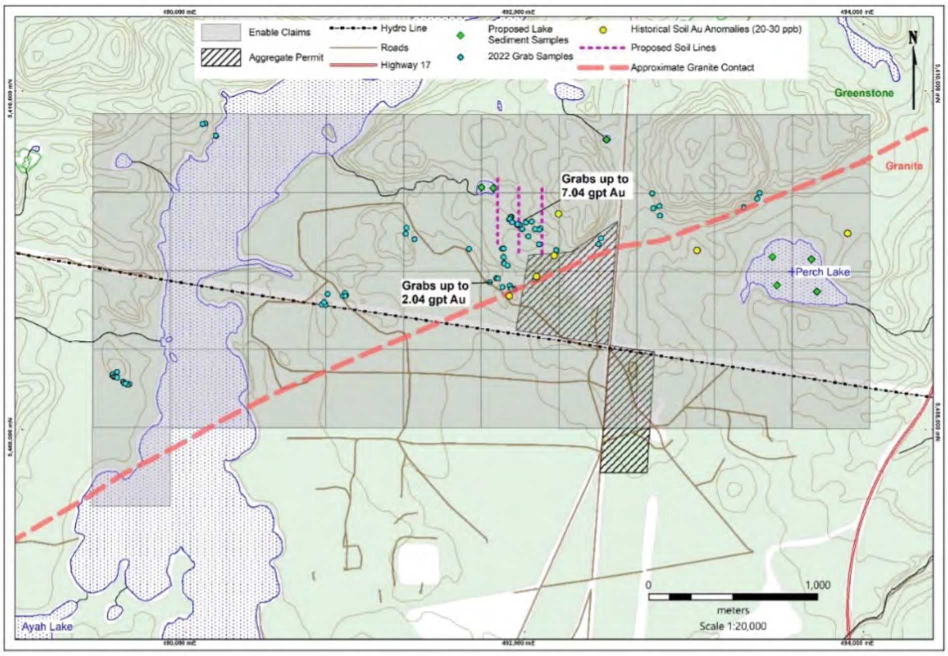


Figure 13 *showing the Enable claim block with OMI[1] showings along the geological contact which transects the property.*

The contact between the Terrace Bay batholith (to the southeast) and the mafic volcanics and iron formation, which have been intruded by quartz-feldspar porphyry dykes related to the batholith (to the northwest) is an important, mineralised geological feature of district scale. There are numerous showings located in the surrounding claims, with 30+ gold occurrences in the district being associated with this contact. The contact between the mafic rocks and the Terrace Bay batholith is the main vector of interest and this contact dissects the property.

All these known gold occurrences, as well as the presence of historical gold on the property, are substantive evidence to support the inferred continuation of the mineralised geological structure/ contact through the Enable claim block. This provides very positive encouragement for the potential for further significant gold assays in the future.

Over two field visits to the property, reconnaissance identified several quartz veins and more than 80 rock samples were collected. The assays received have not only confirmed and enhanced the West Perch Lake showing but identified a new area of quartz veining containing gold values in excess of 7ppm, see Photo 01.

1 Ontario Mineral Inventory

Overview of Operations (continued)

Photo 01 *quartz vein from Sample 697925, assaying 7.02ppm Au, with minor pyrite and galena in sheared, silicified granodiorite containing 1-2% disseminated pyrite.*

Of the samples collected, almost half contain anomalous (>0.1ppm) gold values, with over 10 samples containing >0.3ppm Au. Several samples returned anomalous to significant silver values. The higher silver values are associated with the elevated gold assays. For example, Sample 697926 contained 83ppm Ag, and in a separate sample 5.2ppm Au also reported 57ppm Ag.

Further work is planned for the upcoming (2023) field season, including soil lines and continued reconnaissance along the inferred contact. A programme of lake sediment sampling was completed early in 2023, with a total six samples being collected across the property.

McKellar

The McKellar Property, comprising 58 claims, covers ~12km² and is situated in prime geological terrain within the Coldwell complex, located to the west of Generation Mining's Palladium Project. McKellar is located roughly 25 kilometres from the town of Marathon, the main service centre for Barrick's Hemlo mine.

During the 2022 field season, over 100 grab (rock chip) samples were collected as well as six lake sediment samples. Mapping and sampling work predominantly took place on the McKellar trend and nearby Alvey occurrences, as well as initial work on the Rare Earth Element diatreme in the southern sector.

Overview of Operations (continued)

The historic ‘McKellar showing’ that contains the historic Little Pic Mine is a very prospective zone with strike extension potential localised in a shear possibly along the volcano-sedimentary contact. This is being interpreted as potential Volcanic Massive Sulphide (VMS) style mineralisation, see Figure 14.

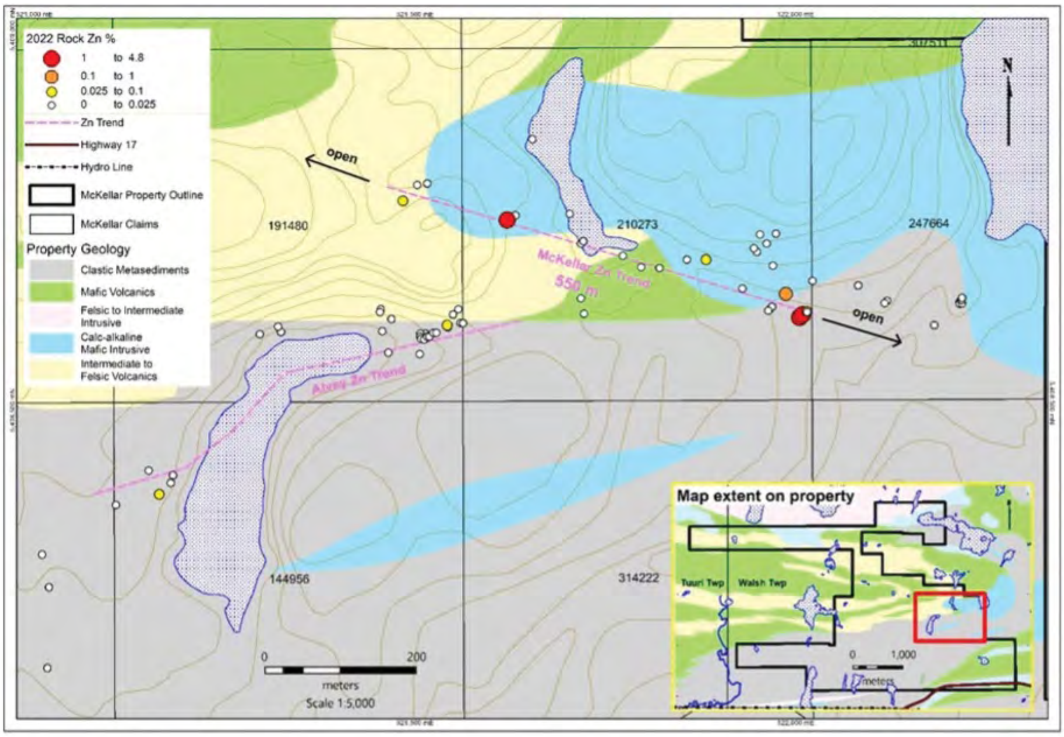


Figure 14 *the McKellar trend which contains contemporary and historically significant zinc grades as well as high grade silver.*

The reported results from the 2022 season’s campaign are encouraging (sample B416205 see photo 02) and confirm that more work is required to further extend and detail the potential of this trend. For example, 400 meters along strike to west-northwest, similar rock returned 1.36% Zn, 635 ppm Pb, 11.6 ppm Ag, and 550 meters along strike to west-northwest of the shaft, mafic volcanics returned 590 ppm Zn. Furthermore, the ‘Alvey trend’, which is in close proximity but as yet the relationship unclear, reported anomalous: 382 ppm & 417 ppm Zn.

Photo 02 *sample B416205 which reported 4.82% Zn, 0.22% Pb, 80ppm Ag*

Overview of Operations (continued)

The geological work at McKellar, to date and supported by the historical review, indicates that zinc mineralization occurs close to a volcanic-sedimentary (sheared) contact. If the mineralisation is conformable, it further enhances the concept of the VMS potential, whilst a sheared contact could infer mineralised feeder style structures. However, the McKellar zinc trend was not picked up by historic ground electromagnetic surveys (“EM”), though the Alvey trend was more responsive, possibly owing to the graphitic argillite.

The work by FCM has shown that the potential of the McKellar trend is valid. Furthermore, it is not ‘closed off’ and therefore the possibility exists to extend the known mineralisation to the northwest.

A brief reconnaissance trip was undertaken in the season to identify the actual location of the reported diatreme in the southern sector of the block. The results obtained were anomalous, being five times crustal levels in a number of the REE samples assayed. The potential for higher values is considered realistic as available sample sites were not optimal. Further work will include channel sampling and, once an exploration permit is granted, possible stripping if ground access allows.

Further work is planned for the 2023 field season, as there are several other targets of merit on the property, see Figure 15. Planned exploration includes:

- Further exploration along the McKellar trend.
- Systematic sampling of the diatreme.
- Initiation of exploration at Goldbar Lake.
- Exploration of other areas identified in the historical data review.
- Formalisation of the Exploration Permit application.

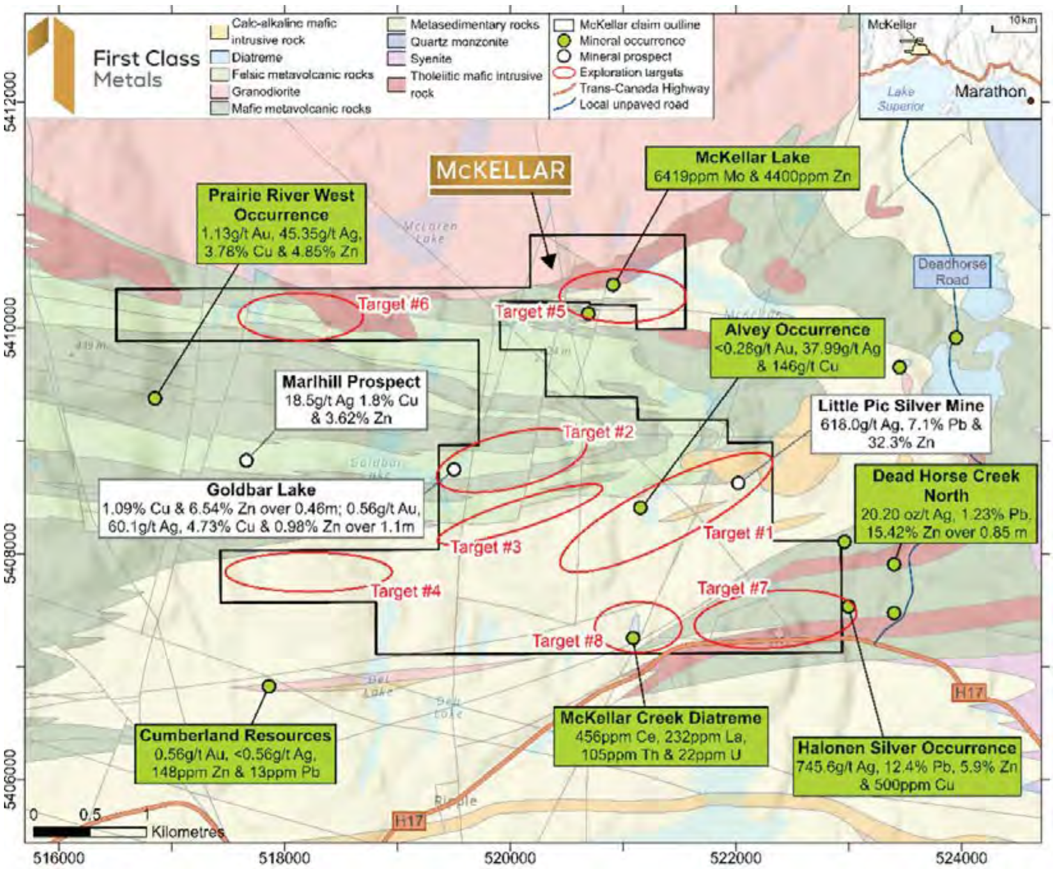


Figure 15 *which shows identified (from historical data) prospective areas on the McKellar block, not the Little Pic mine is on the McKellar trend.*

Overview of Operations (continued)

In March 2023, FCM staked a further eight (8) claims, each of 400ha contiguous in the south of the McKellar block.

Magical

The property contains a compelling geochemically anomalous contact zone that requires further sampling. Located only 9km northwest of the Barrick Hemlo gold mine, this 14 claim, 2.9km² block is situated on a district scale geological contact, which could be an extension of one of the inferred North Limb shears.

Historic evidence to support the potential includes: the enigmatic ‘Valley Float’ sample less than 1km off the property to the NE has reported >16g/t Au; the Gowan Lake showing to the SW, also on the inferred contact, reports ~1.5g/t Au and the Kusins showing also associated with the contact reports 70.87 g/t Ag, 10.7% Zn and 8.9% Pb.

Geologically, the area contains a northeast trending sequence of clastic sediments, plus subordinate amphibolite. These are bounded by the Gowan Lake Pluton in the northwest and the Cedar Lake Pluton in the southeast. The contact between the Gowan Lake Pluton and metavolcanics is found in the east and southern areas of the property. On the basis of nearology / vector, this is considered a potential host for gold mineralisation. During the 2022 field season 11 rock chip samples and 56 soil samples were collected out of a helicopter supported ‘fly’ camp. The latter was analysed by the mobile metal ion (“MMI”) methodology, see Figure 16.

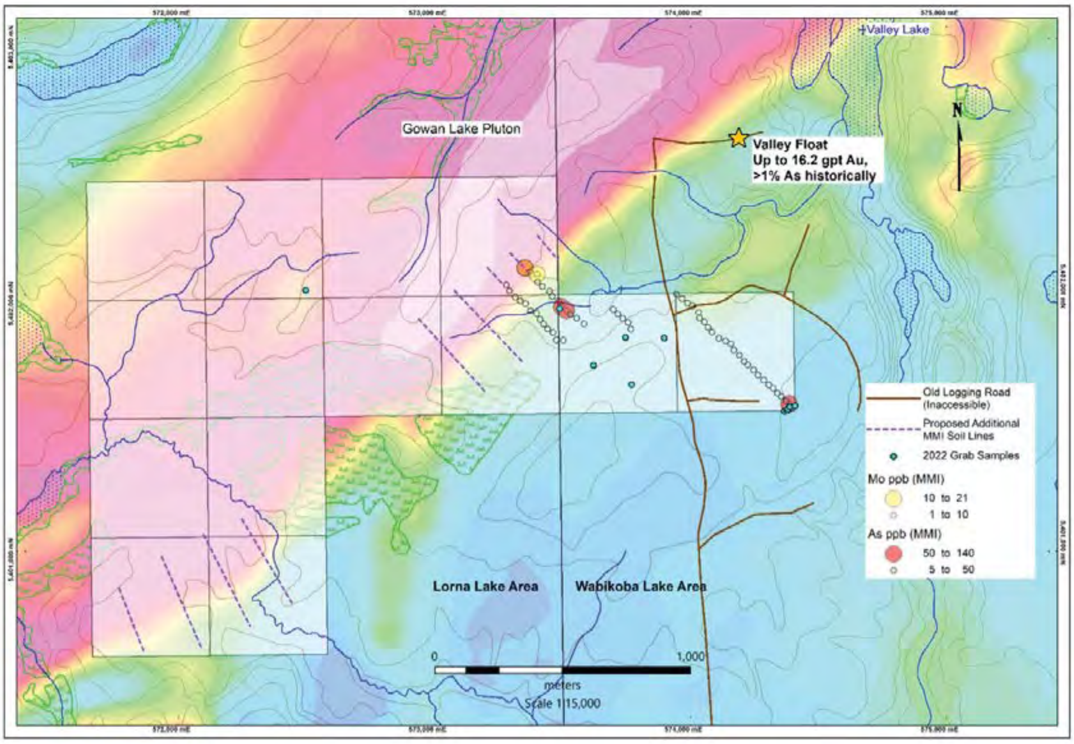


Figure 16 *MMI sampling on the Magical property*

The anomalous molybdenum (“**Mo**”) and arsenic (“**As**”) close to the northwest end of the MMI survey at the contact of the Gowan Lake Pluton is of interest and, given the gold occurrence to the northeast and southwest, on trend (but off property). This is a significant encouragement for the property’s potential.

Overview of Operations (continued)

It is proposed that the soils lines are extended as well as further lines in the southwest in order to validate the anomalism associated with the contact / shear as well as prove strike continuity.

Importantly, the contact is interpreted as an extension of one of the inferred arcuate subparallel shears that also passes through the North Hemlo property. It is worth noting that the Barrick 'Hemlo' gold mine is located on a similar shear with a strong molybdenum association, see Figure 18.

Esa

The Esa property contains 86 claims, covers ~20km², and is located approximately 11km northeast of the Barrick Hemlo gold mine, immediately south of FCM's North Hemlo property.

Geologically, the property sits between the Cedar Lake Pluton and the Musher Lake Pluton. Such intrusions are considered important components for driving mineral-rich fluids, and economic mineralisation is often associated with the contacts or structures associated with the intrusive event.

The Esa property contains an inferred arcuate structure interpreted as a shear zone that runs roughly west – east, transecting the block. This inferred structure is one of three in the Hemlo North Limb, which is sub-parallel the structure hosting the Hemlo gold mine see Figure 19. Importantly, there are also a number of N-S and NW-SE structures identified that are often associated with mineralisation.

Results from exploration work conducted in 2022 are very positive. Initial ground exploration on the Esa Block identified sheared metasedimentary / mafic volcanic boulders anomalous in trace elements in the area interpreted to contain the Hemlo style shear zone. Ground reconnaissance also identified 'Hemlo-look-alike rock' in the form of an angular boulder which returned anomalous gold value of 0.7ppm Au, see Figure 17.

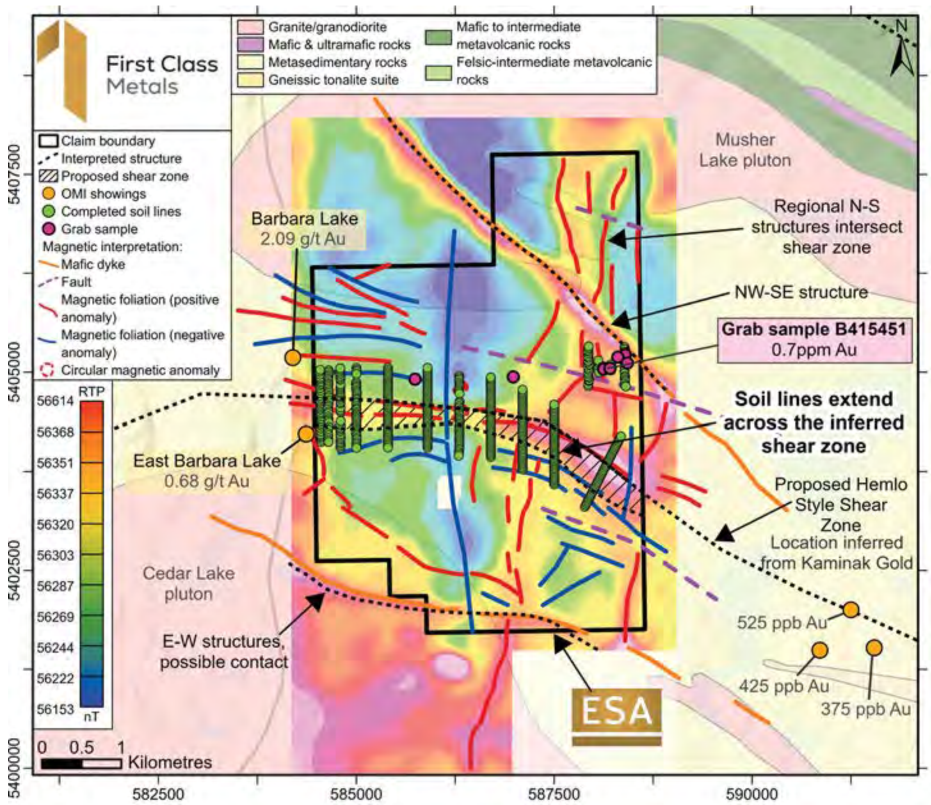


Figure 17 *the Esa block showing the inferred shear with the soil lines as well as the location of the 0.7ppm Au boulder sample.*

Overview of Operations (continued)

FCM engaged Paterson Grant and Watson Ltd. ("**PGW**") to undertake a re interpretation of the VTEM acquired from previous surveys over the Esa property and peripheral area. The report contained several noteworthy comments:

- *Exploration at the Esa property focuses on shear-zone hosted, strata-bound gold mineralization found within the metasedimentary unit.*
- *Through the centre of the property, the proposed Hemlo-style shear zone trends roughly WNW-ESE and is associated with a magnetic anomaly. The anomaly is approximately 350 m wide and is identifiable within the Hemlo survey data for approximately 5 km to the west and 4.5 km to the east of the Esa property as a regional arcuate structure.*
- *Mineralization within the property appears closely related to a series of N-S trending magnetic anomalies which may be related to the Marathon, Kapuskasing or Biscotasing dyke swarm. Numerous high geochemical Au assay values occur along these anomalies and at the intersection of these anomalies and WNW-ESE interpreted faults.*
- *The genetic model is considered similar to the Hemlo gold deposit.*

The inferred shear is also identified on adjacent properties to the west, trending on to Esa, whilst its continuation east coincides with reported anomalous gold values. This inferred shear has formed the focus of field work to date. It is worth noting that, owing to ground cover (both forestation and Quaternary gravels), there is a paucity of exposure generally across the property. However, significantly, sheared rocks have now been identified in outcrop in the eastern sector of the property.

Soil sampling on Esa was conducted on 11 sub-parallel N-S lines across the inferred shear zone at roughly 200m spacing. A total of 478 soil samples have been collected on the Esa block in 2022. Only preliminary results are available to date, but encouraging anomalous trends are already being postulated. During the winter months, 28 lake sediment samples were collected across the block, with a further two on an adjacent property.

Future work is intended follow up on the shear zone and other structures identified, as well as to include trenching in the 'boulder' location, permit dependent. An Exploration permit application has been prepared and is with the First Nations before submittal to the Crown.

Overview of Operations (continued)

North Hemlo

The Flagship North Hemlo property extends across 427 claims covering ~90km². Pre-IPO, there were three distinct claim blocks that were unified to one contiguous block with the acquisition of the Power Metal claims constituting 'Hemlo North', see Figure 18. The Pezim II block is subject to a Joint Venture -Earn-in (**'JV'**) with Palladium One, signed in 2021.

The North Hemlo property contains limited historic and recently identified 'showings', and they are of sufficient tenor to indicate the property's potential despite the paucity. Of the historical showings, the most significant is the gold / molybdenum showing at Dead Otter Lake.

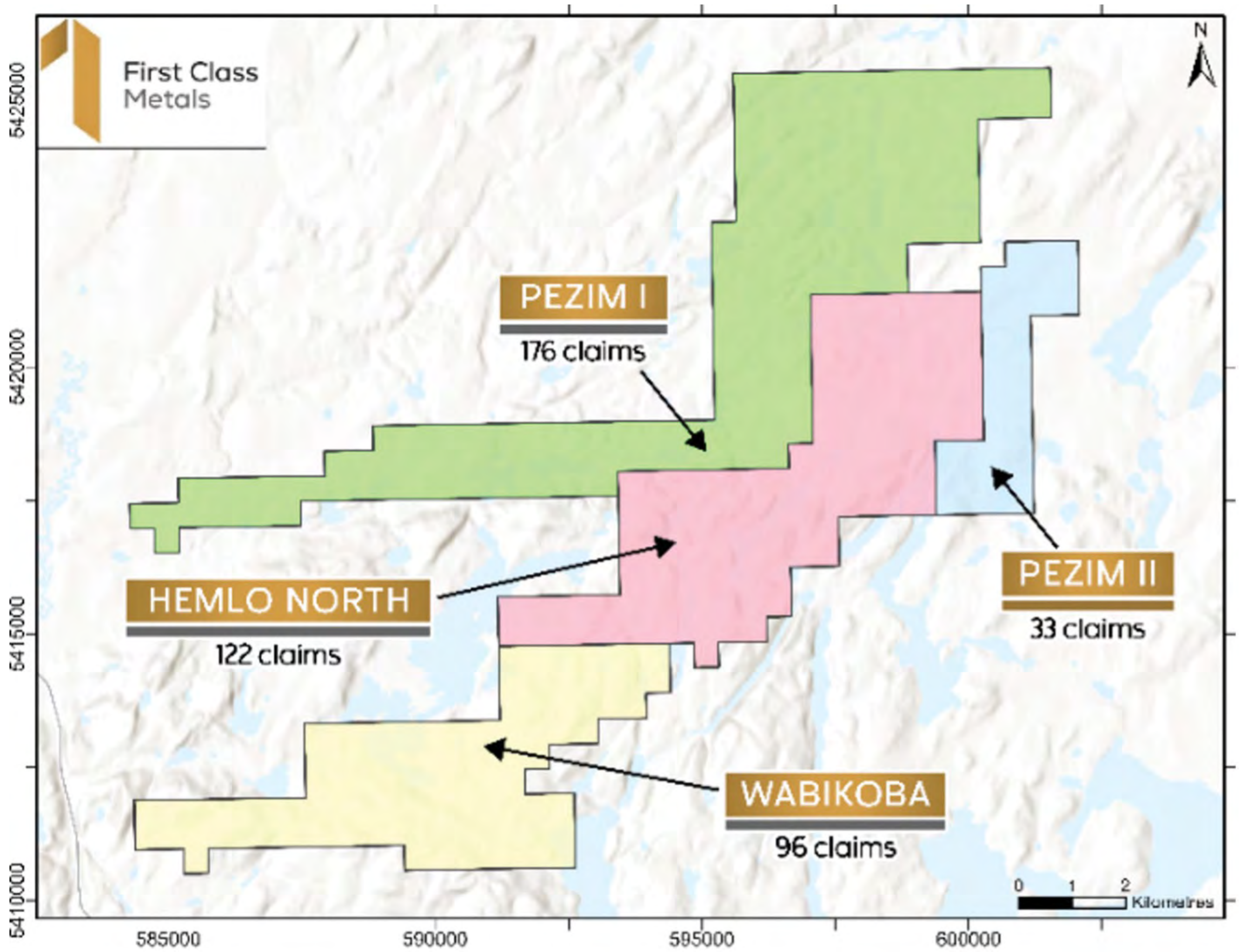


Figure 18 *showing the composition of the North Hemlo claim blocks.*

Overview of Operations (continued)

The geology/geophysical signature of the Dotted Lake/Fairservice prospect continues onto the North Hemlo block. This occurrence contains both base and precious metals. Furthermore, the JV – Earn-in with Palladium One has significantly enhanced the base, battery, and critical metal potential of the block. However, the presence of the inferred potential Hemlo look alike shears are what underpins the area's real potential, see Figure 19.

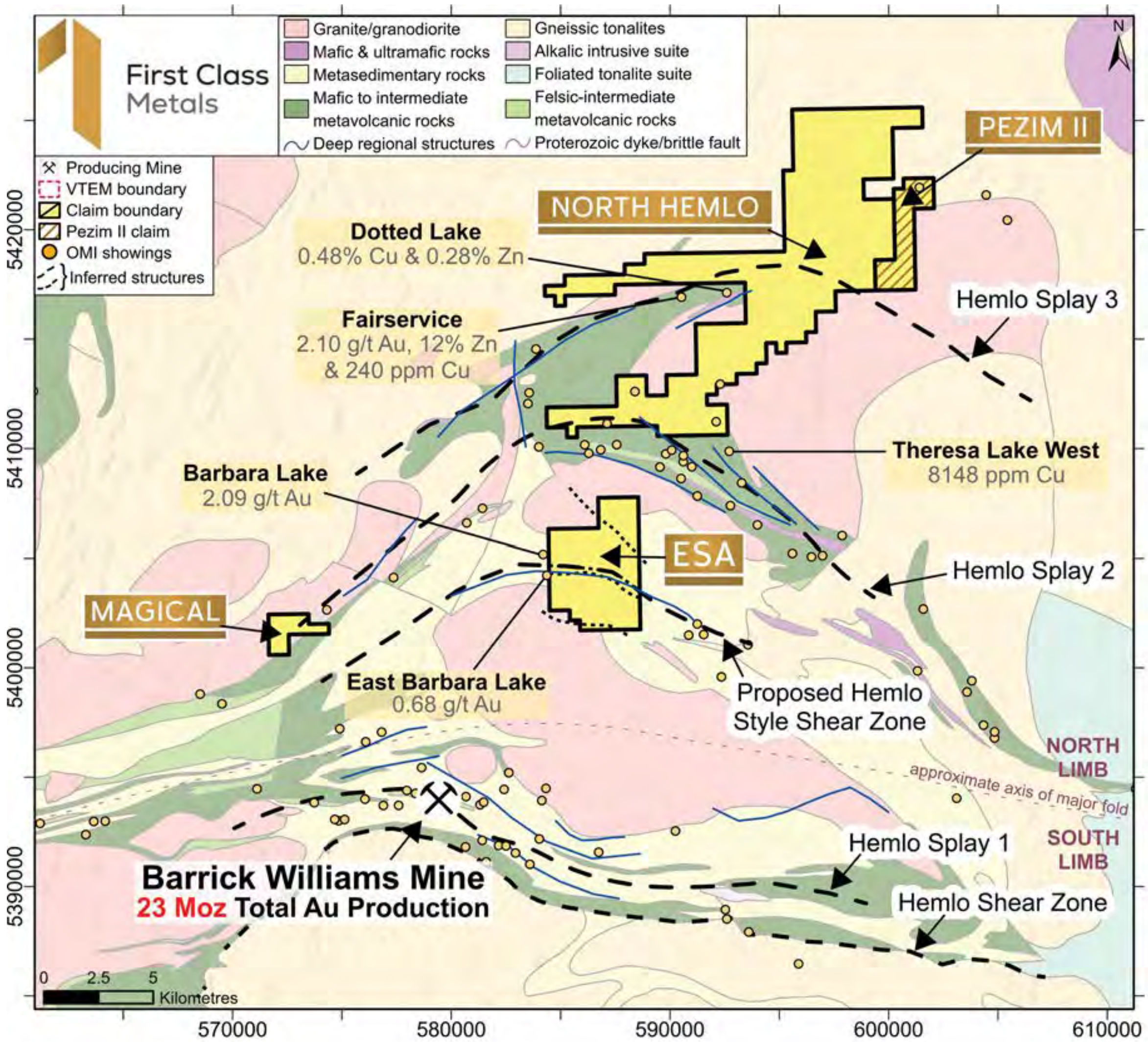


Figure 19 *District scale setting of the North Hemlo property relative to the Hemlo gold mine as well as inferred shears in the 'north limb'*

Exploration to date by FCM has focussed in the southern sector around the Dead Otter Lake showing (3.7 g/t Au, 0.59% Mo) and has resulted in the identification of a +3km long gold ("**Au**") and molybdenum ("**Mo**") anomalous trend extending to the southeast from the historic occurrence. Grab samples recorded up to 19.6g/t Au along this trend.

The mineralised structure closely mimics the granite contact. The high-grade gold sample, (see Photo 03), in the extreme southeast of the trend could be where one of potentially two subparallel arcuate trends intersects the principal trend, see Figure 20. The Dead Otter Lake area is situated 20.5km North of the iconic Barrick Hemlo 23Moz Au producing mine.

Overview of Operations (continued)

Photo 03 *Sample from the Dead Otter trend, where a +19 g/t gold assay has been reported.*

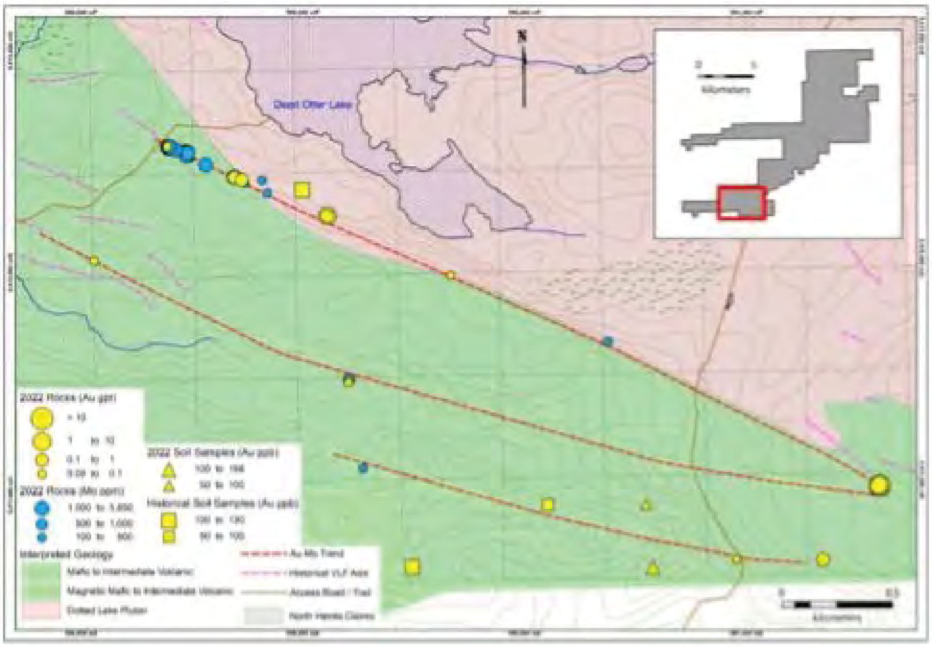


Figure 20 *the Dead Otter trend with potential for subparallel / intersecting trends*

Overview of Operations (continued)

Palladium One commenced drilling in July 2022 and continued throughout the field season into December. Results reported to date confirm the presence of a previously undiscovered nickel copper sulphide zone extending west from the Palladium One's RJ Showing into the JV area on West Pickle Lake, see Figure 21, this figure also highlights some of the better drill results received into 2023. For a more comprehensive list of significant drill results, see Table 03

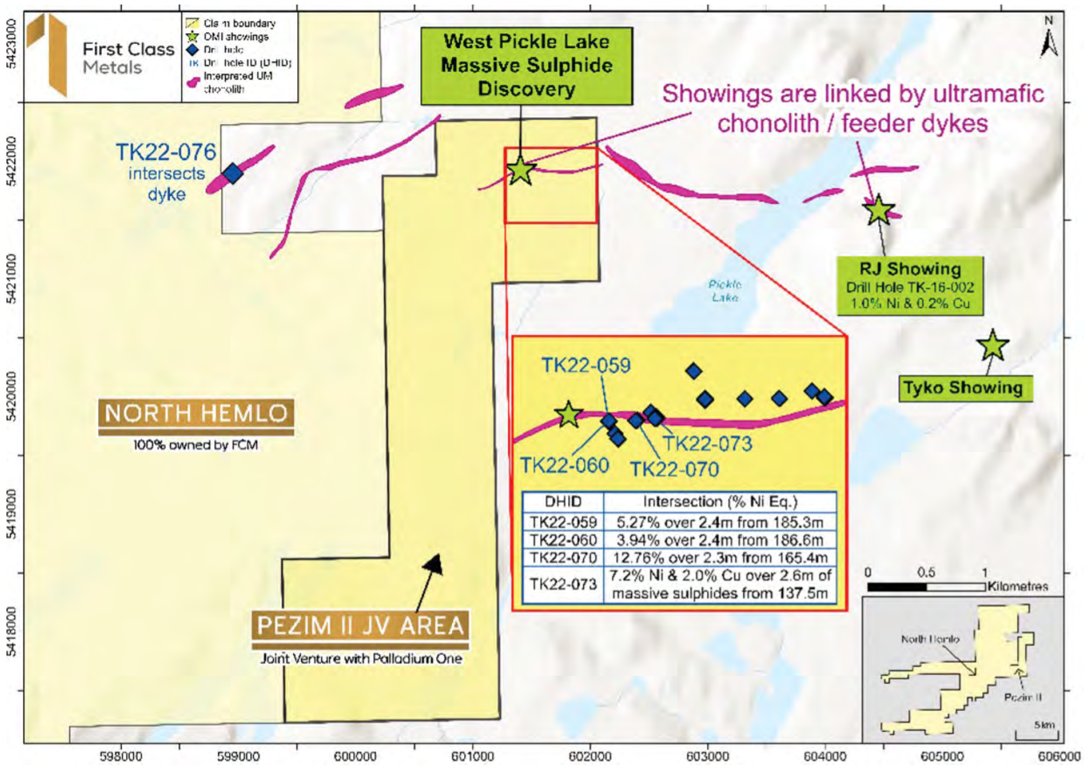


Figure 21 *showing the West Pickle Lake Zone as a possible extension from the RJ Showing.*

Hole	From (m)	To (m)	Width (m)	Ni %	Cu %	Co %	TPM g/t (Pd+Pt+Au)	Pd g/t	Pt g/t	Au g/t
TK22-059	184.0	187.7	3.7	2.33	1.85	0.06	0.45	0.21	0.21	0.03
	185.3	**187.7**	**2.4**	**3.49**	**2.73**	**0.09**	**0.64**	**0.30**	**0.30**	**0.04**
	185.3	187.0	1.8	4.79	3.67	0.12	0.87	0.41	0.41	0.05
	185.3	**185.9**	**0.6**	**8.21**	**1.60**	**0.24**	**1.62**	**0.80**	**0.79**	**0.03**
TK22-060	183.7	196.3	12.6	0.72	0.34	0.02	0.14	0.06	0.06	0.02
	184.3	189.0	4.7	1.77	0.63	0.03	0.27	0.12	0.12	0.03
	186.6	**189.0**	**2.4**	**3.18**	**0.99**	**0.06**	**0.39**	**0.18**	**0.19**	**0.02**
	188.0	**188.5**	**0.5**	**7.60**	**1.25**	**0.12**	**0.41**	**0.18**	**0.20**	**0.03**
TK22-070	**164.6**	**174.7**	**10.1**	**2.47**	**0.99**	**0.04**	**0.27**	**0.14**	**0.10**	**0.02**
	164.6	168.4	3.8	6.42	2.40	0.09	0.64	0.35	0.25	0.04
	165.4	**167.6**	**2.3**	**10.41**	**3.40**	**0.14**	**0.92**	**0.53**	**0.34**	**0.04**
	165.4	167.1	1.7	12.58	2.49	0.17	0.94	0.60	0.30	0.04
	165.4	**166.3**	**0.9**	**12.90**	**2.70**	**0.16**	**1.05**	**0.67**	**0.34**	**0.04**
TK22-072	149.0	153.1	4.1	2.05	0.89	0.04	0.36	0.11	0.22	0.03
	150.4	153.1	2.7	3.08	1.18	0.07	0.45	0.14	0.29	0.02
	151.7	**153.1**	**1.5**	**5.33**	**1.48**	**0.12**	**0.67**	**0.17**	**0.48**	**0.02**
	151.7	152.3	0.7	7.39	2.22	0.16	0.95	0.24	0.69	0.03

Overview of Operations (continued)

Hole	From (m)	To (m)	Width (m)	Ni %	Cu %	Co %	TPM g/t (Pd+Pt+Au)	Pd g/t	Pt g/t	Au g/t
TK22-073	**137.5**	**140.1**	**2.6**	**7.19**	**2.01**	**0.10**	**0.56**	**0.32**	**0.20**	**0.05**
	137.5	**139.3**	**1.8**	**10.32**	**2.88**	**0.15**	**0.80**	**0.46**	**0.27**	**0.07**
	138.5	139.3	0.8	11.90	0.98	0.16	0.64	0.33	0.26	0.05
TK22-074	**148.9**	**150.8**	**2.0**	**3.94**	**2.50**	**0.05**	**0.55**	**0.36**	**0.17**	**0.02**
	149.9	**150.8**	**0.9**	**8.14**	**2.84**	**0.11**	**1.05**	**0.71**	**0.31**	**0.03**
TK22-075	133.6	137.8	4.2	0.06	0.17	0.00	0.09	0.03	0.04	0.03
	133.6	134.5	0.9	0.11	0.25	0.00	0.14	0.04	0.05	0.05
TK22-076	70.6	115.5	46.3	0.08	0.01	0.01	0.01	0.00	0.00	0.00
	103.6	114.0	10.4	0.10	0.02	0.01	0.01	0.00	0.00	0.00
TK22-077	214.4	214.9	0.5	0.00	0.16	0.01	0.00	0.00	0.00	0.00

Table 03 *Assay Results: Selected Drill Results from the West Pickle Lake Zone to January 2023*

A high-definition magnetic survey comprising 2,494 line kilometres at 50m line spacing was completed in the Autumn over North Hemlo and was interpreted by PGW, see Figure 22. The survey highlighted the structure hosting the Dead Otter trend, as well as other potentially prospective features such as the extension of the Dotted Lake/Fairservice mineralised zone. The PGW interpretation has highlighted that there are additional linear anomalies that require further exploration, this work will form part of the exploration programme planned for 2023.

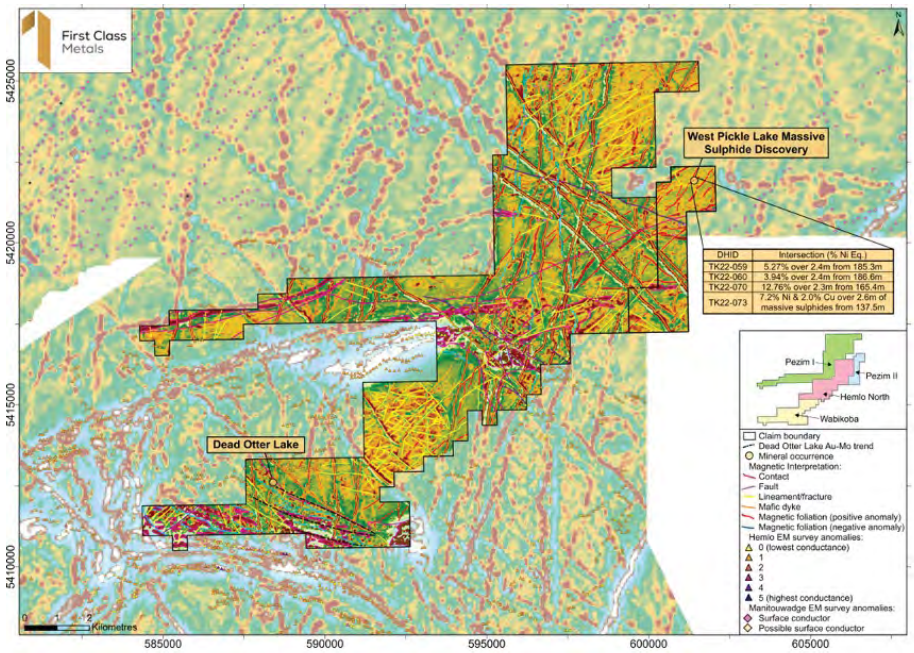


Figure 22 *the high-resolution geophysics (magnetic) survey completed over North Hemlo.*

(1) Reported widths are "drilled widths" not true widths.

Overview of Operations (continued)

Sugar Cube

The Sugar Cube claim block of 205 claims, covering ~43km², is contiguous to the north-west of Silver Lake's 1.6Moz+ Sugar Zone gold mine. Sugar Cube is interpreted from the limited geological information to potentially contain the remnants of a (subparallel, arcuate) greenstone belt.

During historic (2021) ground reconnaissance by FCM, sulphide-rich metasediments that were previously unmapped were located (off property). Subsequently, greenstone boulders were located on the claim block by FCM. However, generally, the property is covered by overburden masking outcrop.

In Q1 2023, a 578 line km geophysics survey comprising a helicopter-borne low-level 100m line spacing magnetic as well as electromagnetic (**"EM"**) survey was completed. The survey data is being processed and then will be handed to PGW for interpretation. The interpretation will determine future field work to 'ground-truth' any identified anomalies.

The survey provided sufficient assessment credits to maintain the claim block in good standing for 2023.

Overview of Operations (continued)

Summary, strategy and conclusions

First Class Metals, through its Canadian subsidiary, controls nine claim blocks totalling ~230km² in northwest Ontario, Canada. Seven of the 9 blocks are 100% owned. Three claim blocks (North Hemlo, Sunbeam and Sugar Cube) account for well over half of the total area. All of the claim blocks have sufficient assessment credits to cover the 2023 field season, regardless FCM hold adequate funds equal to the annual expenditure required to keep all the claims in good standing.

FCM initiated a systematic diligent exploration programme covering six of the properties in 2022. The results were sufficiently encouraging to warrant further follow-up exploration in the upcoming field season. However, it must be noted that most properties explored still have areas requiring prospecting. Whilst the cornerstone of the exploration is gold, FCM contains in its portfolio precious, base (battery) and critical (lithium) mineral targets.

FCM has a business model / strategy to assess, value add and develop the properties towards either a sale, Joint Venture or relinquishment event. It is currently not the Company's stated aim to become a producer. Priorities will be geared toward the completion of first-pass exploration of the principle properties in order to fully evaluate the portfolio, both on the merits of the properties and a ranking process.

The 2023 field season's activities will focus on bringing four properties to drill ready status, these being Sunbeam, Zigzag, Esa and North Hemlo. In the meantime, it is anticipated that Palladium One will continue the exploration / drilling of the West Pickle Lake project areas towards an NI43-101, as required under the JV terms.

Key Performance Indicators

a) Financial

As a listed company, the primary key performance indicator of the Company is its share price on the London Stock Exchange and is provided below:

	31-Dec-22[2] **£**	**29-July-22** **£**	**Change** **%**
Market Capitalisation	£11.64m	£6.7m	
Share Price	16.75p	10.00p	67.5%

Since the Company's listing the Company's share price on the LSE has been constantly monitored by the management.

b) Non-financial

Due to the nature of the business of the Company typical non-financial KPI's (such as customer retention rate, conversion rate, production efficiency measures etc.) are not applicable to us. Further, while the Company has an effective ESG policy in place, due to unavailability of data such KPI's could not be measured and assessed for the relevant time period. For further details regarding the Company's ESG policy, please see the ESG section of this report.

2 Share price 30/12/2022 16.75p, Shares in Issues 69,048,707

The principal risks and uncertainties

The principal risks and uncertainties of the Group are outlined below.

A majority of the Group's operating costs will be incurred in US and Canadian dollars, whilst the Group has raised capital in £ Sterling

The Group will incur exploration costs in US and Canadian Dollars, but it has raised capital in £ Sterling. Fluctuations in exchange rates of the US Dollar and Canadian Dollar against £ Sterling may materially affect the Group's translated results of operations. In addition, given the relatively small size of the Group, it may not be able to effectively hedge against risks associated with currency exchange rates at commercially realistic rates. Accordingly, any significant adverse fluctuations in currency rates could have a material adverse effect on the Group's business, financial condition and prospects to a much greater extent than might be expected for a larger enterprise.

Exploration, Development and Operating Risk

Resource exploration and development is a speculative business, characterised by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Exploration and development work is the Group's sole business activity.

This risk is accentuated where exploration activity is not carried on as an ancillary activity to a developed business producing operating cash flows from commercial quantities of saleable material from operational activity which can be used to mitigate this risk. The marketability of minerals acquired or discovered by the Group may be affected by numerous factors that are beyond the control of the Group and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Group not receiving an adequate return of investment capital.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored, even those demonstrating initial potential, are ultimately developed into producing mines. There is no assurance that the Group's mineral exploration and development activities will result in any discoveries of commercial mineral bodies.

The long-term profitability of the Group's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors. In recent years, both metal prices and publicly traded securities prices have fluctuated widely.

The Group is not currently generating revenue and will not do so in the near term

The Group is an exploration company and will remain involved in the process of exploring and assessing its asset base for some time. The Group is unlikely to generate revenues until such time as it has made a commercially viable discovery. Given the early stage of the Group's exploration business and even if a potentially commercially recoverable reserve were to be discovered, there is a risk that the grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material. Accordingly given the very preliminary stages of the Group's exploration activity it is not possible to give any assurance that the Group will ever be capable of generating revenue at the current time.

Principal Risks and Uncertainties (continued)

The Group will need additional financial resources if it moves into commercial exploitation of any mineral resource that it discovers

Whilst the Group has sufficient financial resources to conduct its planned exploration activities, meet its committed licence obligations and cover its general operating costs and overheads for at least 12 months, the Group will need additional financial resources if it wishes to commercially advance any mineral resource discovered because of its exploration activity.

The Group has budgets for all near and short-term activities and plans, however in the longer term the potential for further exploration, development and production plans and additional initiatives may arise, which have not currently been identified and which may require additional financing which may not be available to the Group when needed, on acceptable terms, or at all. If the Group is unable to raise additional capital when needed or on suitable terms, the Group could be forced to delay, reduce, or eliminate its exploration, development, and production efforts.

The Company is unaware of any further risks that the business of the Company may be subject to under prevailing market conditions.

Going Concern

As a junior exploration company, the Directors are aware that the Group must seek funds from the market in the next 12 months to meet its investment and exploration plans.

The Group's reliance on a successful fundraising presents a material uncertainty that may cast doubt on the Group's ability to continue to operate as planned and to pay its liabilities as they fall due for a period not less than twelve months from the date of this report.

The Group successfully raised £1,918,623 in the year ended 31 December 2022 through a combination of issuing new shares and warrant conversions. As at the year-end date the Group had total cash reserves of £712,715 (2021: £267,244).

The Directors are aware of the Group's reliance on fundraising within the next 12 months and the material uncertainty this presents but having reviewed the Group's working capital forecasts they believe the Group is well placed to manage its business risks successfully providing the fundraising is successful.

Section 172 (1) Statement

The First Class Metals Plc Board is cognisant of its legal duty to act in good faith and to promote the success of the Group for the benefit of its shareholders and with regard to the interests of stakeholders and other factors. These include the likely consequence of any decisions we make in the long term, the need to foster relationships we have with all of our stakeholders; the impact our operations have on the environment and local First Nation (FN) communities, and the desire to maintain a reputation for high standards of business conduct.

The Board takes a long-term approach to creating and realising value for the shareholders and is keenly aware of the time scale on which resource projects are developed. All of the Group's key assets are early-stage exploration.

The Directors, both individually and collectively, believe, in good faith, that throughout the year and at every meeting of the Board and management when making every key decision, they have acted to promote the success of the Group for the benefit of its members as a whole, as required by Section 172 of the Companies Act 2006, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006. The Directors' Section 172 Statement follows.

Section 172(1) Statement

Section 172 of the Companies Act is contained in the part of the Act which defines the duties of a director and concerns the “duty to promote the success of the Company”.

Section 172 adopts an ‘enlightened shareholder value’ approach to the statutory duties of a company director, so that a director, in fulfilling his duty to promote the success of the company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to other specified factors insofar as they promote the Company’s interests.

The Board of FCM recognises its legal duty to act in good faith and to promote the success of the Group and the Company for the benefit of its shareholders and with regard to the interests of stakeholders as a whole and having regard to other matters set out in Section 172. These include the likely consequences in the long term of any decisions made; the interest of any employees; the need to foster relationships with all stakeholders; the impact future operations may have on the environment and local communities; the desire to maintain a reputation for high standards of business conduct and the need to act fairly between members of the Company.

The Board recognises the importance of open and transparent communication with shareholders and with all stakeholders, including landowners, First Nation communities, and regional and national authorities. We seek to maximise the industry’s benefits to local communities, while minimising negative impacts to effectively manage issues of concern to society. Shareholders have the opportunity to discuss issues and provide feedback at any time.

The application of the Section 172 requirements can be demonstrated in relation to the Company operations and activities during the past year as follows.

Having regard to the likely consequences of any decision in the long term

The Company’s purpose and vision are set out in the Chairman’s Letter and in this Strategic Report. The Board oversees the Company’s strategy and is committed to the long-term goal of the development of the Ontario exploration projects. The activities towards that goal are described and discussed in the Strategic Report. The Board remains mindful that its strategic decisions have long-term implications for the progression of all these properties, and these implications are carefully assessed.

Having regard to the need to foster the Company’s business relationships with others

The Company operates as a mineral exploration business, without any regular income and is entirely dependent upon new investment from the financial markets for its continued operation. The Board values the benefits of maintaining strong relationships with key partners, contractors and consultants. This is discussed in more detail elsewhere in this Strategic Report.

Having regard to the interests of the Company employees

The Company currently has no full-time employees and is managed by its directors and a small number of associates and subcontract staff. The Board takes steps to ensure that the suggestions, views, and interests of the Company’s personnel are considered in decision-making.

Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to high standards of corporate governance, integrity, and social responsibility and to managing the Company in an honest and ethical manner, as further discussed in the Corporate Governance Report. The Directors strive to apply ethical business practices and conduct themselves in a responsible and transparent manner with the goal of ensuring that FCM maintains a reputation for high standards of business conduct and good governance.

Section 172(1) Statement (continued)

Having regard to the impact of the Company's operations on the community and the environment

The Board takes a broad range of stakeholder considerations into account when making decisions and gives careful consideration any potential impacts on the local community and the environment. The Board strives to maintain good relations with the local community, especially with the First Nations peoples of Ontario.

We recognise the safety and well-being of our employees, local communities, and other stakeholders as a non-negotiable priority. Our commitment to high environmental, social and governance (ESG) standards is central to maintaining our social license to operate, to create value for all stakeholders and to ensure commercial success. Our operations are guided by an acute awareness of the role we play as a company in meeting the UN's Sustainable Development Goals (SDGs), including the critical role of strategic minerals in supporting global climate action and complementing resource development in Canada.

As a result, ESG is at the centre of everything the Group undertakes. The Group is dedicated to exploring for precious & battery/base metals in a socially and environmentally responsible way in an industry that will play an essential role in the transition to a lower-carbon economy through underpinning the supply chain for sustainable battery and electric vehicle manufacturing as well as other industrial growth in Canada.

In this way, the Group aims to play an important role in helping Canada meet its emissions reduction targets. FCM aims to comply with all relevant UK and Canadian standards, as well as accepted international guidelines, including strict adherence to the health, safety and environmental standards and regulations, as well as the applicable elements of the Equator Principles. The Company will also endeavour to provide stakeholders with clear insights into our operations to increase assurance regarding the ESG and health and safety aspects of our business. For further detail the full policy is covered in our published ESG Statement.

The Company recognises the safety and well-being of our employees, local communities, and other stakeholders as a non-negotiable priority. Our commitment to high environmental, social and governance (ESG) standards is central to maintaining our social license to operate, to creating value for all stakeholders and to ensuring commercial success. Our operations are guided by an acute awareness of the role we play as a company in meeting the UN's Sustainable Development Goals (SDGs), including the critical role of strategic minerals in supporting global climate action and complementing resource development in Canada.

The Company is dedicated to exploring for precious & battery/base metals in a socially and environmentally responsible way in an industry that will play an essential role in the transition to a lower-carbon economy through underpinning the supply chain for sustainable battery and electric vehicle manufacturing as well as other industrial growth in Canada. In this way, the Company aims to play an important role in helping Canada meet its emissions reduction targets.

First Class Metals aims to comply with all relevant UK and Canadian standards, as well as accepted international guidelines, including strict adherence to the health, safety and environmental standards and regulations, as well as the applicable elements of the Equator Principles. The Company will also endeavour to provide stakeholders with clear insights into our operations to increase assurance regarding the ESG and health and safety aspects of our business.

Section 172(1) Statement (continued)

Our policy consists of five pillars:

1) responsible stewardship,
2) strong partner for local communities (First Nations),
3) an enabler of energy transition,
4) ensuring safe workplaces and operations, and
5) strong governance and an inclusive culture.

Our broad commitments are outlined below. Throughout all operations and our activities, we aim to:

- Play a positive and critical role in the green energy transition.
- Operate in an environmentally responsible manner.
- Promote diversity Inclusion and equality.

Our full ESG report is available on our website.

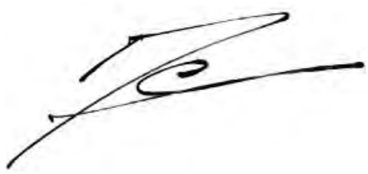
Greenhouse Gas (GHG) Emissions

The Company is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. The extent to which these activities together with the Group's administrative and management functions result in greenhouse gas emissions is impracticable to estimate and, in any event, less than the amount reportable under the Energy and Carbon Regulations 2018. Additionally, the Company will only measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

Board, Shares and Related Parties

Having regard to the need to act fairly as between members of the Company, the Company has only one class of share in issue and all shareholders benefit from the same rights, as set out in the Articles of Association, and as required by the Companies Act 2006. Since the IPO a Shareholder Agreement has been in place with Power Metal Resources PLC, the largest shareholder, which provides that FCM will maintain an independent Board and any transactions between Power Metal Resources and FCM will be at an arm's length basis. The Board recognises its legal and regulatory duties and does not take any decisions or actions, such as selectively disclosing confidential or inside information, that would provide any shareholder with any unfair advantage or position compared to the shareholders as a whole,

This report is approved by the Board on 30 April 2023 and signed on its behalf by:



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Marc J. Sale
Director & CEO

Corporate Governance Report

Corporate Governance

First Class Metals seeks to operate with a high degree of good corporate governance practices at its core, corporate governance refers to the set of processes, policies, and procedures that are in place to ensure that a company operates in a responsible and ethical manner. This includes everything from financial oversight to the way that we interact with our employees, and other stakeholders.

Effective corporate governance is crucial to the long-term success of our Company. By maintaining high standards of transparency, accountability, and ethical behaviour, we can build trust with our stakeholders and create a strong foundation for sustainable growth.

To that end, we have established a comprehensive framework for corporate governance that covers all aspects of our operations. This includes a clear code of conduct for all employees (currently just the directors), regular audits and assessments of our financial and operational performance, and robust systems for risk management and compliance.

We believe that our commitment to corporate governance is a key differentiator for our company, and we will continue to invest in this area to ensure that we maintain the highest standards of integrity and ethical behaviour in all that we do.

The Chairman takes lead in ensuring that the various facets of the company are functioning in an ethical way compliant with best practices in the industry. Under the leadership of the Chairman the Company has certain policies in place in order to ensure effective corporate governance. These policies are reviewed annually. They include:

The Board aims to lead by example and do what is in the best interest of the Company. We operate in remote and developing areas and ensure our employees and contractors understand their obligations towards the environment and in respect of anti-bribery and corruption. Regular calls attended with senior employees serve to refresh and re-iterate the Company's ethical standards as they apply to the operational issues that are discussed on that call. All employees are informed of responsibilities with regard to anti-bribery and anti-corruption when they join the Company. Contracts with suppliers also reflect these requirements. Employees are required to treat each other with respect and to not tolerate any form of discrimination.

Anti-Bribery Policy

The anti-bribery policy of the Company aims to ensure that the Company and its employees, agents, and business partners comply with all relevant anti-bribery laws and regulations. The policy prohibits any form of bribery, including giving, offering, promising, or receiving bribes, and outlines the procedures for reporting and investigating any suspected violations of the policy. The policy also emphasizes the importance of due diligence in the selection and monitoring of business partners, and provides guidance on gifts, hospitality, and donations. The Company's commitment to anti-bribery measures is often reinforced by training, regular risk assessments, and reviews of the policy's effectiveness.

Whistle Blower Policy

The whistle-blower policy of the Company is designed to encourage employees and others to report any suspected wrongdoing, including illegal or unethical activities, without fear of retaliation. The policy outlines the procedures for reporting such concerns, including options for confidential reporting, and ensures that all reports will be investigated in a fair and objective manner. The policy also emphasizes the Company's commitment to protecting the confidentiality of whistle-blowers and to taking appropriate action against any retaliation. The Company typically provides training and guidance to its employees and other stakeholders to promote awareness of the policy and its importance.

Corporate Governance (continued)

Environmental, Social, and Governance (ESG) Policy

The ESG policy of the Company outlines its commitment to environmental, social, and governance principles and its approach to managing ESG risks and opportunities. The policy covers a range of issues, including climate change, energy use, human rights, labour standards, and board diversity. The Company sets targets and measures its performance against relevant ESG standards and integrates ESG considerations into its decision-making processes. The Company also engages with stakeholders, including investors, suppliers, and communities, to promote transparency and accountability, and to identify and address emerging ESG issues. The Company's ESG policy demonstrates its commitment to responsible and sustainable business practices, which can contribute to long-term value creation and resilience.

Equality and Diversity Policy

The Board and staff are committed to our equality, diversity and inclusion policy. The Company actively promotes equality, diversity and inclusion, and proactively removes and address any activities or behaviours that may jeopardise this policy.

The Company aims to create an environment where all stakeholders can work harmoniously, feel valued, appreciated and included, irrespective of race, ethnicity, culture, gender, skin colour, sexual orientation, marital status, religion, disability, ability, education background, family background, political background, health or representative of any community.

The Company is an equal opportunity employer, which allows equal opportunity for employment and progression in the organisation on the basis of ability, qualifications and aptitude for the work. Every employee shall be treated equally and have the right to a harmonious work environment where an individual is treated fairly and with dignity and respect.

Compliance with the Quoted Company Alliance Code

In addition to the above, although the Company is not required to comply with the UK Code of Corporate Governance because the Company does not have a Premium listing, compliance with the Quoted Company Alliance Code is being undertaken on a voluntary basis to the extent it is considered appropriate considering the size of the Group. In specific, the Group has adopted and complies with the following principles:

Principle One: Establish a strategy and business model which promote long-term value for shareholders.

The Board implements a well-defined strategy that aims at securing long-term growth for the shareholders. The details of the same can be found in the Strategic report.

Principle Two: Seek to understand and meet shareholder needs and expectations.

The Board is committed to maintaining good communications with its shareholders and with investors with a view to understanding their needs and expectations. The Board and, in particular, the Chairman, maintain close contact with many of the shareholders.

All shareholders are encouraged to attend the Company's Annual General Meetings where they can meet and directly communicate with the Board.

The Company publishes an Annual Report, Financial Statements and Interim Results. All of which are available at the Company's website. The Company also provides regular regulatory announcements and business updates through the Regulatory News Service (RNS) and copies of such announcements are posted to the Company's website.

Corporate Governance (continued)

Shareholders and investors also have access to information on the Group through the Company's website, www.firstclassmetalsplc.com which is updated on a regular basis, and which also includes the latest corporate presentation of the Company.

Principle Three: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Company will engage positively and seek to develop close relationships with local communities, regulatory authorities and stakeholders which are in close proximity to or connected with its overseas operations and where appropriate the Board will take steps to safeguard the interests of such stakeholders.

The Board has adopted detailed ESG policy, Equality and Diversity Policy, Anti-Bribery Policy and Whistle-blower policy. The Board plans, in due course, to adopt further appropriate policies to ensure that the Group's activities are compliant with best industry practices.

Principle Four: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board regularly reviews its business strategy and, in particular, identifies and evaluates the risks and uncertainties which the Group is or may be exposed to. As a result of such reviews, the Board will take steps to manage risks or seek to remove or reduce the Group's exposure to them as much as possible.

The risks and uncertainties to which the Group is exposed at present and in the foreseeable future are detailed in Principle Risks and Uncertainties in the Strategic Report.

The Company has a system of financial controls and reporting procedures in place which are considered to be appropriate given the size and structure of the Group.

Principle Five: Maintain the Board as a well-functioning, balanced team led by the Chairman.

James Knowles, the Executive Chairman, leads the Board and is responsible for the e ective performance of the Board through control of the Board's agendas and the running of its meetings. James Knowles, in his capacity as Executive Chairman, also has overall responsibility for the corporate governance of the Company. James Knowles takes an active part in the day to day corporate aspects of the Company. The day to day operational running of the Group is delegated to Marc Sale, the Chief Executive Officer.

The Board holds Board meetings periodically, and at least four times a year, as issues arise which require the attention of the Board. Prior to such meetings, the Board's members receive an appropriate agenda and relevant information and reports for consideration on all significant strategic, operational and financial matters and other business and investment matters which may be discussed and considered.

The Board is supported by the Remuneration and Audit Committees, details of which are set out on below.

Principle Six: Ensure that between them the directors have the necessary up to date experience, skills and capabilities.

The Directors' qualifications and experience are set out on in the Directors Report. The Board believes that the current balance of sector, technical, financial, operational and public markets skills and experience which its members have is appropriate for the current size and stage of development of the Company. The Company Secretary provides advice and guidance, as required, to the Board on regulatory matters, assisted by the Company's lawyers.

Corporate Governance (continued)

Principle Seven: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The Board's performance is reviewed and considered in the light of the progress and achievements against the Group's long-term strategy and its strategic objectives. However, given the size and nature of the Group, the Board does not consider it appropriate to have a formal performance evaluation procedure in place. The Board will closely monitor the situation as required.

Principle Eight: Promote a corporate culture that is based on ethical values and behaviours.

The Company has established corporate governance arrangements which the Board believes are appropriate for the current size and stage of development of the Company.

The Company has adopted a number of policies applicable to directors, o cers and employees and, in some cases, to suppliers and contractors as well, which, in addition to the Company's corporate governance arrangements set out above, are designed to provide the Company with a positive corporate culture. Details of the Board's Policies can be found within this Corporate Governance Report.

Principle Nine: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

Whilst the Board has overall responsibility for all aspects of the business, James Knowles, the Executive Chairman, is responsible for overseeing the running of the Board and ensuring that Board focuses on and agrees with the Group's long-term direction and its business strategy and reviews and monitors the general performance of the Group in implementing its strategic objectives.

The Board has established Remuneration and, Audit with formally delegated duties and responsibilities. Further, the Board will have a Nomination Committee in place in the coming months.

This Corporate Governance Statement will be reviewed at least annually to ensure that the Company's corporate governance framework evolves in line with the Company's strategy and business plan.

Principle Ten: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company's approach to communication with shareholders and others is set out under Principles 2 and 3 above.

Leadership of the Board

The Board comprised of 3 Executive Directors and 2 Non-Executive Directors.

The Board is charged with the leadership of the Company and to ensure its long terms success. The key responsibilities of the Board include:

Strategy and Planning

The Board is responsible for setting the Company's long-term strategy and goals.

Risk Management

The Board identifies and assess the risks associated with the Company's operations, including financial, legal, and reputational risks.

Financial Oversight

The Board oversees the Company's financial operations, including budgeting, financial reporting, and auditing.

Corporate Governance (continued)

Corporate Governance

The Board ensures that the Company follows good corporate governance practices, including transparency, accountability, and ethical behaviour.

Stakeholder Management

The Board considers the interests of all stakeholders, including shareholders, employees, suppliers, and the community and ensures that the Company's operations are sustainable and socially responsible.

Monitoring Performance

The Board monitors the Company's performance against its goals and strategy. It regularly reviews the company's financial and non-financial performance and make necessary adjustments to ensure the company is meeting its objectives.

Division of Responsibilities

The Board has defined the responsibilities of the Chairman and the CEO as follows:

James Knowles, Chairman: The Chairman is primarily responsible for leading the Board and providing direction for the organisation. The Chairman is responsible for leading meetings, facilitating effective communication between members of the Company, setting goals and strategies for the organisation and ensuring accountability. He is also directly involved in assisting the CEO on day to day matters

Marc Sale, CEO: The CEO is responsible for the day to day running of the Company and reports to the Board in which role he is supported by the Chairman.

Ayub Bodi: Ayub Bodi is responsible for the company's ESG and assists in business growth.

Independent Non-Executive Directors

Independent non-executive directors (INEDs) play a crucial role in corporate governance by bringing an objective and independent perspective to the boardroom. Their primary responsibility is to act in the best interest of the company and its stakeholders by providing oversight, guidance, and strategic input to the board.

The role of the independent Non-Executive Directors is as follows:

- Provide independent oversight: INEDs are responsible for providing an objective and independent perspective on the company's activities and performance. They scrutinize the board's decisions and ensure that the company is complying with legal and regulatory requirements.
- Monitor and advise on risk management: INEDs monitor the company's risk management policies and procedures and advise the board on potential risks and their mitigation strategies.
- Review and challenge management decisions: INEDs review and challenge management decisions to ensure that they are aligned with the company's strategic goals and do not pose any risks to the company's reputation or financial stability.
- Provide strategic guidance: INEDs bring their expertise and experience to the board and provide strategic guidance on matters such as mergers and acquisitions, capital allocation, and corporate social responsibility.
- Represent the interests of stakeholders: INEDs represent the interests of all stakeholders, including shareholders, employees, customers, and suppliers, and ensure that their views are taken into account when making decisions.

Danesh Varma and Marc Bamber are considered to be INEDs of the Company.

Corporate Governance (continued)

Board Support, Meeting, and Attendance

The Board and its Committees meet regularly on scheduled dates. In leading and controlling the Company, the Directors are expected to attend all meetings and their attendance for the financial year 2022 is shown in the Directors' Report section of this Annual report.

The Company Secretary plays a vital role in ensuring good governance, assisting the Chairman. Procedures are in place for distributing meeting agendas and reports so that they are received in good time, with the appropriate information. Ahead of each Board meeting, the Directors each receive reports which include updates on strategy, finance, including management accounts, operations, commercial activities, business development, risk management, legal and regulatory, people and infrastructure and on investor relations. The Directors may have access to independent professional advice, where needed, at the Company's expense.

Board Induction, Training and Development

New Directors are provided with a full and tailored induction in order to introduce them to the business and management of the Company. Throughout their tenure, Directors are given access to the Company's operations and personnel, and receive updates on relevant issues as appropriate, taking into account their individual qualifications and experience. This allows the Directors to function effectively with appropriate knowledge of the Company.

The Board is satisfied that each Director has sufficient time to devote to discharging his responsibilities as a Director of the Company.

Re-Election of Directors

All Directors are put forward for re-election on a three-year basis as is required by the Company's Articles of Association. The composition of the Board is provided above.

Board Committees

The Board has delegated and empowered two Committees: An Audit Committee and a Remuneration Committee.

The Company has thus far not formed a Nomination Committee due to the size of its Board. However, various discussions are progressing and the Company aims to have a Nomination Committee in place with Terms of Reference for its operation in the forthcoming months.

Each Committee has written terms of reference set by the Board, which are reviewed annually. The Chair of each committee reports to the Board on the activities of and determinations of such committee. A summary of each Committee's responsibilities and the work done during the year follows.

Audit Committee Report

Composition of the Audit Committee

The Audit Committee comprises of Danesh Varma (Chair of the committee), James Knowles and Marc Bamber. The Board considers all members of this committee to have the appropriate skills and expertise. See Director biographies in the Directors' report.

The appointments to the Audit Committee are made by the Board. Only members of the committee have the right to attend these meetings, however the Executive Directors, internal auditor or senior financial members of the Company may be invited by the Committee in order to provide their opinion as required. The external auditor may also attend the meetings and discuss as required the planning and conclusions of their work. The committee also calls upon information from management and consults with the external auditor if required.

The committee meets at least twice a year directly linked to the Company's half year and full year results. It further meets as required.

Operation of the Committee

The Audit Committee periodically reviews and updates the Terms of Reference in order to conform to best practices. These are subject to board approval.

The Committee works to a planned programme of activities, which are focused on key events in the annual financial reporting cycle and other matters that are considered in accordance with its Terms of Reference.

The Committee operates within terms of reference approved by the Board, including:

- Considering the appointment of external auditors.
- Reviewing relationship with external auditors.
- Reviewing financial reporting and internal control procedures.
- Reviewing the consistency of accounting policies.
- Internal audit remit and activities.

An important part of the role of the Audit Committee is its responsibility for reviewing the effectiveness of the Company's financial reporting, internal control policies, and procedures for the identification, assessment and reporting of risk.

A key governance requirement of the Company's financial statements is for the report and accounts to be fair, balanced and understandable. The coordination and review of the Company wide input into the Annual Report and Accounts is a sizeable exercise performed within an exacting time frame. It runs alongside the formal audit process undertaken by external auditors and is designed to arrive at a position where initially the Committee, and then the Board, is satisfied with the overall fairness, balance and clarity of the document

Audit Committee Report (continued)

An essential part of the integrity of the financial statements are the key assumptions and estimates or judgements that have to be made. The Committee reviews key judgements prior to publication of the financial statements at the full and half year, as well as considering significant issues throughout the year. In particular, this includes reviewing any materially subjective assumptions within the Group's activities. The Committee reviewed and was satisfied that the judgements exercised by management on material items contained within the Annual Report were reasonable and that there were no significant issues that needed to be addressed in relation to the financial statements.

As the committee was newly formed no meetings of the Audit Committee was required for the time period. However, one meeting of the Audit Committee was held on January 2023 in order to ascertain and recommend to the Board a suitable auditor for the Company compliant with updated guidelines.

Internal financial control

Financial controls have been established to maintain proper accounting records and to provide reliable financial information for internal use. Key financial controls include:

- The maintenance of proper records;
- A schedule of matters reserved for the approval of the Board;
- Evaluation, approval procedures and risk assessment for acquisitions; and
- Close involvement of the Executive Directors in the day-to-day operational matters of the Group.

The Directors are responsible for the Group's methods of internal control. The Group's risk management protocols and internal control methods are designed to reduce risk associated with the business of the Group and achieve its strategic objectives. The Group has established procedures of internal control and is considered adequate for a business of the size of the group.

The Directors are responsible for internal control in the Group and for reviewing effectiveness. Due to the size of the Company, all key decisions are made by the Board. The Directors have reviewed the effectiveness of the Company's systems during the period under review and consider that there have been no material losses, contingencies or uncertainties due to weaknesses in the controls.

Audit, Risk and Internal Control

Significant issues that audit committee considered relating to the financial statements. The audit committee did not face any significant issues in relation to the preparation of the financial statements upon the appointment of RPG as its auditors

Auditor Appointment-Royce Peeling Green Limited ("RPG")

On 6th February 2023 KNAV Limited, the previous auditor to First Class Metals Plc, gave written notice to the Company of their resignation as the auditor of the Company. KNAV confirmed that there were no circumstances connected with their resignation which they consider should be brought to the attention of the Company's members or creditors and stated that they resigned because they had decided not to register as an auditor eligible to undertake audits of Public Interest Entities.

Audit Committee Report (continued)

Following a competitive selection process, the Audit Committee recommended to the Board of Directors that RPG be appointed as Auditor. On 9 February 2023, the Directors accepted that recommendation, and resolved to appoint RPG as the Auditor of the Company to fill the vacancy in the office of auditor pursuant to s.489 (3) (c) of the Companies Act 2006.

RPG is a long-established firm of Chartered Accountants and a PIE registered auditor based in Manchester, England. RPG is a UK member of DFK International, the sixth largest accounting association in the world according to the International Accounting Bulletin's annual World Survey Report in 2022, with worldwide revenues in excess of $1.5 billion across 94 countries. In the UK, RPG operates from two offices with around 80 staff, including 9 directors.

It is also to be noted that there are no contractual obligations restricting the Board's choice of external auditor.

………………………………..
Danesh Varma
Audit Committee Chairman
30 April 2023

Remuneration Committee Report

Composition of the Remuneration Committee

The Remuneration Committee comprises of Marc Bamber (Chair of the Committee), Marc Sale (CEO), and Danesh Varma.

Role of the Remuneration Committee

The Remuneration Committee's function includes ascertaining the policy and amount of the remuneration of the Executive Directors and other executives including bonuses, incentive payments and share options.

Remuneration Policy

The Remuneration Committee is committed to ensuring that the Company's key executive team is incentivised to drive sustainable earnings growth and returns to shareholders, thereby creating a genuinely strong alignment of interests between management and investors. The Company's remuneration policy aims to provide its members with a competitive market aligned remuneration package to reward their performance and deliver value for shareholders. Remuneration packages are aligned against to that of similar organisations in the sector.

Remuneration policy is designed to ensure that it attracts, retains and motivates the executive members of the Company for the long term. The basic structure of a remuneration package consists of a basic salary, an annual bonus plan and a pension plan.

The remuneration policy is based on the following principles:

1. Fairness and equity: The remuneration should be fair and equitable, ensuring that employees receive compensation that is commensurate with their skills, experience, and performance.
2. Transparency: The remuneration policy should be transparent, ensuring that employees understand how their compensation is determined, including the criteria used for performance evaluation and promotion. As a public Company, an effective measure used to evaluate performance is the prevailing market price of the Company's stock and its performance over various time periods.
3. Competitive compensation: The policy aims to offer compensation that is competitive with industry standards, allowing the Company to attract and retain top talent.
4. Incentives for performance: The policy includes incentives for high performance, such as bonuses or other forms of variable pay, to motivate employees to achieve their goals and objectives.
5. Flexibility: The policy is flexible, allowing for adjustments to compensation based on changes in market conditions, industry trends, and individual employee performance.
6. Regular review: The policy is regularly reviewed and updated to ensure it remains effective and relevant to changing organisational needs and market conditions.

Remuneration of Directors

The remuneration policy and packages of the Directors were duly covered in detail in the Prospectus of the Company presented to the shareholders prior to the listing of the Company on the London Stock Exchange. Further, details of the same will be submitted to the general body of the shareholders at the forthcoming Annual General Meeting of the Company.

Remuneration Committee Report (continued)

a. Remuneration of Executive Directors

During the year, the Executive Directors received a basic salary and benefits as set out in the table below.

b. Remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors are set out by the Board. Their involvement is on the basis of advice being taken from them on appropriate matters.

Directors' Remuneration Report

Directors' Remuneration for the Period Ended December 31, 2022					
	Basic Salary	**Pension**	**Bonus**	**Off-Payroll**	**Total**
Executive Directors					
James Knowles	60.0	-	-	-	60.0
Ayub Bodi	60.0	-	-	-	60.0
Marc Sale	21.0	-	-	86.3	107.3[3]
Non-Executive Directors					
Danesh Varma	15.0	-	-	-	15.0
Marc Bamber	12.5	-	-	-	12.5
All figures in GBP '000					

Marc Sale total includes £86,346 paid to Specialist Exploration Services (Scotland) Limited a company controlled by Mr Sale which provides geological consultancy services to First Class Metals Plc from the date of his appointment as a Director of the Company.

Company Pension Scheme

As of 31 December 2022, the Company has a pension plan in place which the Directors may opt in to whereupon the Company will pay contributions in relation to their remuneration. Thus far, no Director has opted in and the Company has not paid out any excess retirement benefits to any Directors.

Service Contracts

The Company has entered into service contracts with each of its Directors. These contracts are on an ongoing basis with the Executive Directors and includes a one month notice period in case of termination. The contracts with the INED's are on a 3 year basis with an option to renew upon mutual agreement.

The Company entered into a consultancy agreement with Specialist Exploration Services (Scotland) Limited ("SES") on 1 March 2022 ("SES Consultancy Agreement"), pursuant to which SES agreed to provide certain consultancy services to the Company.

SES is a company owned by Marc Sale. The engagement commenced with effect from 1 March 2022 and shall continue unless terminated as provided for in the SES Consultancy Agreement or on the giving of not less than four weeks' prior written notice by either party. The engagement is for a minimum commitment of at least 10 days per month with such additional time, if any, as may be necessary for their proper performance of the services.

[3] During the year, the Group incurred consultancy and travel expenses in relation to the intangible assets from Specialist Exploration Services (Scotland) Limited, a company controlled by a common director. The services were for £86,346 with no outstanding balances at the year end.

Remuneration Committee Report (continued)

Directors' interest in shares

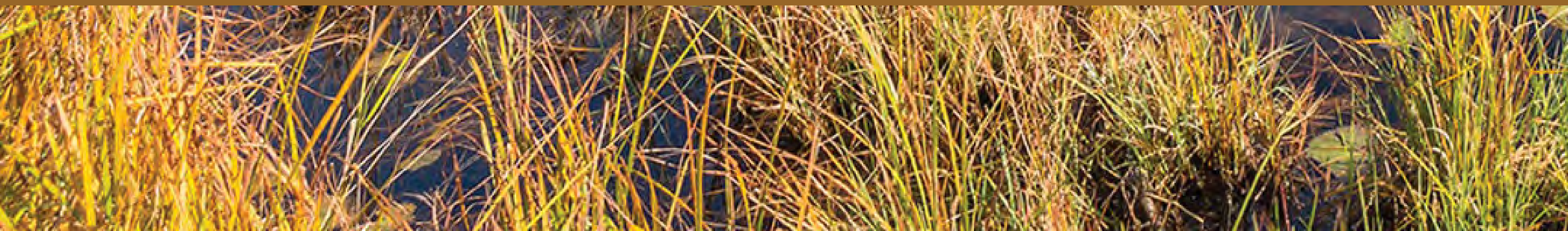
Holder	Number of Shares	% of total capital issued
James Knowles	10,149,257	14.60
Ayub Bodi	10,149,257	14.60
Marc Sale	-	-
Danesh Varma	-	-
Marc Bamber	377,965	0.54

Further, as the committee was newly formed, no meetings of the committee was held during the time period. However, one meeting of the committee was held in January 2023 in order to evaluate and recommend suitable bonuses and pay increases to reward the efforts made by various members of the Company.

M.T. Bamber

……………………………..
Marc Bamber
Remuneration Committee Chairman
30 April 2023

Directors' Report



Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

A review of the business and principal risks and uncertainties has been included in pages 49 to 51 in the Strategic Report.

Principal Activity

The principal activities of the Company during the period were the IPO and the exploration and development of owned assets. Successful acquisitions have been completed in October 2022 and March 2023 and more details can be found in the Chairman's Statement.

Dividends

No dividend has been paid during the year nor do the Directors recommend the payment of a final dividend (2021: £nil).

Directors' Indemnity Provisions

The Company has implemented Directors and Officers Liability Indemnity insurance.

Donations

The Company made no political donations during the year (2021: £nil).

Share Capital

First Class Metals Plc is incorporated as a public limited company and is registered in England and Wales with the registered number 13158545. The Company has one class of Ordinary Share and all shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

Substantial Shareholdings

Details of changes in share capital during the year are detailed in note 17 to the financial statements.

At 31 December 2022 shareholders may be analysed as follows:

Holder	Shares Held	Percentage Ownership
Power Metals PLC & Power Metals Canada Inc*	18,516,097	26.81%
James Knowles (and family) *	10,149,257	14.70%
Ayub Bodi (and family) *	10,149,257	14.70%
Asif Bodi *	3,655,667	5.30%
Afzal Valli	3,599,635	5.21%
James Huddleston	3,428,571	4.97%
Others, with sub <3% holdings	19,550,223	28.31%
Total in Issue	**69,048,707**	

***12 month lock in from 29/7/2022**

Board of Directors

The Board currently consists of three executive Directors & two independent non-executive Directors. It met regularly throughout 2022 to discuss key issues and to monitor the Company's overall performance. All matters and committees, such as Remuneration and Audit are considered by this Board.

James Knowles

Executive Chairman

A corporate professional who has enjoyed a twenty-five-year career in the financial sector, James is primarily focused on debt funding for Real Estate projects, most recently for Barclays Bank PLC. James is a seasoned resource company investor and has consulted to several London and Canadian junior listed resource companies on investor relations, public relations, and social media marketing activities.

Marc Sale

Chief Executive Officer

A corporate professional who has specialised in natural resources, specifically precious and base metals, with a focus on gold, for over 25 years. Marc has worked on project assessment, exploration, and development in Africa, the Americas, Europe, and Australasia. He has held Technical Directorships for several listed and private companies, including Brancote PLC, Landore Resources PLC, Gold Mines of Sardinia, and Patagonia Gold. As a 'Competent Person' he is accomplished in the preparation of Company reports and overseeing JORC/NI43-101 reporting as well as delivery of presentations to investors, institutions, and shareholders.

Ayub Bodi

Executive Director

With significant management experience in the oil and gas industry and minerals exploration, Ayub is an experienced resource executive with extensive public company exposure in the UK, Canada, and Australia.

Danesh Varma

Non-Executive Director

A Chartered Accountant with over 35 years of experience in the mining finance industry, Danesh has been a director of American Resource Company, Northgate Exploration Ltd, Minco Resources. and Westfield Minerals Ltd. He holds directorships with Labrador Iron Mines Holdings Limited, Buchans Resources, Canadian Manganese Company, Brookfield Infrastructure Partners L.P., and Anglesey Mining PLC.

Marc Bamber

Non-Executive Director

A Global Corporate Financier, with over 20 years of experience in the hedge fund sector, capital markets, private and institutional Investments, investor comms, and marketing. Marc was a core member of the multiple award-winning RAB Special Situations Fund that delivered net returns of 50x to investors with circa. US$2.8Bn in Assets Under Management (AUM) in just under five years. Marc is very active in the international markets and works with a number of Toronto and London-listed companies in senior management roles.

Board of Directors (continued)

Directors' powers

As set out in the Company's Articles of Association, the business of the Company is managed by the Board which may exercise all powers of the Company.

Directors' Remuneration

A total of £254,800 was paid as remuneration to Directors for the year ended 31 December 31 2022. The remuneration of the Directors will further be put to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

Board Activities

The Board has determined that the Company will have a minimum of four Board Meetings, two Audit Committee Meetings and two Remuneration Committee Meetings each year. However, as the Company was listed at the end of July, 2022, the Board deemed it appropriate that the Company need not follow this format for the present year. As such, the first meeting of the Audit Committee was held on 25 January 2023, and the first meeting of the Remuneration Committee was held on 19 January 2023.

The Board of Directors met a total of 13 times in the financial year 2022. The table below provides an overview of the attendance of the various directors.

Board Meeting Attendance	
Name of Director	**Meetings Attended**
James Knowles	13
Ayub Bodi	13
Marc Sale	10
Danesh Varma	2
Marc Bamber	2

Note: Marc Sale was appointed to the Board on 16 June 2022, Danesh Varma and Marc Bamber were appointed to the Board on 29 July 2022.

Explanation of Board Performance and Effectiveness

During the financial year ended 31 December 2022 a Board evaluation was not carried out, due to significant changes in the Board composition leading up to the IPO. An evaluation process will be initiated in 2023. A detailed strategy has been defined for the Company and is used as a benchmark to measure the performance of the Company and team moving forwards. Progress reviews are held periodically to assess progress against key metrics.

Auditor

First Class Metals Plc appointed new auditor Royce Peeling Green Limited (RPG) on 9 February 2023.

RPG has expressed its willingness to continue in office. A resolution to reappoint RPG will be proposed at the forthcoming Annual General Meeting.

Shareholder Communications

The Company uses its corporate website https://www.firstclassmetalsplc.com/ to ensure that the latest announcements, press releases and published financial information are available to all shareholders and other interested parties. The AGM will be used to communicate with both institutional shareholders and private investors and all shareholders are encouraged to participate. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing this report and the financial statements in accordance with applicable United Kingdom law and regulations and UK adopted International Financial Reporting Standards ("IFRS")

Company law requires the Directors to prepare financial statements for each financial period which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable IFRSs have been followed, 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; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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 Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual report includes information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are published on the Company's website https://www.firstclassmetalsplc.com/. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

The Directors confirm that to the best of their knowledge:

- the Company financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- this Annual report includes the fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces; and

Statement of Directors Responsibilities in respect of Annual Report and Financial Statements (continued)

- the Annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Company's performance, business and strategy.

Disclosure of Information to the Auditor

Each of the persons who is a director at the date of approval of this Annual Report confirms that:

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

Forward Looking Statements

This document contains certain forward-looking statements. The forward-looking statements reflect the knowledge and information available to the Directors of the Company and Group during preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future and thereby involving a degree of uncertainty. The statements, estimates and projections herein are based upon various assumptions by the Company that may not prove to be correct. Such assumptions are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and upon assumptions with respect to the future performance of the Company that may be subject to change because of circumstances beyond the control of the directors and/or the Company. The Company believes that such estimates and other assumptions are reasonable under the circumstances, but no representation, warranty or other assurance is given that such statements, estimates and projections will be realized. There may be variances between such projections and actual events and results.

This report is approved by the Board on 30 April 2023 and signed on its behalf by:

……………………………..
Ayub Bodi
Executive Director

Independent Auditor's Report

Independent auditor's report to the members of First Class Metals Plc for the year ended 31 December 2022

Our opinion on the financial statements

We have audited the financial statements of First Class Metals Plc (the **"Company"**) and its subsidiary (the "Group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and the related Notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards as adopted in the United Kingdom (IFRS).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted in the United Kingdom; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 in the accounting policies, concerning the Group's ability to continue as a going concern. The matters explained in Note 2 indicate that the Group needs to raise further finance to fund its working capital needs and development plans. As at the date of approval of these financial statements there are no legally binding agreements relating to securing the required funds. These events or conditions along with the matters set forth in Note 2 indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditors Report (continued)

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

- Analysing the Group's cash flow forecast which forms the basis of the Directors' assessment that the going concern basis of preparation remains appropriate for the preparation of the financial statements for a period of at least twelve months from the date of approval of these financial statements;
- Testing the integrity of the cash flow model;
- Assessing costs included within the cash flow forecast and where available agreeing these costs to other evidence obtained during the course of our audit work is in line with our expectations;
- Obtaining details of post year ends fundraisings and agreeing supporting documentation/ cash received;
- Reviewed loan agreements and ensured the repayments were appropriately included in the forecasts;
- Discussing with the Board its strategy to ensure funds are available to the Group to fund its plans;
- Sensitising the cash flows for changes in key assumptions and considering the impact on headroom; and
- Reviewing and considering the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation.

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

Our approach to the audit

In planning our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we performed sufficient work to be able to issue an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We performed full-scope audits of the material components of the Group, being First Class Metals plc and First Class Metals Canada Inc.

Key audit matters

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

Independent Auditors Report (continued)

The key audit matters identified are listed below.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Carrying value of exploration and evaluation asset

The group's accounting policy in respect of its exploration and evaluation ("E&E") asset is set out under "mineral property exploration and evaluation costs" and its accounting policy in respect of impairment is set out under "impairment of intangible assets" in Note 2 to the financial statements.

The Group holds rights to explore and mine in the North Hemlo area of Ontario, Canada. At 31 December 2022 the Statement of Financial Position includes an E&E asset of £2,256,720. In April 2022 for the purpose of the Listing of the company's shares, the Group received a Competent Person's Report (CP report) prepared by ACA Howe International Limited ("AHL") on the North Hemlo projects. The Group has yet to move to the development stage of its projects and will need to raise additional funding to move towards production in due course.

Management have assessed the exploration and evaluation E&E asset for impairment indicators under IFRS 6 and concluded that no triggers existed at the year-end. Determining whether impairment indicators exist involves significant judgement by management, including considering specific impairment indicators prescribed in IFRS 6.

There is a risk that if unidentified impairment indicators exist, the carrying value of the E&E asset may not be fully recoverable.</td><td>Our audit procedures included, but were not limited to:

• Evaluating whether, under IFRS 6 Exploration for and Evaluation of Mineral Assets, the asset is appropriately determined as an E&E asset;
• Reviewing and challenging management's assessment with respect to indicators of impairment under IFRS 6;
• Reviewing the CP report prepared by AHL to assess whether it supports management's assertions in their analysis;
• Assessing AHL's independence, objectivity and competency to act as management's expert; and
• Evaluating whether the relevant disclosures in the financial statements are reasonable.</td></tr>
<tr><td colspan="2">Our conclusion
Based on the work performed, nothing has come to our attention which suggests that there were unidentified indicators for impairment not considered by the management.</td></tr>
</table>

All key matters noted above have been discussed with the Audit Committee.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Independent Auditors Report (continued)

We have based materiality on 2.5% of gross assets for the Group. This benchmark is considered to be the most significant determinant of the Group's financial performance used by the users of the financial statements. Overall materiality for the Group as a whole was set at £77,000. For each component, the materiality was set at a lower level. On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgement is that the performance materiality level should be 62.5% of financial statement materiality, namely £48,000.

For the Company materiality was set at £75,000, based on 2.5% of gross assets as that is deemed the considered the most appropriate measure for a holding company. Company performance materiality was set at 62.5% of financial statement materiality, namely £47,000.

We agreed with the Audit Committee that we would report on all differences in excess of 5% of materiality relating to the Group financial statements. We also report to the Audit Committee on financial statement disclosure matters identified when assessing the overall consistency and presentation of the consolidated financial statements.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the 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, or returns adequate for our audit have not been received from branches not visited by us; or

Independent Auditors Report (continued)

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

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities on pages 58 to 59, 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 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 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and applicable accounting standards.

We designed audit procedures to respond to the risk, 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. We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of Board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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

Independent Auditors Report (continued)

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

Other matters which we are required to address

Auditor tenure - We were appointed by the Board on 9 February 2023 to audit the consolidated and company financial statements for the year ended December 2022, which will be our first period of engagement, and subsequent financial periods.

Independence - We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Non – audit services – We have not provided any non- audit services to the Group or the Company which are prohibited by the FRC's Ethical Standard.

Consistency of the audit report with the additional report to the audit committee – Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

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

Martin Chatten FCA **1 May 2023**
Senior Statutory Auditor
for and on behalf of Royce Peeling Green Limited
Statutory Auditor, Chartered Accountants

The Copper Room
Deva City Office Park
Trinity Way
Manchester M3 7BG

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2022

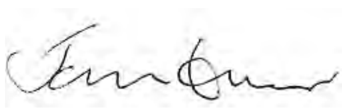
	Note	2022 £	2021 £
Revenue		-	-
Administrative expenses		(693,583)	(168,339)
Operating loss	**5**	(693,583)	(168,339)
Finance income		461	-
Finance costs		(7,918)	-
Net finance cost	**6**	(7,457)	-
Loss before and after tax		(701,040)	(168,339)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gains		98	-
Total comprehensive loss for the year		(700,942)	(168,339)
Total comprehensive loss attributable to:			
Owners of the company		(700,942)	(168,339)
The above results were derived from continuing operations.			
Loss per share:			
Basic and diluted loss per share (pence)	**11**	(1.31)p	(24.14)p

The notes on pages 80 to 99 form an integral part of these financial statements

Consolidated Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Assets			
Non-current assets			
Property, plant and equipment	**13**	812	-
Mineral property exploration and evaluation	**12**	2,256,720	1,179,697
		2,257,532	1,179,697
Current assets			
Trade and other receivables	**15**	226,217	29,192
Cash and cash equivalents	**16**	712,715	267,244
		938,932	296,436
Total assets		3,196,464	1,476,133
Equity and liabilities			
Equity			
Share capital	**17**	(69,049)	(943)
Share premium		(3,395,168)	(1,536,947)
Equity reserve		(10,258)	-
Foreign currency translation reserve		(98)	-
Retained earnings		869,379	168,339
Equity attributable to owners of the company		(2,605,194)	(1,369,551)
Non-current liabilities			
Other non-current financial liabilities	**12**	(15,353)	-
Current liabilities			
Trade and other payables	**21**	(357,325)	(106,582)
Loans and borrowings	**19**	(218,592)	-
		(575,917)	(106,582)
Total liabilities		(591,270)	(106,582)
Total equity and liabilities		(3,196,464)	(1,476,133)

The financial statements were approved and authorised for issue by the Board on 30 April 2023 and signed on its behalf by:



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James Knowles
Director

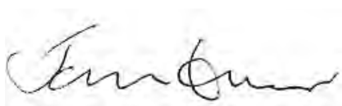
(Registration number: 13158545)

The notes on pages 80 to 99 form an integral part of these financial statements

Company Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Assets			
Non-current assets			
Property, plant and equipment	**13**	812	-
Investments in subsidiaries, joint ventures and associates	**14**	581	581
		1,393	581
Current assets			
Trade and other receivables	**15**	2,247,451	1,209,255
Cash and cash equivalents	**16**	711,613	267,244
		2,959,064	1,476,499
Total assets		2,960,457	1,477,080
Equity and liabilities			
Equity			
Share capital	**17**	(69,049)	(943)
Share premium		(3,395,168)	(1,536,947)
Equity reserve		(10,258)	-
Retained earnings		844,250	164,060
Total equity		(2,630,225)	(1,373,830)
Current liabilities			
Trade and other payables	**21**	(111,640)	(103,250)
Loans and borrowings	**19**	(218,592)	-
Total liabilities		(330,232)	(103,250)
Total equity and liabilities		(2,960,457)	(1,477,080)

The financial statements were approved and authorised for issue by the Board on 30 April 2023 and signed on its behalf by:



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James Knowles
Director

(Registration number: 13158545)

The notes on pages 80 to 99 form an integral part of these financial statements

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Share premium £	Retained earnings £	Total equity £
Loss for the year	-	-	(168,339)	(168,339)
Total comprehensive income	-	-	(168,339)	(168,339)
New share capital subscribed	943	1,536,947	-	1,537,890
At 31 December 2021	943	1,536,947	(168,339)	1,369,551

	Share capital £	Share premium £	Equity reserve £	Foreign currency translation £	Retained earnings £	Total equity £
At 1 January 2022	943	1,536,947	-	-	(168,339)	1,369,551
Loss for the year	-	-	-	-	(701,040)	(701,040)
Other comprehensive income	-	-	-	98	-	98
Total comprehensive income	-	-	-	98	(701,040)	(700,942)
New share capital subscribed	68,106	1,858,221	-	-	-	1,926,327
Other equity reserve movements	-	-	10,258	-	-	10,258
At 31 December 2022	69,049	3,395,168	10,258	98	(869,379)	2,605,194

The notes on pages 80 to 99 form an integral part of these financial statements

Company Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Share premium £	Retained earnings £	Total £
Loss for the year	-	-	(164,060)	(164,060)
Total comprehensive income	-	-	(164,060)	(164,060)
New share capital subscribed	943	1,536,947	-	1,537,890
At 31 December 2021	943	1,536,947	(164,060)	1,373,830

	Share capital £	Share premium £	Equity reserve £	Retained earnings £	Total £
At 1 January 2022	943	1,536,947	-	(164,060)	1,373,830
Loss for the year	-	-	-	(680,190)	(680,190)
Total comprehensive income	-	-	-	(680,190)	(680,190)
New share capital subscribed	68,106	1,858,221	-	-	1,926,327
Other equity reserve movements	-	-	10,258	-	10,258
At 31 December 2022	69,049	3,395,168	10,258	(844,250)	2,630,225

The notes on pages 80 to 99 form an integral part of these financial statements

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss for the year		(701,040)	(168,339)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	**5**	162	-
Foreign exchange loss	**5**	(29,831)	28
Finance income	**6**	(461)	-
Finance costs	**6**	7,918	-
		(723,252)	(168,311)
Working capital adjustments			
Increase in trade and other receivables	**15**	(176,917)	(29,192)
Increase in trade and other payables	**21**	266,096	106,582
Net cash flow from operating activities		(634,073)	(90,921)
Cash flows from investing activities			
Interest received	**6**	461	-
Acquisitions of property plant and equipment		(974)	-
Acquisition of mineral property exploration and evaluation	**12**	(1,013,050)	(1,179,697)
Net cash flows from investing activities		(1,013,563)	(1,179,697)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		1,593,549	1,537,890
Proceeds from other borrowing draw downs		587,180	-
Repayment of other borrowing		(23,747)	-
Foreign exchange gains or losses	**6**	-	(28)
Net cash flows from financing activities		2,156,982	1,537,862
Net increase in cash and cash equivalents		509,346	267,244
Cash and cash equivalents at 1 January		267,244	-
Effect of exchange rate fluctuations on cash held		(63,875)	-
Cash and cash equivalents at 31 December		712,715	267,244

The notes on pages 80 to 99 form an integral part of these financial statements

Company Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss for the year		(680,190)	(164,060)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	**5**	162	-
Foreign exchange loss	**5**	-	28
Finance income	**6**	(461)	-
Finance costs	**6**	7,918	-
		(672,571)	(164,032)
Working capital adjustments			
Increase in trade and other receivables	**15**	(1,047,919)	(1,209,255)
Increase in trade and other payables	**21**	8,390	103,250
Net cash flow from operating activities		(1,712,100)	(1,270,037)
Cash flows from investing activities			
Interest received	**6**	461	-
Acquisition of subsidiaries	**14**	-	(581)
Acquisitions of property plant and equipment		(974)	-
Net cash flows from investing activities		(513)	(581)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		1,593,549	1,537,890
Proceeds from other borrowing draw downs		587,180	-
Repayment of other borrowing		(23,747)	-
Foreign exchange gains or losses		-	(28)
Net cash flows from financing activities		2,156,982	1,537,862
Net increase in cash and cash equivalents		444,369	267,244
Cash and cash equivalents at 1 January		267,244	-
Cash and cash equivalents at 31 December		711,613	267,244

The notes on pages 80 to 99 form an integral part of these financial statements

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General Information

The Company is a public company limited by share capital, incorporated and domiciled in England and Wales. The principal activity of the Company was that of a holdings company.

The Company's ordinary shares are traded on the London Stock Exchange (LSE) under the ticker symbol FCM.

The principal activity of the Group was that of the exploration of gold and other semi-precious metals as well as battery metals critical to energy storage and power generation solutions.

The address of its registered office is:

Suite 16 Freckleton Business Centre
Freckleton Street
Blackburn
Lancashire, BB2 2AL
United Kingdom

These consolidated financial statements comprise the Company and its subsidiary, First Class Metals Canada Inc. (together referred to as the Group').

These financial statements were authorised for issue by the Board on 30 April 2023.

2 Accounting policies

Statement of compliance

The Group and the Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK and in accordance with UK companies legislation, as applicable to companies reporting under IFRS.

Basis of preparation

The financial information has been prepared on the historical cost basis.

The financial statements are presented in sterling (£), which is the Company's functional currency. Each group entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial information of the Company and its subsidiary made up to the end of the reporting period. 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.

The consolidated financial statements presents the results of the Company and its subsidiary as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full. The financial information of subsidiaries is included in the Group's financial statements from the date that control commences until the date that control ceases.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Adoption of New and Revised Standards

The following standards and amendments became effective in the year:

- Amendments to IFRS 16 relating to the extension of the exemption from assessing whether a COVID-19 related rent concession is a lease modification;
- IFRS 3 Amendments updating a reference to the Conceptual Framework;
- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- IAS 37 Amendments regarding the costs to include when assessing whether a contract is onerous;
- IAS 16 Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.

There has been no material impact from the adoption of new standards, amendments to standards or interpretations which are relevant to the Group.

New standards and interpretations not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2023 and which the Group has chosen not to adopt early. These include the following standards which are relevant to the Group:

- Amendment to IAS 1 Amendments regarding the classification of liabilities and amendments regarding the disclosure of accounting policies;
- IAS 8 Amendments regarding the definition of accounting estimates;
- IAS 12 Amendments regarding deferred tax on leases and decommissioning obligations; and
- IFRS 16 Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.

The Group does not expect that the standards and amendments issued but not yet effective will have a material impact on results or net assets.

Going concern

As a junior exploration company, the Directors are aware that the Company must seek funds from the market in the next 12 months to meet its investment and exploration plans.

The Group's reliance on a successful fundraising presents a material uncertainty that may cast doubt on the Group's ability to continue to operate as planned and to pay its liabilities as they fall due for a period not less than twelve months from the date of this report.

The Company successfully raised £1,918,623 in the year ended 31 December 2022 through a combination of issuing new shares and warrant conversions. As at the year-end date the Group had total cash reserves of £712,715 (2021: £267,244).

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

The Directors are aware of the reliance on fundraising within the next 12 months and the material uncertainty this presents but having reviewed the Group's working capital forecasts they believe the Group is well placed to manage its business risks successfully providing the fundraising is successful.

Government grants

Government grants received on capital nature are generally deducted in arriving at the carrying amount of the asset purchased. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income or netted against the asset purchased.

Foreign currency transactions and balances

Transactions in currencies other than the Group's functional currency are recognised at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical costs are not re-translated.

Exchange gains or losses arising from translations of foreign currency monetary assets, liabilities and transactions are recorded in foreign exchange gain/ (loss) in the Statement of comprehensive income.

Segmental reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Executive Chairman. The Executive Chairman is responsible for the allocation of resources to operating segments and assessing their performance.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Group and its subsidiaries operate by the end of the financial period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment	3 years - straight line basis

Mineral property exploration and evaluation

Exploration and evaluation assets under IFRS 6 include acquired mineral use rights for mineral properties held by the Group. Mineral exploration and evaluation expenditures are capitalised. The amount of consideration paid (in cash or share value) for mineral use rights is capitalised on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalised costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities.

Mineral property exploration and evaluation assets will be amortised to profit and loss once commercial production has been achieved or written off if the exploration assets are abandoned or sold. Depletion of costs capitalised on projects when put into commercial production will be recorded using the unit-of-production method based upon estimated proven and probable reserves. The ultimate recoverability of the amounts capitalised for the exploration and evaluation assets and expenditures is dependent upon the delineation of economically recoverable ore reserves, obtaining and retaining the necessary permits to operate a mine, and realising profitable production or proceeds from the disposition thereof.

The commercial viability of extracting a mineral resource is considered to be determinable when resources are determined to exist, the property rights are current and it is considered probable that the costs will be recouped through successful development and exploitation of the project, or alternatively by the sale of the property. Upon determination of resources, exploration and evaluation assets attributable to those resources are first tested for impairment and then reclassified from exploration and evaluation assets mineral property interests. Expenditures deemed unsuccessful are recognised in operations in the income statement.

Impairment of mineral property exploration and evaluation

The carrying values of capitalised exploration and evaluation assets are assessed for impairment if fact and circumstances indicate that the carrying amount exceeds the recoverable amount and sufficient data exists to evaluate technical feasibility and commercial viability. If any indication of

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal and the asset's value in use. If the carrying amount of the asset exceeds its estimated recoverable amount, the asset is impaired, and an impairment loss is charged to the Statement of comprehensive income so as to reduce the carrying amount to its estimated recoverable amount.

If individual claims/ cells are abandoned for one reason or another, then the property as a whole will be considered for impairment. An impairment presumption also exists if no work has been done on a claim/ cell in three years. Cash resources are taken into consideration to justify claim preservation/ renewal in the forthcoming twelve months.

Investments in subsidiaries

Investments in subsidiary companies are classified as non-current assets and included in the Statement of financial position of the Company at cost, less provision for impairment at the date of acquisition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

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

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised in the Statement of Financial Position when the Group/ Company becomes party to the contractual provision of the instrument. The following policies for financial instruments have been applied in the preparation of consolidated financial statements:

The Group and Company's financial assets which comprise loans and receivables and other debtors are measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial liabilities (other than convertible debt) are classified as other financial liabilities measured at amortised cost. Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost. A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible loan notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability and equity components in proportion to the initial carrying amounts.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

3 Critical accounting judgements and key sources of estimation uncertainty

Certain amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on the management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the financial statements.

Significant areas of estimation uncertainty and critical judgements made by management in preparing the consolidated financial statements include:

Recognition of evaluation and exploration assets

Judgement is required in determining when the future economic benefit of a project can be reasonably be regarded as assured, at which point evaluation and exploration expenses are capitalised. This includes the assessment of whether there is sufficient evidence of the probability of the existence of economically recoverable minerals to justify the commencement of capitalisation of costs.

In connection with possible impairment of exploration and evaluation assets the Directors assess each potentially cash generating unit annually to determine whether any indication of impairment exists. The judgements made when making these assessments are similar to those set out above and are subject to the same uncertainties.

4 Segmental information

Identification of reportable operating segments

The Group is organised into one corporate function in the UK and the operating segment, being mining and exploration operations. This operating segment is the subsidiary in Canada, for which the Executive Chairman assesses its performance and determines the allocation of resources.

The information reported to the Executive Chairman is on a monthly basis.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Geographical information

Income statement analysis

	2022		2021	
	UK £	Canada £	UK £	Canada £
Administrative expenses	672,733	20,850	164,060	4,279

Non-current assets

	2022		2021	
	UK £	Canada £	UK £	Canada £
Mineral property exploration and evaluation asset	-	2,256,720	-	1,179,697

5 Operating loss

Arrived at after charging

	2022 £	2021 £
Depreciation expense	(162)	-
Foreign exchange gains/(losses)	25,669	(28)

6 Finance income and costs

	2022 £	2021 £
Finance income		
Interest income on bank deposits	461	-
Finance costs		
Convertible debt amortisation of interest	(7,918)	-
Net finance costs	(7,457)	-

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	174,500	10,000
Social security costs	13,079	-
	187,579	10,000

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

The average monthly number of persons employed by the Group (being the Directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Administration and support	3	2

8 Directors' remuneration

	2022 £	2021 £
Total Directors' remuneration for the year	168,500	10,000

9 Auditors' remuneration

	2022 £	2021 £
Audit of these financial statements	25,500	4,520
Audit of the subsidiary's financial statements by component auditor	2,822	2,913
Other fees to auditors		
Audit-related assurance services	-	2,880

10 Income tax

The tax on profit/ (loss) for the year is calculated at the standard rate of corporation tax in the UK of 19% (2021 - 19%). The tax charge for the year is £nil (2021: £nil).

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

	2022 £	2021 £
Loss before tax	(701,040)	(168,339)
Corporation tax at standard rate	(133,198)	(31,984)
Effect of unrelieved tax losses carried forward	133,198	31,984
Total tax charge/(credit)	-	-

There is an unrecognised deferred tax asset at 31 December 2022 of £217,345 (2021: £42,085) which, in view of the trading results, is not considered by the directors to be recoverable in the short term. The applicable tax rate is 25% which was substantially enacted under UK legislation and would be the rate applicable when the asset reverses.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Loss per share

The basic loss per share for the period of (1.31)p (2021: (24.14)p) is calculated by dividing the loss for the period by the weighted average number of Ordinary Shares in issue of 53,456,619 (2021: 697,318 Ordinary Shares). Note 17 provides details of the share issues during the year ended 31 December 2022.

There are potentially issuable shares all of which relate to share warrants issued as part of placings in 2022. The weighted average number of additional potential Ordinary Shares in issue is 23,982,815 (2021: nil). However, due to the losses for the year the impact of the potential additional shares is anti-dilutive and has therefore not been recognised in the calculation of the fully diluted loss per share of (1.31)p per share (2021: (24.14)p).

Additional shares were issued post year end following the exercise of share warrants- see note 27. Had these additional shares been in issue at the year end the reported loss per share would have been (1.28)p for 2022.

12 Mineral property exploration and evaluation

	Mineral property exploration and evaluation £
Group	
Cost	
Additions in 2021	1,179,697
At 31 December 2021	1,179,697
At 1 January 2022	1,179,697
Additions in 2022	1,013,050
Foreign exchange movements	63,973
At 31 December 2022	2,256,720
Amortisation	
At 31 December 2021 & 2022	-
Carrying amount	
At 31 December 2022	2,256,720
At 31 December 2021	1,179,697

During the year the Group successfully applied for a grant of CAD $200,000 for the purpose of mitigating the costs of carrying out exploration and evaluation activities on the North Hemlo project. CAD $60,000 was received during the period and the balance of CAD $140,000 was received post year end and was accrued for at the year-end on the basis that relevant criteria had been met. These amounts are offset against the cost of additions shown above.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Mineral property exploration and evaluation assets include CAD $50,000 in the 33 cell claims comprising the West Pickle Lake JV with Palladium One Inc. It is expected that the JV partner will formally complete its contractual earn in with regard to these claims in 2023 or later whereby the Group's ownership could dilute to 20% of the relevant cell claims.

The Group has entered into a purchase option to acquire the 100% interest in the Sunbeam project for a total of CAD $741,000 on 12 October 2022. During the period payments totalling CAD $400,000 have been made and deferred consideration has been recognised for CAD $341,000 payable. Deferred consideration of CAD $150,000 has been paid in February 2023 and the balance is payable as CAD $150,000 in June 2023, CAD $16,000 in October 2023 and CAD $25,000 in October 2024. There is a contingent liability of CAD $250,000 when the Group produces and promptly delivers a technical report to Nuinsco Resources Limited containing an estimate of an initial Indicated Mineral Resource of 250,000 ounces of gold in the Properties. A further contingent liability of CAD $250,000 exists when the Group produces and promptly delivers a technical report to Nuinsco Resources Limited containing an estimate of an additional Indicated Mineral Resource of 250,000 ounces of gold in the Properties. The aggregate being 500,000 ounces of gold for a total sum payable of CAD $500,000.

Potential impairment of mineral property exploration and evaluation assets

Accumulated exploration and evaluation expenditure is carried in the financial statements at cost less any impairment provision.

At each reporting date an assessment of exploration and evaluation assets is made to determine whether specific facts and circumstances indicate there is an indication of impairment and whether an impairment test is required. If such an indication exists, the recoverable amount of the asset is estimated and if the carrying amount of the asset exceeds its estimated recoverable amount, the asset is impaired and the impairment loss is measured. If impairment testing is required, the impairment testing is carried out in accordance with IAS 36 Impairment of Assets as modified by IFRS 6. Any impairment loss is charged to the Consolidated statement of comprehensive income to reduce the carrying amount to its estimated recoverable amount.

In determining whether there is an impairment indicator, both internal factors (e.g. adverse changes in performance) and external factors (e.g., adverse changes in the business or regulatory environment) are considered. Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The existence and extent of proven or probable mineral reserves; retention of regulatory permits and licences; the availability of development financing; current and future metal prices; and market sentiment are all factors to be considered. There are several external factors that can have a significant impact on the recoverable amount of a mineral property, including the uncertainty of market conditions, the volatility of commodity prices and foreign exchange rates.

Following review, the directors concluded that there are no material adverse changes in facts and circumstances, or in market conditions or regulations affecting the Group's assets during the year ended 31 December 2022.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Property, plant and equipment

Group and Company

	Furniture, fittings and equipment £
Cost	
Additions	974
At 31 December 2022	974
Depreciation	
Charge for the year	162
At 31 December 2022	162
Carrying amount	
At 31 December 2022	812

14 Investments

Company

Details of the Company's subsidiary as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2022	2021
First Class Metals Canada Inc.	Mining of other non-ferrous metal ores	55 York Street Suite 401 Toronto ON M5J 1R7 Canada	100%	100%

Summary of the company investments

	31 December 2022 £	31 December 2021 £
Investments in subsidiaries	581	581

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Trade and other receivables

	Group		Company	
	31 December 2022 £	**31 December 2021 £**	**31 December 2022 £**	**31 December 2021 £**
Receivables from Group company	-	-	2,148,884	1,180,063
Accrued income	85,979	-	-	-
Prepayments	67,919	20,273	67,919	20,273
Other receivables	72,319	8,919	30,648	8,919
	226,217	29,192	2,247,451	1,209,255

	Group		Company	
	31 December 2022 £	**31 December 2021 £**	**31 December 2022 £**	**31 December 2021 £**
At amortised cost				
Trade and other receivables	125,998	8,919	2,232,881	1,188,982
	125,998	8,919	2,232,881	1,188,982

During the year there were no expected credit loss allowances provided for the trade and other receivables balances in the Group and the Company (2021: £nil).

The receivables from related party represents amount owed by the Company's subsidiary. This balance was interest free throughout the period and has no fixed repayment date. No provision has been made against this amount.

16 Cash and cash equivalents

	Group		Company	
	31 December 2022 £	**31 December 2021 £**	**31 December 2022 £**	**31 December 2021 £**
Cash at bank	712,715	267,244	711,613	267,244

At 31 December 2022 all cash at bank and in hand was denominated in £ sterling other than £1,102 in Canadian Dollars (2021: all in £ sterling).

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No.	£	No.	£
Ordinary shares of £0.001 each	69,048,707	69,049	943,484	943

New shares allotted

During the year 68,105,223 ordinary shares having an aggregate nominal value of £68,106 were allotted for an aggregate consideration of £1,926,327.

	Number of new Ordinary shares No	Share Capital £
Allotted, issued and fully paid:		
As at 26 January 2021	-	-
Private placings	610,150	610
Shares issued as consideration for site acquisitions	333,334	333
As at 31 December 2021	943,484	943
Bonus issue of shares	50,000,000	50,000
Shares issued upon exercising warrants	1,004,985	1,005
Placing on 28 July 2022	10,280,000	10,280
Issue of shares on conversion of loan	3,428,571	3,429
Private placings	3,091,667	3,092
Issue of shares for services	300,000	300
As at 31 December 2022	69,048,707	69,049

The Board has provisionally agreed to issue share options to Directors and Key Management Personnel but no options had been granted at the year end. No share based payment expense has been recorded in the year.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

The Group issued the following warrants during the year which are considered equity instruments:

Date of issue	Number	Term	Exercise price	Number outstanding at year end
28 July 2022	7,652,563	12 months	10p	6,972,578
28 July 2022	7,321,785	12 months	12.5p	6,996,785
28 July 2022	7,321,785	36 months	20p	7,321,785
28 July 2022	150,000	36 months	15p	150,000
3 October 2022	666,667	36 months	20p	666,667
4 December 2022	1,875,000	36 months	20p	1,875,000

18 Reserves

Group and Company

Share capital

This represents the nominal value of equity shares in issue.

Share premium

This represents the premium paid above the nominal value of shares in issue less issue costs.

Equity reserve

This represents the equity element of the convertible loan.

Retained losses

This represents the accumulated net gains and losses since incorporation, recognised in the Statement of comprehensive income.

19 Loans and borrowings

	Group		Company	
	31 December 2022 £	31 December 2021 £	31 December 2022 £	31 December 2021 £
Current loans and borrowings				
Other borrowings	13,433	-	13,433	-
Convertible debt	205,159	-	205,159	-
	218,592	-	218,592	-

The Group's exposure to market and liquidity risks, including maturity analysis, relating to loans and borrowings is disclosed in note 22 "Financial risk review".

In April 2022 the Company received a convertible loan of £300,000 which was converted to 3,428,571 shares at 8.75p per share at the time of the IPO in July 2022.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

In October 2022 the Company drew down a loan of £250,000 from an overall facility of £1,000,000. The entire loan is interest free and receivable in four tranches. Tranches 2, 3 and 4 are to be drawn down on 31 January 2023, 4 April 2023 and 6 June 2023, respectively. Arrangement fees of 8% are payable on conversion to shares at 12p per share. Fees of 7% on each tranche are to be settled by the issue of shares using the 5 day VWAP, which is the daily volume weighted average sale price per share on the five business days immediately preceding such day of shares sold on the London Stock Exchange. The loan is repayable on 23rd October 2023, however, should the lender decide to convert the shares prior to this date, the loan will be converted to shares at 12p, 15p, 19p and 22p in order of each loan tranche of £250,000.

On the conversion of any loan tranche, the lender shall be issued two year warrants over shares in the Company, to the intent that the Company shall issue half a warrant for every one share converted under the relevant loan tranche at the warrant exercise price for the relevant loan tranche. Each warrant exercise price per share for each loan tranche shall be 20p, 22p, 24p and 30p.

As the conversion feature of the loan results in the conversion of a fixed amount of stated principal into a fixed number of shares, it is classified as a liability and equity instrument. The value of the liability component and the equity conversion component were determined at the date the instrument was issued. The fair value of the liability component and the equity conversion component at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 5%.

20 Other borrowings

Group and Company

Other liabilities maturity analysis

A maturity analysis of other borrowings based on undiscounted gross cash flow is reported in the table below:

	31 December 2022 £	**31 December 2021 £**
Less than one year	13,433	-

21 Trade and other payables

	Group		**Company**	
	31 December 2022 £	**31 December 2021 £**	**31 December 2022 £**	**31 December 2021 £**
Trade payables	82,006	43,018	32,986	42,150
Accrued expenses	252,163	63,564	40,145	61,100
Social security and other taxes	7,667	-	7,667	-
Other payables	30,842	-	30,842	-
	372,678	106,582	111,640	103,250

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

The fair value of the trade and other payables classified as financial instruments are disclosed below.

The Group's exposure to market and liquidity risks, including maturity analysis, relating to trade and other payables is disclosed in note 22 "Financial risk review".

	Group		Company	
	31 December 2022 £	**31 December 2021 £**	**31 December 2022 £**	**31 December 2021 £**
Trade and other payables at amortised cost				
- Suppliers	49,020	43,018	32,986	42,150

Group

Accrued expenses maturity analysis

A maturity analysis of accrued expenses based on undiscounted gross cash flow is reported in the table below:

	31 December 2022 £	**31 December 2021 £**
Less than one year	236,810	-
More than one year	15,353	-

Included within accrued expenses above is deferred consideration payable (refer to note 12).

22 Financial risk review

Group

This note presents information about the Group's exposure to financial risks and the management of capital.

The Group's objectives when managing capital are:

(a) To maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
(b) To meet external capital requirements on debt and credit facilities;
(c) To ensure adequate capital to support long-term growth strategy; and
(d) To provide an adequate return to shareholders.

The Group continuously monitors and reviews the capital structure to ensure the objectives are met.

Management defines capital as the combination of its indebtedness and equity balances, as disclosed in note 17, and manages the capital structure within the context of the business strategy, general economic conditions, market conditions in the power industry and the risk characteristics of assets.

The Group's objectives in managing capital and the definition of capital remain unchanged throughout the period. External factors, such as the economic environment, have not altered the Group's objectives in managing capital.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Credit risk

The Group's definition of credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. At present the Group does not have any customers and its risk on cash and bank is mitigated by holding of the funds in an "A" rated bank.

Liquidity risk

The Group's definition of liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group manages liquidity risk by maintaining adequate cash balances (or agreed facilities) to meet expected requirements. The liquidity risk of each group entity is managed centrally by the Executive Chairman. The contractual cashflows are mentioned in note 12,19,20 and 21.

Market risk

The Group's definition of market risk is the risk that changes in market prices, such as commodity prices, will affect the Group's earnings. The objective of market risk management is to identify both the market risk and the Group's options to mitigate this risk.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency.

A majority of the Group's operating costs will be incurred in US and Canadian Dollars, whilst the Group has raised capital in £ Sterling. Fluctuations in exchange rates of the US Dollar and Canadian Dollar against £ Sterling may materially affect the Group's translated results of operations. In addition, given the relatively small size of the Group, it may not be able to effectively hedge against risks associated with currency exchange rates at commercially realistic rates. Accordingly, any significant adverse fluctuations in currency rates could have a material adverse effect on the Group's business, financial condition and prospects to a much greater extent than might be expected for a larger enterprise.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market rates of interest. As the Group has no significant interest bearing assets or liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates. Therefore, the Group is not exposed to significant interest rate risk.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Financial instruments

Financial assets at amortised cost

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade and other receivables	125,998	8,919	2,232,881	1,188,982
Cash and cash equivalents	712,715	267,244	711,613	267,244

Financial liabilities at amortised cost

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Current liabilities				
Trade and other payables	357,325	106,582	111,640	103,250
Loans and borrowings	218,592	-	218,592	-
	25,456,063	8,884,523	2,065,945	2,127,708
Non-current liabilities				
Accrued expenses	15,353	-	-	-
	16,206,460	15,989,579	1,916,824	2,487,378

24 Related party transactions

Group

The Group has taken advantage of the exemption available under IAS 24 “Related Party Disclosures” not to disclose details of transactions between Group undertakings which are eliminated on consolidation.

Company

Funds are transferred within the Group dependent on the operational needs of individual companies and the Directors do not consider it meaningful to set out the gross amounts of transfers between companies.

Key management personnel

All key management personnel are directors and appropriate disclosure with respect to them is made in the directors’ remuneration report.

During the year, the Group incurred consultancy and travel expenses in relation to the intangible assets from Specialist Exploration Services (Scotland) Limited, a company controlled by a common director. The services were for £86,346 with no outstanding balances at the year end.

There are no other contracts of significance in which any director has or had during the year a material interest.

As at 31 December 2022 there were no loans to Directors (2021: £nil).

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

25 Results attributable to First Class Metals Plc

The loss after taxation in the Company amounted to £680,190 (2021: £164,060). The Directors have taken advantage of the exemptions available under section 408 of the Companies Act 2006 and not presented an income statement for the company alone.

26 Right-of-use assets and lease liabilities

The Group has recognised no right of use assets or associated lease liabilities on the basis that it only has:

- Leases of low value assets;
- Leases with a duration of 12 months or less; and
- Licence arrangements falling under the scope of IFRIC 12.

27 Events after the reporting date

Post 31 December 2022, a further 1,165,882 warrants have been exercised:

- 399,882 at 10p for £39,988 (10p warrants 28 July 2022 Exp July 2023)
- 766,000 at 12.5p for £95,750 (12.5p warrants 28 July 2022 Exp 28 July 2023).

No other adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorisation.

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