

ALIEN METALS LIMITED

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Registered number: FC027089

ALIEN METALS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

ALIEN METALS LIMITED

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ALIEN METALS LIMITED

CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to present the Chairman's statement for Alien Metals Limited (the "Company", "Alien Metals", or "Alien") for the year ended 31 December 2023. The Company made significant progress during the year, particularly on the Hancock Iron Ore Project, culminating in the publishing of the Development study in February 2024.

Project updates

Hancock Iron Ore Project:

The 90% owned Hancock Iron Ore Project ("Hancock" or the "Project") is located 17 kilometres ("km") north of the regional iron ore mining hub of Newman, Western Australia. The geology of the area supports nearby world class iron ore mines and the Company has an opportunity to build on the current high confidence JORC compliant mineral resources and ore reserves to develop a long life, direct ship, high grade iron ore mine.

The Project has progressed significantly during 2023 culminating in the publishing of a development study (the "Development Study") in early 2024. Highlights from the Development Study include:

- MRE of 8.4Mt @ 60% Fe JORC Mineral Resource, including an upgraded Indicated Resource of 4.5Mt@ 60.2% Fe.
- Based on 8Mt of the Mineral Resource being converted to mining inventory, robust project financials of the base case produced the following:
 - an average annualised EBITDA of A\$39m
 - a pre-tax NPV10 of A\$146m and a pre-tax IRR of 133%
 - All in sustaining cost of US\$85/t
 - Production rate of 1.25mtpa
 - Initial development Capital Cost of A\$28m
 - Other key highlights from the Development Study include the following:
 - High confidence in the Capital and Operational Costs with pricing received through the Early Contractor involvement and Preferred Tenderer process resulting in up-to-date tendered pricing for more than 90% of the Capital Costs and Operational Costs.
 - Initial production plan focussed on current 3.9Mt mining inventory with further upside to mine the entire Mineral Resource of 8.4Mt and beyond to be realised through ongoing exploration upside. Further work confirmed a 165% increase in Indicated Resources from 2.8mt to 4.5mt as part of an updated Mineral Resource Statement.

Ore processing will utilise a mobile dry crushing and screening plant capable of producing 1.25Mt to 1.5Mt of 100% fines product per annum on a single shift basis. Sprint capacity of the plant working on a double shift basis is up to 3.0Mt per annum.

- Low start-up cost of A\$28m capital including:
 - A\$18.0m for main roads intersection and access to Site,
 - A\$2.5m for site establishment and pre-production capital,
 - A\$6.5m of owners costs, working capital and contingency allowances.
- Reduction in costs achieved through the close proximity to the Mining Hub of Newman. The proximity allows the Company to avoid extensive construction capital costs associated with airstrip, mining camp and associated services.
- Provisional export capacity through the Port of Port Hedland has been secured and remains on track for final approvals during the first half of 2024.

CSA Global conducted an independent review based on existing geological information and a site visit to express an opinion about the Exploration Potential of the Hancock Project. Their findings included:

- Tenement E47/3954: Significant exploration potential has been identified, in addition to the 8.4Mt Mineral Resource outside of the known Mineral Resource area.
- Tenement E47/3954: Walk up drill targets, with a potential to increase the existing Mineral Resource
- Hancock Project Tenements E47/3954 and E47/5001: Significant strike lengths of Weeli Wolli Formation BIF and Boolgeeda Iron Formations identified and yet to be adequately explored.
- Alien has also separately completed an additional internal review of Project Tenement E47/5001, identifying (interpreted from GSWA 250k mapping) significant underlying geological lithologies that are suitable hosts for iron ore mineralisation and exploration potential.
- Success through accelerating exploration activities could therefore significantly increase the existing 8.4Mt JORC Mineral Resources, resulting in potential for increases to planned production and mine life.

ALIEN METALS LIMITED

DIRECTORS' REPORT

The Directors present their Report, together with the Consolidated Financial Statements and Independent Auditor's Report, for the year ended 31 December 2023.

Principal Activities

The principal activity of the Group is to create and develop a multi-commodity portfolio of exploration and mining projects in jurisdictions with established mining communities, stable political backgrounds, and where strong operational controls can be assured.

The Group's principal activities are in the premier Pilbara mining region of Western Australia.

Business Review

Alien Metals' geological team continue to assess and identify projects that fit with the Group's strategic objectives. Wherever possible, the projects are acquired on a low-cost option basis whilst preliminary exploration is undertaken to assess the merits of further work and with clear value drivers for shareholders and stakeholders alike.

Where preliminary studies show evidence of sufficient mineralisation, increasingly comprehensive studies and development will be undertaken with a view to delineating a compliant mineral resource estimate in readiness for mine development or of the potential sale of the asset to a producing mining company, at which time a significant premium over its acquisition and development cost may be justified.

A detailed review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Report on pages 3, 4 and 5.

Principal risks and uncertainties are discussed on pages 7 to 12.

Results and Dividends

The loss of the Group for the year ended 31 December 2023 amounts to \$3,721,000 (31 December 2022: loss of \$2,375,000).

The Directors do not recommend the payment of a dividend for the year (31 December 2022: Nil).

Directors and Directors' Interests

The Directors who served during the year ended 31 December 2023 had the following beneficial interests in the shares of the Company at year end.

Director	31 December 2023			31 December 2022		
	Ordinary Shares	Options	Performance Rights	Ordinary Shares	Options	Performance Rights
A Vorster*	12,500,000	65,000,000	-	-	-	-
G Robertson***	-	-	-	-	-	-
E Henson**	8,455,722	65,000,000	-	-	-	-
D J Smith*****	4,517,715	45,000,000	-	4,517,715	57,342,509	-
M C Culbert*****	6,666,666	-	-	6,666,666	7,500,000	-
J L Battershill*****	-	50,000,000	-	-	50,000,000	-
R McIlree****	137,404,762	230,000,000	-	137,404,762	230,000,000	-

* Appointed 4 August 2023, resigned 15 March 2024

** Appointed 4 August 2023

*** Appointed 26 April 2023

**** Appointed 7 September 2022, resigned 30 June 2023

***** Resigned 26 April 2023

***** Resigned 4 August 2023

***** Resigned 6 September 2023

Further details on options can be found in Note 17 to the Financial Statements. Directors' remuneration is disclosed in Note 20.

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DIRECTORS' REPORT

Substantial shareholders

The substantial shareholders with more than a 3% shareholding at 29 February 2024 are shown below

	Percentage
Bennelong Limited	7.21%
Windfield Metals Limited	5.92%
Gilmore Capital Limited	4.06%

Key Performance Indicators (“KPIs”)

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will be used by the Board to assess performance over the period.

The three main KPIs for the Group are as follows. These allow the Board to monitor costs and plan future exploration and development activities:

	2023	2022
Cash and cash equivalents (\$)	676,000	2,177,000
Administrative expenses as a percentage of total assets (%)	16%	13%
Exploration costs capitalised during the year (\$)	1,708,000	3,029,000

Principal Risks and Uncertainties

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

The financing, exploration, development and mining of any of the Company's properties is subject to a number of factors including the price of copper, silver, gold, lead, iron ore and zinc, laws and regulations, political conditions, currency fluctuations, environmental regulations, hiring and retaining qualified people and obtaining necessary services in jurisdictions where the Company operates.

The Board periodically carries out robust assessments of the emerging and principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The assessment includes a review of all material controls including those which are related to finance, operations and compliance.

The Audit Committee is responsible for monitoring the effectiveness of the Company's risk management and internal control systems, and reports to the Board as required.

Alien Metals operates with a small team of key personnel and with open lines of internal communication. Where new risks are identified, they are reported to the Company Secretary or the Board. Where practicable, a method of mitigation is determined, and the risk together with any form of mitigation is presented to the Board for discussion.

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry which may have a material impact or constitute risk factors in respect of the Company's future financial performance.

Principal risks and uncertainties

Key risks	Description of risk	Mitigating factors
Strategic risks		
Exploration and development and future acquisitions	<i>The Group's operations are subject to all of the hazards and risks incidental to exploration, development and the production of minerals, including damage to life or property, environmental damage and legal liability for damage, which could have a material adverse impact on the business and its financial performance.</i>	<i>Our mineral concessions are evaluated carefully by qualified geologists and independent advisors are engaged as and when appropriate.</i>
	<i>The Group may acquire additional mining concessions in Australia or elsewhere in the world.</i>	<i>The management team has significant experience operating in Australia.</i>

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DIRECTORS' REPORT

Key risks	Description of risk	Mitigating factors
Strategic risks		
	<p>The Group may be unable to obtain suitable mining concessions at competitive prices.</p> <p>Any exploration programme entails risks relating to the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities.</p> <p>In the event that the Group's portfolio of mining concessions is deemed by management not to warrant further exploration and the Group is unsuccessful in acquiring suitable new projects, the Group will have no exploration or development projects to pursue.</p>	
No reserves or resources	<p>The Group has announced its maiden mining reserve and associated mining inventory.</p> <p>No assurance can be given that any future exploration programme will result in any new resources and or discoveries.</p>	<p>The Group received an independent assessment of the reserve resource potential of the Hancock project and believes that there is good potential to delineate additional mineral resources in accordance with JORC.</p>
Strategic risks		
Mineral concessions and titles risks	<p>In relation to exploration and mining concessions over which the Group holds legal rights, if the Group fails to fulfil the specific terms of any of its concessions or operates in the concession areas in a manner that violates Mexican or Australian mining law, regulators may impose fines, suspend or revoke the concessions, any of which could have a material adverse effect on the Group's operations and proposed operations.</p> <p>Ownership of the mineral concessions in Mexico has been transferred from the Group's former operating subsidiary Alien Metals de Mexico SA de CV ("ASM") to its new operating subsidiary, Compañía Minera Estrella de Plata SA de CV ("CMEP"). Whilst the Group has previously received legal opinions in respect of title of ASM to its properties. There is no guarantee that the title to such properties will not be challenged or impugned by third parties. The Group's concessions could be subject to prior unregistered agreements, transfers or other claims and title could be affected by unidentified or unknown defects or government actions. A formal legal opinion has not been obtained as to the legal title of CMEP to the mineral concessions.</p>	<p>The Group's mineral concessions have been registered in the name of CMEP and no contest or objection was received.</p> <p>The Group is aware of necessary minimum expenditure and annual rental obligations for all its exploration and mining permits and maintains the necessary payments and expenditure obligations to negate any risk from this aspect.</p> <p>Prior to entering into agreements relating to mineral concessions, formal searches and reviews of legal documentation are conducted to provide evidence of the legal owner, including outsourcing of legal and/or tenement due diligence to legal practitioners.</p> <p>At 31 December 2023 the exploration and evaluation assets in Mexico had been written down to nil.</p>
Financial risks		
Requirement of additional financing	<p>Failure to obtain sufficient financing for any projects would result in a delay or indefinite postponement of exploration, development or production on properties covered by the Group's concessions or even the loss of a concession.</p> <p>Additional financing might not be available when needed, or if available, the terms of such financing might not be favourable to the Group and could involve substantial dilution to shareholders. In the absence of adequate funding or cost reductions, the Group may not be able to continue as a going concern.</p>	<p>The Group has an experienced Board and management team with significant experience in financing mining activities.</p> <p>The Group has been successful in raising funds in the past and it is our intention to raise additional funds in future to support the ongoing development of the business.</p>
Liquidity risk	<p>The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities</p>	<p>The Group ensures sufficient funds will be available to allow it to meet its</p>

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Key risks	Description of risk	Mitigating factors
Financial risks		
	<i>when due. The Group's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. In the short-term, liabilities will be funded by cash.</i>	<i>liabilities as they fall due. To achieve this, cash balances and cash flow projections are reviewed by the Board on a regular basis. The Board will not commit to material expenditures prior to being satisfied that sufficient funding is available.</i>
Capital management risk	<i>The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and have access to adequate funding for its exploration and development projects so that it can provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments in light of changes in economic conditions and risk characteristics of the underlying assets.</i>	<i>In order to maintain or adjust the capital structure, the Group may issue new shares, acquire debt, or sell assets. Management regularly reviews cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.</i>
Price risk	<i>The price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments in the market.</i>	<i>The Group does not currently have any financial instruments in issue other than share options and warrants. The Group does not hedge its exposure to price risk.</i>
Foreign currency risk	<i>The Group's exploration expenditure is made in Mexican pesos, Australian dollars or US dollars and head office expenses are predominantly made in the UK in pounds sterling. The Group is therefore exposed to the movement in exchange rates for these currencies. At the year end, the majority of the Group's cash resources were held in GBP and AUD. The Group therefore also has downside exposure to any weakening of GBP and AUD against the US dollar as this would increase expenses in US dollar terms and accelerate the depletion of the Group's cash resources. Any strengthening of GBP or AUD against the US dollar would, however, result in a reduction in expenses in US dollar terms and preserve the Group's cash resources. In addition, any movements in pounds sterling, Australian dollars or Mexican peso would affect the presentation of the consolidated statement of financial position when the net assets of the Mexican and Australian subsidiaries and the parent company in the UK are translated from their functional currencies into US dollars.</i>	<i>The Group does not currently hedge foreign exchange risk. There is not considered to be any material exposure in respect of other monetary assets and liabilities of the Group.</i>
Credit risk	<i>The Group's credit risk is primarily attributable to cash and the financial stability of the institutions holding it. The Group's maximum exposure to credit risk is attributable to cash. The credit risk on cash is limited because the Group invests its cash in deposits with well capitalised financial institutions with strong credit ratings.</i>	<i>The Group invests its cash in deposits with well-capitalised financial institutions with strong credit ratings.</i>
Investment risk	<i>The Group may from time to time hold shares in other mining companies. There is not always a liquid market for the shares in companies and it may not always be possible to sell such shares at the optimum time or price.</i>	<i>The Group has previously been successful in realising value from investments.</i>
Key risks	Description of risk	Mitigating factors
External risks		
Metals prices	<i>The Group's ability to obtain further financing will depend in part on the price of commodity prices, including copper, silver, lead, iron ore and zinc, and the industry's perception of its future price. The Group's resources and financial results of operations will also be affected by</i>	<i>It is an accepted risk that the Group's performance will be impacted by the price of metals.</i>

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Key risks	Description of risk	Mitigating factors
External risks		
	<p>fluctuations in metal prices over which the Group has no control.</p> <p>A reduction in the metal prices could prevent the Group's properties from being economically mined or result in curtailment of existing production activities or result in the impairment and write-off of assets. The price of commodities, which is affected by numerous factors including inflation levels, fluctuations in the US dollar and other currencies, supply and demand and political and economic conditions, could have a significant influence on the market price of the Company's common shares.</p>	<p>The Board and management believe the price of precious metals in particular will increase in the long term.</p> <p>The Group does not hedge its exposure to metals prices.</p>
Operational risks		
Reliance on contractors	<p>The Group relies on contractors to implement exploration and development programmes. The failure of a contractor or key service provider to properly perform its services to the Group could delay or inconvenience the Group's operations and have a materially adverse effect on the Group.</p>	<p>The Group has operated in Australia and in Zacatecas in Mexico, for several years and has well-established and trusted relationships with various contractors.</p>
Key personnel	<p>The Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Group has entered into employment agreements with certain key managers. The success of the Group is and will continue to be to a significant extent, dependent on the expertise and experience of the directors and senior management. The loss of one or more of these individuals could have a materially adverse effect on the Group. The Group does not currently have any insurance in place with respect to key personnel.</p>	<p>The Board has established a Nomination & Remuneration Committee which is responsible for considering succession planning and ensuring remuneration is sufficient to attract and retain staff of the necessary calibre. The Company also has the ability, and track record, to attract new Directors and personnel if and when required.</p>
Environmental factors	<p>The Group's operations are subject to environmental regulation in the jurisdictions in which it operates. Such regulation covers a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and health and safety. The Group might also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances, which might exist on or under any of the properties covered by its concessions, or which might be produced as a result of its operations.</p> <p>If the Group does not comply with environmental regulations or does not file environmental impact statements in relation to each of its concessions, it might be subject to penalties, its operations might be suspended, closed and/or its concessions may be revoked.</p> <p>Environmental legislation and permit requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.</p> <p>The Group's activities could be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Group has interests.</p>	<p>The Group has an experienced Board and management team with an awareness and knowledge of these types of risk.</p> <p>Concessions are evaluated carefully prior to their acquisition for environmental risks and consultants are engaged to advise on specific risks when appropriate.</p> <p>The Group has an excellent track record on environmental matters.</p>
Political risk	<p>The Group is conducting its exploration activities in the Zacatecas region of Mexico, and in Western Australia. The Group may be adversely affected by changes in economic, political, judicial, administrative or other</p>	<p>The Directors believe the governments of Australia and Mexico support the development of natural resources by foreign operators.</p>

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Key risks	Description of risk	Mitigating factors
Operational risks	<p>regulatory factors such as taxation in these jurisdictions, where the Group operates and holds its major assets. Mexico may have a more volatile political environment and/or more challenging trading conditions than in some other parts of the world. There is no assurance that future political and economic conditions in Mexico will not result in the government of Mexico adopting different policies in respect of foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, and repatriation of income and return of capital. These changes may affect both the Group's ability to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore and develop those properties, in respect of which it has obtained exploration and development rights to date.</p>	
Payment obligations	<p>Under the mineral property concessions and certain other contractual agreements to which a member of the Group is, or may in the future become, a party, any such company is, or may become, subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by such companies.</p>	<p>The Directors have in place a system of internal controls to ensure any payment obligations are complied with.</p>
Regulatory approvals	<p>The operations of the Group require approvals, licenses and permits from various regulatory authorities, governmental and otherwise. There can be no guarantee that the Group will be able to obtain or maintain all necessary approvals, licenses and permits that may be required to explore and develop its various projects and/or commence construction or operation of mining facilities that economically justify the cost.</p>	<p>The Group has significant experience in operating in Mexico and Australia and believes that the Group holds or will obtain all necessary approvals, licenses and permits under applicable laws and regulations in respect of its current projects.</p>
Competition	<p>The Group competes with numerous other companies and individuals in the search for and acquisition of mineral claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees. There is significant competition for the silver and other precious metals opportunities available and, as a result, the Group may be unable to acquire further mineral concessions on terms it considers acceptable.</p>	<p>The Group and its management team have significant experience in mining operations in Australia and Mexico. Through its experience and relationships, counterparties may consider the Group to have lower transaction risk than its competitors.</p>
Conflicts of interest	<p>Certain directors and officers of the Group also serve as directors and/or officers of other companies involved in mineral exploration and development and consequently there is the potential for conflicts of interest. The Group expects that any such director or officer shall disclose such interest in accordance with its articles of association or his contractual obligations to the Group and any decision made by any of such directors and officers involving the Group will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Group and its shareholders.</p>	<p>The Group's Articles of Association have been adopted by shareholders and any conflicts of interest are dealt with in accordance with the rules set out therein.</p> <p>In the event of a conflict of interests, the conflicted director shall not vote on the relevant matter.</p>
Health and Safety	<p>Alien Metals operates in an environment with work related hazards and risk of injuries and accidents. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly required to be updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This requires continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe</p>	<p>The Group has established and published robust corporate health, safety, environmental and community relations policies, and at the operations level have put into place clear safe operating procedures covering a variety of the Group's activities. The active participation of all staff in the development, implementation and further development of these procedures is actively encouraged.</p>

ALIEN METALS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the applicable law and regulations including the AIM Rules for Companies.

The Directors are required to prepare Financial Statements for each financial year. The Directors have elected to prepare the Group's Financial Statements in accordance with UK-adopted International Accounting Standards. The Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards 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 Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website, <https://www.alienmetals.uk>. The Group is compliant with AIM Rule 26 regarding the Group's website.

The Directors confirm that they have complied with the above requirements in preparing these Financial Statements.

ALIEN METALS LIMITED

CORPORATE GOVERNANCE REPORT

The Board recognises the value and importance of maintaining the highest standards of corporate governance and is committed to the principles and best practice of good corporate governance. In this regard the Directors have elected to comply with the 2018 UK Corporate Governance Code (“the Code”) though there are a number of provisions which the Group have not complied with due to it not being practical to do so, having regard to the size and stage of development of the Group. The Directors remuneration is disclosed in Note 19.

Although the Code contains a set of five Principles that emphasise the value of good corporate governance to long term sustainable success and focuses on the application of such Principles, it does not set out a rigid set of rules but instead offers flexibility through the application of Principles and through “comply or explain” Provisions and supporting guidance.

The Company is small with a modest resource base. The Company has a clear mandate to optimise the allocation of limited resources to support its development plans. As such, the Company strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices. As the Company evolves, the Board is committed to enhancing the Company’s corporate governance policies and practices deemed appropriate for the size and maturity of the organisation.

During the year the Board underwent a number of changes. The Board currently consists of three Directors: an Executive Chairman, and two Non-Executive Directors (“NED”). The Board considers that appropriate oversight of the Group’s provided by the currently constituted Board. The sections below set out the way in which the Group applies the Principles.

Principle 1: Board Leadership and Company Purpose

Alien Metals’ objective is to create a multi-commodity portfolio of exploration and mining projects in established mining jurisdictions, stable political backgrounds and where strong operational controls can be assured.

The Company routinely evaluates mining projects in a wide array of world-class mining jurisdictions including Mexico and Australia.

Where preliminary studies evidence sufficient mineralisation, increasingly comprehensive studies will be undertaken with a view to delineating a compliant mineral resource estimate in readiness for the potential sale of the asset to a producing mining company, at which time a significant premium over its acquisition and development cost may be justified.

The Executive Director is responsible for overseeing the long-term success and strategic direction of the Company in accordance with the schedule of matters reserved for Board decision and is responsible for monitoring the activities of the executive management.

The Board usually meets a minimum of four times a year but may meet more frequently on ad-hoc basis as and when required. The Chairman is ultimately responsible for ensuring that each Board decision is taken having sufficient information on and with all due discussion as is relevant to such decision. All Directors attended each meeting held during the year.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors and changes to these commitments and interests are reported to, and, where appropriate, agreed with the rest of the Board.

The Company has also adopted an Anti-Corruption and Bribery Policy to ensure compliance with the relevant laws governing anti-corruption and anti-bribery as well as a Share Dealing Code for Directors and applicable employees to ensure compliance with AIM Rule 21 and the provisions of the Market Abuse Regulations relating to dealings in the Group’s securities.

Provision 5 of the Code recommends that the Board appoints a Director from the workforce, creates a formal workforce advisory panel or appoints a designated Non-Executive Director to engage with the workforce. However, due to the Group currently having a small number of employees, the Board does not consider this to be appropriate but at such time as the size of the workforce increases, it will review the position and make any such appointments or take other actions it considers appropriate.

Principle 2: Division of Responsibilities

The Group has a schedule of matters reserved for its own decision and two committees comprised entirely of Non-Executive Directors: the Audit and Risk Committee (the “ARC”) and the Nomination and Remuneration Committee (the “N&R Committee”, each with formally delegated duties and responsibilities set out in respective Terms of Reference.

The division of responsibilities between the Chairman and senior management is clearly defined in writing. However, they work closely together to ensure effective decision making and the successful delivery of the Group’s strategy.

Each Director has a Letter of Appointment or a Services Agreement in place to ensure that they clearly understand the requirements of the role. All Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively.

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CORPORATE GOVERNANCE REPORT

Due to the size of the Board, the nomination of any one particular director to act as a Senior Independent Director, as recommended by Code Provision 12, is not currently considered to be appropriate or improve the effective operation of the Board. However, the matter is kept under review.

Provision 11 of the Code requires at least half the Board, excluding the Chairman, to be Non-Executive Directors whom the Board considers to be independent. During the year the Alien Metals Board consisted of three Non-Executive Directors – Daniel Smith, Mark Culbert and Jonathan Battershill – of which Mark Culbert was deemed to be independent by virtue of not having been granted Options in the prior year. Daniel Smith and Jonathan Battershill were not considered to be independent by virtue of each having been granted Options in the most recent award and as each were recompensed for the provision of material consultancy services to the Company outside of their respective standard remuneration as Directors.

The change in Board during the year saw the appointment of an Executive Director, Guy Robertson, and two Non-Executive Directors, Alwyn Vorster and Elizabeth Henson. Subsequent to the period end, on 15 March 2024, Rob Mosig was appointed as a Non-Executive Director, replacing Alwyn Vorster, and Guy Robertson resumed his position as Executive Chairman on an interim basis. On the same date, Elizabeth Henson assumed the role of Senior Independent Non-Executive Director.

Principle 3: Composition, Succession and Evaluation

During the year ended 31 December 2023, the Board comprised of one Executive Director and three Non-Executive Directors.

The Board established a N&R Committee and an ARC, each with formally delegated duties and responsibilities set out in respective Terms of Reference, to assist with oversight and governance.

The Board and its advisers have significant experience in the mining sector and from that, a strong network of individuals working in the sector. The N&R Committee leads the process for Board appointments and is responsible for review of the Board size, structure and composition (both Executive and Non-Executive) including any potential new applicants to ensure the Board contains the right balance of skills, knowledge and experience to manage and grow the business. The N&R Committee will make recommendations to the Board on any proposed or suggested changes to the Board with a view on the leadership needs of the business including succession planning.

The Board does not carry out a formal annual evaluation of its performance, its committees, the Chairman and individual Directors, which is contrary to the recommendation of Code Provision 21.

However, the Chairman continuously considers the performance of the Board, its committees and of individual directors and provides feedback when appropriate. Similarly, the Chairman invites feedback in the same manner from the Non-Executive Directors and the Company Secretary.

The Board considers the time and cost involved in carrying out a formal process, especially one that is externally facilitated, cannot be justified for the Company at this stage in its development. Nonetheless, the Board acknowledges the merits in carrying out formal Board evaluations and will monitor the continuing suitability of this stance as the Company grows in size.

Principle 4: Audit, Risk and Internal Control

The ARC is currently comprised of the full Board, given the Company had only 3 Directors at year end. However, other individuals such as executive management may be invited to attend all or any part of any meeting when deemed appropriate. The Company's external auditors are invited to attend meetings of the Committee on a regular basis

The ARC has responsibility for, among other things, the monitoring of the integrity of the financial statements of the Company and its Group and the involvement of the Group's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of external audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors and advising on the appointment of external auditors. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will meet at least three times a year at the appropriate times in the financial reporting and audit cycle. The committee also review the emerging and principal risks of the business, refer to Principal Risks and Uncertainties on page 7.

Independence of the External Auditor

The independence of the auditor is considered by the Audit Committee each year. In assessing the auditor's independence, the Audit Committee considers:

- Ratio of audit fees to non-audit fees
- Length of tenure
- Whether there are any known material relationships between the Company, its directors and senior executives, and the audit firm, its partners, and the audit team
- Application of constructive challenge and professional scepticism

Audit and non-audit fees are disclosed in the financial statements.

ALIEN METALS LIMITED

CORPORATE GOVERNANCE REPORT

The Audit Committee considers the nature and value (in the context of the audit fee) of any non-audit services on the auditor's independence and is required to give its prior approval of any such non-audit services.

Effectiveness of the external audit process

In considering the effectiveness of the external audit process, the Audit Committee consider:

- Effectiveness of the audit plan, its delivery and execution
- Knowledge and experience of the audit team
- Robustness of the audit

The Group's external auditor is PKF Littlejohn LLP for the audit of the 31 December 2023 accounts.

Having assessed the performance, objectivity and independence of the auditor, the Committee will be recommending the reappointment of PKF Littlejohn LLP as auditor to the Company at the 2024 Annual General Meeting.

During the year to 31 December 2023, the Audit Committee considered the following key issues in relation to the Financial Statements:

Issue	Action
<ul style="list-style-type: none">• Accounting policies	The Committee reviewed and discussed the significant accounting policies with management and the external auditor and reached the conclusion that each policy was appropriate to the Group.
<ul style="list-style-type: none">• Carrying value of intangibles	The Committee reviewed the impairment assessment report prepared by management and agreed that given the reasonable expectation that the Group will achieve its milestone targets in the near future that no impairment to the value of the intangibles was required as at 31 December 2023, other than the impairment recorded in relation to assets in Mexico.
<ul style="list-style-type: none">• Going concern review	The Committee considered the ability of the Group to operate as a Going Concern considering cash-flow forecasts for the next 12 months. It was determined by the Committee that the forecasts indicate that the Group and parent Company's cash resources are not sufficient to cover the projected expenditure for the period of 12 months. Notwithstanding, the Directors are confident in the Company's ability to raise additional funds as required, from existing and/or new investors, within the next 12 months. Thus, they continue to adopt the going concern basis of accounting preparing these financial statements. Refer to page 12 and note 2.4 for further information on going concern.
<ul style="list-style-type: none">• Review of audit and non-audit services and fees	The external auditor is not engaged by the Group to carry out any non-audit work in respect of which it might, in the future, be required to express an audit opinion. The Committee reviewed the fees charged for the provision of audit and non-audit services and determined that they were in line with fees charged to companies of similar size and stage of development. The Committee considered and was satisfied the external auditor's assessment of its own independence.

Internal audit function

The Audit Committee considers annually whether there is a need for an internal audit function and makes a recommendation to the Board if a change is considered to be appropriate. The Company's operations are small in scale, the organisational structure is flat, and the cost of an internal audit function is not considered to be justified at present.

Principle 5: Remuneration

The N&R Committee is currently comprised of the full Board, given the Company had only three Directors at year end.

The N&R Committee recognises that an effective Board comprises a range and balance of skills, experience, knowledge, genders and independence, with individuals that are prepared to challenge each other whilst working as a team, which requires a range of personal attributes, including character, intellect, sound judgement, honesty and courage.

In addition, the N&R Committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of executive management of the Company as it is designated to consider. It is furthermore

ALIEN METALS LIMITED

CORPORATE GOVERNANCE REPORT

responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options.

Provision 34 of the Code specifies that the remuneration of Non-Executive Directors should not include share options or other performance-related elements. However, although all Non-Executive Directors have been granted Options, the Board considers the quantum of Options granted to each Non-Executive Director is such that it does not impair or compromise their impartiality or objectivity in decision making. The independence of Non-Executive Directors is reviewed and will continue to be reviewed by the Board on a regular basis.

The scale and structure of the remuneration and compensation packages for the Directors is set taking into account time commitment, comparatives, and risks and responsibilities, to ensure that the amount of compensation adequately reflects the individual's previous performance, achievements, experience, responsibilities and the risks of the office or position held, and in the context of the Company's risk profile, to ensure they do not encourage excessive risk taking.

Remuneration Policy

The Company's remuneration policy is intended to support the Company's long-term strategy and sustainable success in a manner consistent with the Company's purpose and values, attracting and retaining the highest quality of directors and senior executives. The pay policy aligns with Provision 40 of the code and is as follows:

- remuneration of Directors is disclosed in annual accounts for clarity and to ensure transparency.
- remuneration structures are limited to salaries and options to avoid complexity and are clearly communicated by the Board to ensure predictability.
- align the interests of the Board and senior executives with shareholders'.
- align the interests of the workforce (including the Board and senior executives) with the Company's purpose and values.
- avoid incentivising excessive risk taking by the Board and senior executives.
- be proportionate to the contribution of the individuals concerned, and;
- be sensitive to pay and employment conditions elsewhere in the group.

The remuneration policy does not require post-employment shareholding requirements. Share options ordinarily lapse upon the resignation of the option holder, unless the Board determines otherwise.

The scale and structure of the remuneration and compensation packages of Directors is set taking into account time commitment, comparatives, risks and responsibilities, to ensure that the amount of compensation adequately reflects the individual's previous performance, achievements, experience, responsibilities and risks of the office or position held, and in the context of the Company's risk profile, to ensure they do not encourage excessive risk taking on the part of the recipient of such compensation.

As the Company is at an early stage of development, the use of traditional performance standards, such as corporate profitability, is not considered by the N&R Committee to be appropriate in the evaluation of corporate or directors' performance. Discretionary bonuses may be paid to aid staff retention and reward performance.

The Board considers that the remuneration policy has operated as intended in terms of company performance and quantum.

The Company provides executive directors with base salaries which represent their minimum compensation for services rendered during the financial year. The base salaries of Directors and senior executives depend on the scope of their experience, responsibilities, and performance. A description of the material terms of each director's contract is provided under "Terms of Directors' Employment, Termination and Change of Control Benefits" below.

The N&R Committee has considered the risk implications of the Company's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices since such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing executives from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the director, the Company is unaware of the purchase of any such financial instruments by any director.

The Chair welcomes major shareholders to discuss the Company's strategy and governance, including, on the appointment of key Board appointments. The Chair reports to the Board as a whole, on the views of major shareholders.

The Company does not anticipate making any significant changes to its compensation policies and practices during 2024.

ALIEN METALS LIMITED

CORPORATE GOVERNANCE REPORT

Culture and employees

At the Company's present stage of development, it has fewer than 10 employees and its culture therefore exists principally in the Boardroom and amongst any contractors. It is considered that the Board is well positioned to ensure that policy, practices and behaviour throughout the business is aligned with the Company's purpose, values and strategy. In the event that the Board had any concerns, it would require management to take remedial action.

The Board recognises the importance of the remuneration structure supporting its strategy and reinforcing the culture of the organisation.

Board assessments

The Chair continuously considers the performance of the Board, its committees and of individual directors, and provides feedback when appropriate. Similarly, the Chair invites feedback in the same manner from the Non-Executive Directors and the Company Secretary. The N&R Committee considers the time and cost involved in carrying out a formal process, especially one that is externally facilitated, cannot be justified for the Company at this stage in its development.

The N&R Committee acknowledges the merits in carrying out formal Board evaluations and will monitor the continuing suitability of this stance as the Company grows in size.

Relations with stakeholders

The Company is committed to a continuous dialogue with shareholders as it believes that this is essential to ensure a greater understanding of and confidence amongst its shareholders in the medium and longer term strategy of the Group and in the Board's ability to oversee its implementation. It is the responsibility of the Board as a whole to ensure that a satisfactory dialogue takes place.

Whilst the Company is a BVI registered company, the UK Corporate Governance code references Section 172 of the Companies Act 2006 which requires Directors to take into consideration the interests of stakeholders in their decision making. The Board is committed to understanding and engaging with all key stakeholder groups of the Company in order to maximise value and promote long-term Company success in line with our strategic objectives. The Board recognises how the Company's activities and decisions will impact employees, those with which it has a business relationship, the community and environment and its reputation for high standards of business conduct. In weighing all of the relevant factors, the Board, acting in good faith and fairly between members, makes decisions and takes actions that it considers will best lead to the long-term success of the Company.

During the year, the Board assessed its current activities between the Board and its stakeholders, which demonstrated that the Board actively engages with its stakeholders and takes their various objectives into consideration when making decisions. Specifically, actions the Board has taken to engage with its stakeholders in 2023 include:

- Attended the 2023 AGM and prepared to answer any questions raised by shareholders;
- Made presentations at conferences and published recordings and slide decks on the Company's exploration activities;
- Evaluated the relationships with the Company's various collaborators through management and identified ways to strengthen relationships and arrangements with key collaborations; and
- Monitored company culture and engaged with employees on efforts to continuously improve company culture and morale.

The Board believes that appropriate steps and considerations have been taken during the year so that each Director has an understanding of the various key stakeholders of the Company. The Board recognises its responsibility to consider all such stakeholder needs and concerns as part of its discussions, decision-making, and in the course of taking actions, and will continue to make stakeholder engagement a top priority in the coming years.

The Chairman and other Directors, as appropriate, make themselves available for contact with major shareholders and other stakeholders in order to understand their issues and concerns.

The Company plans to use the AGM as an opportunity to communicate with its shareholders. To ensure compliance with the Governance Code, the Board proposes separate resolutions for each issue, and proxy forms allow shareholders who are unable to attend the AGM to vote for or against or to withhold their vote on each resolution. The results of all proxy voting will be published on the Group's website after the AGM. Shareholders who attend the AGM will have the opportunity to ask questions.

The Group's website is the primary source of information on the Group. The website includes an overview of the activities of the Group and all recent Group announcements.

ALIEN METALS LIMITED

CORPORATE GOVERNANCE REPORT

Going Concern

The Directors have reviewed cash flow forecasts for the period ending 31 May 2025, which indicate that the Group and parent Company's cash resources are not sufficient to cover the projected expenditure for the period of 12 months from the date of approval of these financial statements. The Directors are confident in the Company's ability to raise additional funds as required, from existing and/or new investors, within the next 12 months. Thus, they continue to adopt the going concern basis of accounting preparing these financial statements

Provisions not applied

The Company is small with a modest resource base. The Company has a clear mandate to optimise the allocation of limited resources to support its development plans. To ensure the appropriate corporate governance is applied to the size and maturity of the Company, there are certain provisions the group specifically does not comply with, given the size of the Group, as noted below:

Employee Engagement

Due to the Company only having a small number of employees, the Board has not appointed a director from the workforce, created a formal workforce advisory panel or designated a Non-Executive Director to engage with the workforce. This is contrary to Code Provision 5 and is explained in the section headed "Culture and employees". At such time as the size of the workforce increases, the Board will review the position and make any such appointments or take other actions it considers appropriate.

Senior Independent Director

The Board had not appointed a Senior Independent Director for the full year. This is contrary to Code provision 12. The role of a Senior Independent Director is to provide a sounding board for the Chair and serve as an intermediary for the other directors and shareholders. In addition, a senior independent director would be expected to meet the other Non-Executive directors without the Chair present, to appraise his performance. Elizabeth Henson was appointed as Senior Independent Non-Executive Director from 4 August 2023.

The Company Secretary, as well as each of the Non-Executive Directors, is available as a sounding Board to the Chair and to serve as an intermediary for shareholders. The Company Secretary is also available to serve as an intermediary for any of the directors when required. Due to the size of the Board, the nomination of any one particular director to act as a Senior Independent Director is not currently considered to be appropriate and would not improve its effective operation. However, the matter is kept under review.

Open advertising

The Board does not always use open advertising and/or an external search consultancy for the appointment of the Chair and Non-Executive Directors. This is Contrary to Code Provision 20. Given the size of the Company and skills required by the Board it is not always possible to run an open advertising process.

Annual evaluation of the performance of the Board

The Board does not carry out a formal annual evaluation of its performance, its committees, the Chair and individual directors. This is contrary to Code Provision 21 and is explained in the section headed "Board assessments".

Board Committees

The Nomination and Remuneration Committee and the Audit and Risk Committee are comprised of two independent directors, Ms Elizabeth Henson and Mr Robert Mosig.

Performance related pay

Non-Executive Directors participate in the Company's share option plan. This is contrary to Code Provision 34. The Company's Non-Executive Directors participate in the Company's discretionary share option plan (the "Unapproved Plan") because the Board considers that the holding of options helps align the interests of the Non-Executive Directors with shareholders by incentivising their decision making with a view to providing growth in the Company's share price. The Company's long-term success will be dependent upon raising additional finance in future; aligning the interests of all directors and senior executives with shareholders incentivises all concerned to achieve the best possible price for such placings and to minimise undue dilution of interests.

ALIEN METALS LIMITED

CORPORATE GOVERNANCE REPORT

Viability statement

In accordance with the UK Corporate Governance Code published in July 2018, the Directors have assessed the prospects of the Group and concluded that it is appropriate to adopt the going concern basis of accounting based on the amount of cash on hand at the end of the year and alternative funding options available at the time of publication of this report. The assessment of going concern is disclosed in Note 2.

The Board's assessment of the Group's current position and principal risks are disclosed in the Directors' Report on page 6.

The Directors consider that the Annual Report and the Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for the shareholders to assess the Company's position and performance, business model and strategy. Refer to the Statement of Directors Responsibilities on page 13.



Elizabeth Henson

Senior Independent Non-Executive Director

22 May 2024

ALIEN METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Alien Metals Limited

Opinion

We have audited the financial statements of Alien Metals Limited (the 'Group') for the year ended 31 December 2023 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 and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted International Accounting Standards.

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 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 2.4 in the financial statements, which indicates that the Group holds a cash and cash equivalents balance of \$676,000 as at 31 December 2023 and that the Group will be required to raise further finance, equity and/or debt, in order to fund its forecasted expenditure over the next twelve months. As stated in note 2.4, these events or conditions, along with the other matters as set forth in note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's 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 reviewing and challenging cashflow forecasts prepared by management covering the 12 months from the approval of these financial statements and the related key assumptions, confirming their mathematical accuracy, ascertaining the Group's current financial position and cash reserves, discussing their strategies regarding future fund raises, and reviewing post year end arrangements entered into by the Group.

In relation to the Group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- the directors' identification in the financial statements of the material uncertainty related to the entity's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

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

ALIEN METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

Our application of materiality

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

Materiality for the consolidated financial statements was set at \$360,000 and was based upon 2% (2022: 1.5%) of gross assets (2022: \$274,000). Performance materiality and the triviality threshold for the financial statements were set at \$252,000 and \$18,000 respectively (2022: \$137,000 and \$13,700). We also agreed to report to the Board of Directors any other differences below the threshold for triviality that we believed warranted reporting on qualitative grounds. The amount was determined based upon where the areas of significant risk arose. Gross assets include exploration and evaluation assets which make up the majority of the financial statement balances and the going concern of the group is dependent on its ability to fund operations going forward including the valuation of its assets which represent the underlying value of the Group.

For each component in the scope of our Group audit, we allocated a materiality that was less than our overall Group materiality. The range of materiality applied across group components was between \$228,000 and \$117,000 (2022: \$185,000 and \$130,000).

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the carrying value of exploration and evaluation assets and the fair value assigned to share warrants and share options issued in the year. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of four of the components of the Group and a limited scope review was performed on the remaining three as they were assessed as insignificant.

Of the seven reporting components of the Group, one is located in the British Virgin Islands, one is located in Mexico, two are located in the United Kingdom and three are located in Australia. PKF Littlejohn LLP audited the ultimate parent company, situated in the British Virgin Islands, and all other reporting components. The Engagement Partner conducted audit work in the United Kingdom but interacted regularly with the management team in the Australia during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Carrying value of intangible assets (Note 8)	
The carrying value of intangible assets related to exploration and evaluation assets amounted to \$16,593k as at 31 December 2023 and as such, is material. The carrying value of these assets is dependent on the successful development on its iron ore resources in Western Australia. Management are required to assess by reference to IFRS 6 <i>Exploration and Evaluation Assets</i>, whether there are potential indicators of impairment of the Group's exploration and evaluation assets at each reporting date.	Our work in this area included but was not limited to: <ul style="list-style-type: none">• Substantive testing on additions capitalised to exploration and evaluation assets during the year to especially assess whether they are:<ul style="list-style-type: none">○ appropriate to capitalise; and○ are allocated to a valid legal right to explore which is owned by the Group.

ALIEN METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

<p>If potential indicators of impairment are identified, management are required to perform a full assessment of the recoverable value of the exploration and evaluation assets in accordance with IAS 36 <i>Impairment of Assets</i>.</p> <p>Given the inherent judgement involved in the assessment of whether there are indications of impairment in exploration and evaluation assets, as required by IFRS 6, there is a risk the carrying amount of exploration and evaluation assets are overstated and should be impaired.</p>	<ul style="list-style-type: none">• Obtaining, reviewing and critically assessing management's impairment assessment and obtaining supporting evidence for management's key inputs and judgements therein;• Assessing whether impairment indicators exist in line with IFRS 6, including considering factors such as the licence status and its expiry date.• Reviewing the licences terms to ensure that any minimum expenditure terms enclosed have been adequately met or are expected to be met over the licence period;• Discussing with management their plans regarding future exploration on the licence areas; and• Assessing the appropriateness of the accounting policies and disclosures included in the financial statements in accordance with IFRS 6. <p>Our work found the judgements applied to assess the carrying value of exploration and evaluation assets to be reasonable. We note that the recoverability of the carrying value of exploration and evaluation assets is dependent upon the Group successfully securing additional funding or obtaining the financial support of a joint venture partner or similar.</p>
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Other information

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

We have nothing to report in this regard.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 18 and 19;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 18 and 19;
- Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 18 and 19;
- Directors' statement that they consider the annual report and the financial statements, taken as a whole, to be fair, balanced and understandable set out on page 19;

ALIEN METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 15;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 15; and
- The section describing the work of the audit committee set out on page 15 and 16.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Group's 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the Group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and independent research.
- We determined the principal laws and regulations relevant to the Group in this regard to be those arising from the British Virgin Islands ("BVI") Business Companies Act, AIM Rules, local tax legislation and local environmental, employment and health and safety laws.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group with those laws and regulations. These procedures included, but were not limited to:
 - Discussions with management regarding compliance with laws and regulations by the Group;
 - Reviewing of Board meeting minutes; and
 - Reviewing of regulatory news announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in relation to the carrying value of intangible assets and the accounting for asset acquisitions. We addressed these risks by challenging the assumptions and judgements made by management when auditing these significant accounting estimates (see the Key Audit Matters section of our report).
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

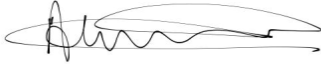
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

ALIEN METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 28 March 2023. 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.



Alistair Roberts (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

22 May 2024

ALIEN METALS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2023

	Note	Group	
		Year ended 31 December 2023	Year ended 31 December 2022
		\$	\$
Continuing Operations			
Administration expenses	6	(2,712,000)	(2,352,000)
Other losses	6	(1,153,000)	(30,000)
Other gains	6	178,000	-
Operating loss		(3,687,000)	(2,382,000)
Finance costs	18	(42,000)	-
Finance income	18	8,000	7,000
Loss for the year before taxation		(3,721,000)	(2,375,000)
Income tax	7	-	-
Loss for the year		(3,721,000)	(2,375,000)
Loss attributable to:			
- owners of the Parent		(3,721,000)	(2,375,000)
		(3,721,000)	(2,375,000)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences recognised directly in equity		(415,000)	(1,531,000)
Total Comprehensive Income		(415,000)	(1,531,000)
Attributable to:			
- owners of the Parent		(415,000)	(1,531,000)
Total Comprehensive Income		(415,000)	(1,531,000)
- Total comprehensive income attributable to continuing operations			
Total comprehensive loss for the year attributable to equity shareholders of the parent		(4,136,000)	(3,906,000)
Earnings/(loss) per share (cents) from continuing operations attributable to owners of the Parent – Basic & Diluted	21	(0.065)	(0.050)

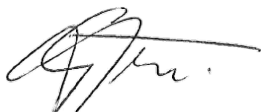
The Notes on pages 30 to 49 form part of these Financial Statements.

ALIEN METALS LIMITED
REGISTERED NUMBER: FC027089

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	Group	
		2023	2022
		\$	\$
Non-Current Assets			
Intangible assets	8	16,593,000	15,639,000
Assets under construction	9	455,000	455,000
Plant and equipment		10,000	-
Right of use asset	10	24,000	17,000
Total Non-current assets		17,082,000	16,111,000
Current Assets			
Trade and other receivables	11	261,000	318,000
Cash and cash equivalents	12	676,000	2,177,000
Total Current Assets		937,000	2,495,000
Total Assets		18,019,000	18,606,000
Current Liabilities			
Trade and other payables	13	726,000	446,000
Lease liability	10	26,000	17,000
Convertible note	14	571,000	-
Total Current Liabilities		1,323,000	463,000
Total Liabilities		1,323,000	463,000
Net Assets		16,696,000	18,143,000
Equity attributable to owners of the Parent			
Share capital	15	82,097,000	79,586,000
Warrant reserve	16	834,000	739,000
Share-based payment reserve	16	854,000	771,000
Foreign exchange translation reserve	16	279,000	694,000
Accumulated losses		(67,368,000)	(63,647,000)
Total Equity		16,696,000	18,143,000

The Financial Statements were approved and authorised for issue by the Board of Directors on 20 May 2024 and were signed on its behalf by:



Guy Robertson
 Executive Chairman

The Notes on pages 30 to 49 form part of these Financial Statements.

ALIEN METALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2023

	Share capital \$	Warrant reserve \$	Share based payment reserve \$	Foreign exchange translation reserve \$	Retained losses \$	Total equity \$
As at 1 January 2022	70,422,000	865,000	1,179,000	2,225,000	(62,420,000)	12,271,000
Loss for the year	-	-	-	-	(2,375,000)	(2,375,000)
Other comprehensive income						
Exchange differences recognised directly in equity	-	-	-	(1,531,000)	-	(1,531,000)
Total comprehensive income for the year	-	-	-	(1,531,000)	(2,375,000)	(3,906,000)
Transactions with owners						
Issue of ordinary shares	9,365,000	-	-	-	-	9,365,000
Cost of capital	(141,000)	-	-	-	-	(141,000)
Share based payment charge	(60,000)	422,000	192,000	-	-	554,000
Exercise of options & warrants	-	(437,000)	(17,000)	-	454,000	-
Expiry of warrants & options	-	(111,000)	(8,000)	-	119,000	-
Expiry of options in prior year	-	-	(575,000)	-	575,000	-
Total transactions with owners	9,164,000	(126,000)	(408,000)	-	1,148,000	9,778,000
As at 31 December 2022	79,586,000	739,000	771,000	694,000	(63,647,000)	18,143,000
Loss for the year	-	-	-	-	(3,721,000)	(3,721,000)
Other comprehensive income						
Exchange differences recognised directly in equity	-	-	-	(415,000)	-	(415,000)
Total comprehensive income for the year	-	-	-	(415,000)	(3,721,000)	(4,136,000)
Transactions with owners						
Issue of ordinary shares	2,606,000	-	-	-	-	2,606,000
Cost of capital	(128,000)	-	-	-	-	(128,000)
Share based payment charge	-	95,000	121,000	-	-	216,000
Exercise of options & warrants	33,000	-	(38,000)	-	-	(5,000)
Total transactions with owners	2,511,000	95,000	83,000	-	-	2,689,000
As at 31 December 2023	82,097,000	834,000	854,000	279,000	(67,368,000)	16,696,000

The Notes on pages 30 to 51 form part of these Financial Statements

ALIEN METALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2023

	Note	Group	
		2023	2022
		\$	\$
Cash flows from operating activities			
Loss before taxation from continuing operations		(3,721,000)	(2,375,000)
Adjustments for:			
Share based payments	17	216,000	192,000
Impairment – Exploration and evaluation	6,8	794,000	-
Impairment – Other	6	140,000	-
Loss on initial recognition of convertible note	6	198,000	-
Other gains	6	(169,000)	-
Exchange difference		(379,000)	(42,000)
Finance charges		-	(7,000)
Depreciation and amortisation	6	52,000	102,000
Increase in trade and other receivables		(94,000)	(53,000)
Decrease in trade and other payables		(242,000)	(209,000)
Net cash used in operating activities		(3,205,000)	(2,392,000)
Cash flows from investing activities			
Acquisition of intangibles	8	(21,000)	(432,000)
Additions of intangibles	8	(1,708,000)	(3,029,000)
Expenditure on plant and equipment		(10,000)	-
Expenditure on assets under construction	9	-	(164,000)
Net cash used in investing activities		(1,739,000)	(3,625,000)
Cash flows from financing activities			
Proceeds from issue of shares	15	2,639,000	2,452,000
Cost of share issue	15	(128,000)	(141,000)
Proceeds from convertible note	14	500,000	-
Lease payments	10	(46,000)	(102,000)
Net cash generated from financing activities		2,965,000	2,209,000
Net decrease in cash and cash equivalents		(1,979,000)	(3,808,000)
Cash and cash equivalents at beginning of year		2,177,000	6,431,000
Effect of exchange rate fluctuations on translation		478,000	(446,000)
Cash and cash equivalents at end of year	12	676,000	2,177,000

Major non-cash transactions

During the year, shares based payment expenses of \$216,000 relating to the issue of options and warrants were recorded.

During the year, an impairment of \$794,000 related to exploration and evaluation assets in Mexico was recorded. During the year, an impairment of \$140,000 related to other net assets recorded in Mexico was recorded.

During the year, a gain on derivative liability of \$131,000 was recorded in other gains which represented the change in value of the option for the convertible note to be settled in shares of the Company. A further \$38,000 was recorded as a write-back of a deferred tax liability.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

ACCOUNTING POLICIES

1. General Information

The principal activity of Alien Metals Limited (“the Company”) and its subsidiaries (together “the Group”) is the acquisition and development of mineral resource assets.

The Company’s shares are traded on AIM, a market operated by the London Stock Exchange. The Company is incorporated in the British Virgin Islands and domiciled in the United Kingdom.

The address of its registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, BVI.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

The Group Financial Statements have been prepared in accordance with UK-adopted international accounting standards. The Group Financial Statements have also been prepared under the historical cost convention, except as modified for assets and liabilities recognised at fair value on an asset acquisition.

The Financial Statements are presented in US dollars rounded to the nearest thousand.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group and Company Financial Statements are disclosed in Note 4.

2.2 Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Group

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions applicable for the period ended 31 December 2023 did not result in any material changes to the financial statements of the Group.

b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (Amendments)	Presentation of Financial Statements: Non-current liabilities with covenants	1 January 2024
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024

None are expected to have a material effect on the Group Financial Statements.

2.3 Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Alien Metals Limited and the Financial Statements of all of its subsidiary undertakings made up to 31 December 2023.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where an entity does not have returns, the Group’s power over the investee is assessed as to whether control is held. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

Below is a summary of subsidiaries of the Group:

Name of subsidiary	Place of business	Parent company	Share capital held	Principal activities
Arian Silver Corporation (UK) Ltd	England and Wales	Alien Metals Limited	100%	Holding
Arian Silver (Holdings) Limited	England and Wales	Alien Metals Limited	100%	Holding
A.C.N. 643 478 371 Pty Ltd	Australia	Alien Metals Limited	100%	Exploration
Iron Ore Company of Australia Pty Ltd	Australia	Alien Metals Limited	100%	Exploration
Alien Metals Australia Pty Ltd	Australia	Alien Metals Limited	100%	Exploration
Mallina Exploration Pty Ltd	Australia	Alien Metals Limited	100%	Exploration
Compañía Minera Estrella de Plata S.A. de C.V.	Mexico	Alien Metals Limited	100%	Exploration

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated on consolidation. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Going Concern

These financial statements have been prepared on the going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report.

As at 31 December 2023, the Group had cash and cash equivalents of \$676,000. The Directors have prepared cash flow forecasts to 31 May 2025 which take account of the cost and operational structure of the Group, planned exploration and evaluation expenditure, licence commitments and working capital requirements. These forecasts indicate that the Group's cash resources are not sufficient to cover the projected expenditure for the period for a period of 12 months from the date of approval of these financial statements.

In common with many exploration and evaluation entities, the Company will need to raise further funds within the next 12 months in order to meet its expected liabilities as they fall due and progress the Group into construction and eventual production of revenues. The Directors are confident in the Company's ability to raise additional funds as required, from existing and/or new investors, within the next 12 months.

Given the Group's current cash position and its demonstrated ability to raise capital, the Directors have a reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for the foreseeable future.

Notwithstanding the above, these circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group and Parent Company may be unable to realise their assets or settle their liabilities in the ordinary course of business. As a result of their review, and despite the aforementioned material uncertainty, the Directors have confidence in the Group and Parent Company's forecasts and have a reasonable expectation that the Group will continue in operational existence for the going concern assessment period and have therefore used the going concern basis in preparing these consolidated financial statements. The auditors make reference to going concern by way of a material uncertainty in their report.

2.5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

Segment results, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Board of Directors considers there to be only one operating segment during the year, the exploration, development and exploitation of mineral resources, and three geographical segments, being Mexico, Australia and United Kingdom.

2.6 Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Pounds Sterling, the functional currency of the Australian subsidiaries is Australian Dollars and Mexican subsidiary Mexican pesos. The Financial Statements are presented in US dollars, rounded to the nearest thousand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income where material.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.7 Intangible Assets

Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost

Exploration and evaluation assets are not subject to amortisation but are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units ("CGU's"), which are based on specific projects or geographical areas. The CGU's are then assessed for impairment using a variety of methods including those specified in IFRS 6.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Consolidated Statement of Comprehensive Income.

Exploration and evaluation assets recorded at fair-value on acquisition

Exploration assets which are acquired are recognised at fair value. When an acquisition of an entity whose only significant assets are its exploration asset and/or rights to explore, the Directors consider that the fair value of the exploration assets is equal to the consideration. Any excess of the consideration over the capitalised exploration asset is attributed to the fair value of the exploration asset.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

During the year, the Company completed one acquisition which has been treated as an asset acquisition. Per IFRS 3, an entity shall determine whether a transaction or other event is a business combination by applying the definition in this IFRS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. As the acquisitions were not considered to meet the definition of a business combination under IFRS 3, the Group Financial Statements are prepared as though the group has acquired an asset. The fair value of the assets were determined by management and the assets were classified as intangible assets given that they represent exploration and evaluation assets.

2.8 Investment in Subsidiaries

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

2.9 Assets Under Construction

Assets under construction are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Assets under construction are not depreciated until they are completed and brought into use.

All assets are subject to annual impairment reviews. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

The asset's residual value and useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains / (losses)' in the Consolidated Statement of Comprehensive Income.

2.10 Right of Use Assets and Leases

The Group leases certain property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognised at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in lease liabilities, split between current and non-current depending on when the liabilities are due. The interest element of the finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over their useful lives. The lease liabilities are shown in Note 10.

Exemptions are applied for short life leases and low value assets, with payment made under operating leases charged to the Consolidated Statement of Comprehensive Income on a straight-line basis of the period of the lease.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

2.11 Impairment of Non-Financial Assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment (except goodwill) are reviewed for possible reversal of the impairment at each reporting date.

2.12 Financial Assets

(a) Classification

The Group classifies its financial assets in the following categories: at amortised cost including trade receivables and other financial assets at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(b) Recognition and measurement

Amortised cost

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade and other receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

The group classifies its financial assets 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 the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principle and interest.

(c) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(d) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. This is the same treatment for a financial asset measured at fair value through profit and loss.

2.13 Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables. Financial liabilities measured at amortised cost include current borrowings and trade and other payables that are short term in nature. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. Convertible loan notes are classified entirely as liabilities and contain an embedded derivative which has been designated as at fair value through profit or loss on initial recognition and, as such, the embedded conversion feature is not separated.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest rate ('EIR method'). Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Comprehensive Income.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Fair value

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

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

2.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

2.15 Taxation

Tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

There has been no tax credit or expense for the period relating to current or deferred tax.

2.16 Share Capital, and Other Reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of tax, from the proceeds provided

Other reserves consist of the share option reserve and the foreign exchange translation reserve. See Note 16 for further detail.

2.17 Share Based Payments

The Group operates a number of equity-settled share-based schemes, under which the entity receives services from employees or third-party suppliers as consideration for equity instruments (shares, options and warrants) of the Group. The Group may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised as an expense in the Consolidated Statement of Comprehensive Income or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged in the case of options is determined by reference to the fair value of the options or warrants granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of shares and warrants the amount charged is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable the shares are valued by reference to the market price and the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the directors revise their estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income or equity as appropriate, with a corresponding adjustment to the share based payment reserve or warrant reserve in equity.

When the warrants or options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) when the warrants or options are exercised.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

2.18 Finance Income and Cost

Finance income and finance costs are recognised using the effective interest rate method.

3. Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks being market risk (including, interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market Risk

Market risk is the risk that the Group's future earnings will be adversely impacted by changes in market prices. Market risk for Alien Metals comprises two types of risk: foreign currency risk and price risk.

(b) Foreign currency risks

The Group's operational expenditure is made in Mexico in Mexican pesos, in Australia in Australian dollars, and head office expenses are predominantly made in the UK in pounds sterling, and United States dollars. The Group is therefore exposed to the movement in exchange rates for these currencies. The Group does not currently hedge foreign exchange risk.

At the year end the majority of the Group's cash resources were held in Australian dollars. The Group therefore also has downside exposure to any strengthening of United States dollar and pounds sterling against the Australia dollar as this would increase expenses in Australian dollar terms and accelerate the depletion of the Group's cash resources. Any weakening of United States dollar, or pounds sterling against the Australian dollar would, however, result in a reduction in expenses in Australian dollar terms and preserve the Group's cash resources.

The carrying amounts of the Group's foreign currency denominated financial assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2023	2022	2023	2022
Pounds sterling	123,893	51,000	2,646,758	4,605,000
Australian dollars	500,848	196,000	15,363,381	13,495,000
Mexican pesos	-	41,000	-	142,000

Sensitivity Analysis

The Group holds cash in pounds sterling and Australian dollars to settle accounts payable balances derived in those currencies. The main risk is through foreign exchange fluctuations in companies where the cash balances are held in a currency that is different to the functional currency.

Exposure to foreign currency risk sensitivity analysis:

	Against A\$ US\$
15% strengthening in the United States dollar	(77,000)
15% weakening in the United States dollar	77,000

A 15% variation is considered an appropriate level of sensitivity given recent levels of foreign exchange volatility.

(c) Price risk

The price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. Given the Group has yet to enter production it is not possible to quantify this impact at this stage.

(d) © Interest rate risk

ALIEN METALS LIMITED

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For the year ended 31 December 2023

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. No sensitivity analysis has been disclosed as management does not consider any reasonable fluctuation in interest rates to be sufficiently material to disclose as there are no variable interest bearing loans and interest income is only from cash held with banks.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The directors regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and discretionary business development opportunities including exploration activities.

As at 31 December 2023, the Company had cash and other receivables of \$937,000 to settle accounts payable and lease liabilities of \$752,000. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. In the short-term, liabilities will be funded by cash.

The Group's assets are at an early stage and in order to meet financing requirements for their development the Company has raised funds by way of several share placements, which is a common practice for junior mineral exploration companies.

Although the Company has been successful in the past in raising equity finance, there can be no assurance that the funding required by the Group will be made available to it when needed or, if such funding were to be available, that it would be offered on reasonable terms. The terms of such financing might not be favourable to the Group and might involve substantial dilution to existing shareholders.

3.2 Capital Risk Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and have access to adequate funding for its exploration and development projects, so that it can provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may issue new shares, acquire debt, or sell assets. Management regularly reviews cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

4. Critical Accounting Estimates and Judgements

The preparation of the Group Financial Statements in conformity with IFRSs requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

Recognition and Impairment of exploration and evaluation costs

Exploration and evaluation costs had a carrying value at 31 December 2023 of \$16,593,000 (2022: \$15,639,000): refer to Note 8 for more information. During the year asset acquisitions with a carrying value of \$21,000 were recognised (2022: \$7,707,000), refer to Note 8 for more information. The Group has a right to renew exploration permits and the asset is only depreciated once extraction of the resource commences. Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7.

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Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration the expected costs of extraction, long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration.

Fair value of assets acquired

During the prior year the group acquired a number of interests in different projects and these acquisitions did not fall within the scope of IFRS 3 but rather IFRS 6. As a result, these assets acquired were required to initially be recognised as fair value. The Directors assessed the fair value of all project interests acquired as being equal to the fair value of the consideration to acquire said interests in projects. See note 9 for further details

Fair value of financial liabilities

During the year the group entered into a convertible loan note with an embedded derivative and warrants which were measured at fair value. See note 14 for further details.

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and to suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 17.

5. Segmental Information

As at 31 December 2023, the Group operates in three geographical areas, the UK, Mexico and Australia. The Company operates in one geographical area, the UK. Activities in the UK are mainly administrative in nature whilst activities in Australia and Mexico relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

The Group generated \$9,000 in other income during the year ended 31 December 2023 (2022: Nil).

2023	Australia	Mexico \$	UK \$	Total \$
Administrative expenses	(870,000)	(1,000)	(1,841,000)	(2,712,000)
Other losses	(557,000)	(140,000)	(456,000)	(1,153,000)
Other gains	-	-	178,000	178,000
Operating loss from continued operations per reportable segment	(1,427,000)	(141,000)	(2,119,000)	(3,687,000)
Reportable segment assets	15,290,000	-	2,729,000	18,019,000
Reportable segment liabilities	(544,000)	-	(779,000)	(1,323,000)
Reportable segment net assets	14,746,000	-	1,950,000	16,696,000

Segment assets and liabilities are allocated based on geographical location.

2022	Australia	Mexico \$	UK \$	Total \$
Administrative expenses	(171,000)	(98,000)	(2,083,000)	(2,352,000)
Other gains/(losses)	-	-	(30,000)	(30,000)
Operating loss from continued operations per reportable segment	(171,000)	(98,000)	(2,113,000)	(2,382,000)

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Reportable segment assets	15,660,000	783,000	2,163,000	18,606,000
Reportable segment liabilities	(291,000)	(15,000)	(157,000)	(463,000)
Reportable segment net assets	15,369,000	768,000	2,006,000	18,143,000

6. Expenses/Income by Nature

	2023	2022
	\$	\$
Directors' fees (Note 20)	273,000	438,000
Employee wages and salaries	864,000	307,000
Fees payable to the Company's auditors for the audit of the consolidated financial statements	62,000	59,000
Professional, legal and consulting fees	1,013,000	962,000
Insurance	71,000	82,000
Office and administrative expenses	185,000	90,000
Depreciation	52,000	102,000
Travel and subsistence	194,000	133,000
Share option expense	216,000	192,000
Other expenses	190,000	42,000
Foreign exchange movement	(408,000)	(55,000)
Total administrative expenses	2,712,000	2,352,000
Impairment – Exploration and evaluation assets	794,000	-
Impairment – Other net assets	140,000	-
Loss on initial recognition of convertible note	198,000	-
Other	21,000	-
Other losses	1,153,000	-
Gain on revaluation of convertible note derivative	131,000	-
Other	47,000	-
Other gains	178,000	-

7. Taxation

	Group	
	2023	2022
	\$	\$
Loss before tax from continued operations	(3,721,000)	(2,375,000)
Income tax using the weighted corporation tax rate 19.2% (2022: 18.6%)	(713,000)	(442,000)
Expenditure not deductible for tax purposes	248,000	(57,000)
Net tax effect of losses carried forward on which no deferred tax asset is recognised	465,000	385,000
Income tax for the year	-	-

No charge to taxation arises due to the losses incurred.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

The weighted average applicable tax rate of 19.2% (2022: 18.6%) used is a combination of the 19% standard rate of corporation tax in the UK, 25% Australian corporation tax and 30% Mexican tax rate. The Group has accumulated tax losses of approximately \$32,887,000 (2022: \$30,459,000) available to carry forward against future taxable profits.

Under IFRS, a net deferred tax asset has not been recognised due to the uncertainty as to the amount that can be utilised. No adjustments are required in respect of the subsidiaries.

8. Intangible Assets

	2023	2022
	\$	\$
Exploration & Evaluation Assets at Cost and Net Book Value		
Balance as at 1 January	15,639,000	5,939,000
Additions	1,708,000	3,029,000
Asset acquisitions	21,000	7,707,000
Impairment	(794,000)	-
Foreign exchange differences	19,000	(1,036,000)
As at 31 December	16,593,000	15,639,000

Deferred exploration costs relate to the initial acquisition of the licences and subsequent exploration expenditure incurred in evaluating the projects. Asset acquisitions related to the assets of Mallina Exploration Pty Ltd. A subsidiary of the Group also granted a 2% gross revenue royalty to the seller of any iron ore produced from the tenement.

In accordance with IFRS 6, the Directors undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value may not be fully recovered from future development and production.

As a result of the review, the Directors concluded that the Mexico assets were fully impaired, as no further exploration or evaluation is planned for Mexico. An impairment of \$794,000 was recorded in other losses for the year. The Directors do not consider any other assets to be impaired.

9. Assets Under Construction

	2023	2022
	\$	\$
Balance as at 1 January	455,000	291,000
Additions	-	164,000
As at 31 December	455,000	455,000

Mining plant equipment, recertification costs and the related transport costs capitalised as a Mining asset in A.C.N 643 478 371 Pty Ltd in relation to the headframe and associated equipment for the Elizabeth Hill Silver mine.

10. Right of Use Assets and Lease Liability

At the reporting date, the Group had one property, in Australia, under lease agreement. The Group recognised the following right of use asset and related lease liability in respect of this lease agreement. A lease previously recognised for office space in London, United Kingdom, was fully amortised during the year.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

Right of use asset

	2023	2022
	\$	\$
Balance as at 1 January	17,000	131,000
Additions	55,000	-
Amortisation	(48,000)	(102,000)
Foreign exchange differences	-	(12,000)
As at 31 December	24,000	17,000

Lease liability

	2023	2022
	\$	\$
Balance as at 1 January	17,000	131,000
Additions	55,000	-
Rental payments	(46,000)	(102,000)
Foreign exchange differences	-	(12,000)
As at 31 December	26,000	17,000

A maturity analysis of the undiscounted minimum lease payments due are as follows:

	2023
	\$
No later than one year	41,000
As at 31 December	41,000

11. Trade and Other Receivables

	2023	2022
	\$	\$
VAT receivable	125,000	133,000
Prepayments	7,000	95,000
Other receivables	129,000	90,000
As at 31 December	261,000	318,000

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above. These assets, excluding prepayments, are the only form of financial asset within the Group, together with cash and cash equivalents.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

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	2023	2022
	\$	\$
UK Pounds	171,000	173,000
Australian Dollars	90,000	75,000
Mexican Peso	-	70,000
As at 31 December	261,000	318,000

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. All trade and other receivables are considered fully recoverable and performing.

12. Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	676,000	2,177,000

13. Trade and Other Payables

	2023	2022
	\$	\$
Trade payables	591,000	272,000
Other payables	36,000	69,000
Accrued expenses	99,000	105,000
As at 31 December	726,000	446,000

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2023	2022
	\$	\$
UK Pounds	207,000	148,000
US Dollars	-	37,000
Mexican Peso	-	15,000
Australian Dollars	519,000	246,000
As at 31 December	726,000	446,000

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14. Convertible Note

	2023	2022
	\$	\$
Liability - Host	500,000	-
Liability - Derivative	71,000	-
Total	571,000	-

During the year, the Company issued 500,000 convertible notes with a face value of US\$500,000 which was received in cash. The initial fair value of the liability portion of the convertible notes was determined using a market interest rate for an equivalent non-convertible notes at the issue date. The liability is subsequently measured on an amortised cost basis until extinguished on conversion or maturity. The convertible notes include a derivative liability, which represents the value of the option to convert the notes to ordinary shares of the Company. The fair value of the derivative liability was determined using a Monte Carlo Simulation model. A loss of \$198,000 was recognised on the initial recognition of the derivative liability, which was recorded in other losses. Thereafter a revaluation gain of \$131,000, which represents the change in value of the derivative liability during the year, was recorded in other gains. Refer to note 17 for further details.

15. Share Capital and Share Premium

The Company is authorised to issue an unlimited number of common shares of no par value.

Issued share capital

Group	Number of shares	Total \$
At 1 January 2022	3,902,181,625	70,422,000
Share issue costs – 1 January 2022	-	(60,000)
Issue of Ordinary Shares on exercise of warrants – 21 January 2022	202,247,000	367,000
Issue of Ordinary Shares on exercise of options – 21 January 2022	1,100,000	4,000
Issue of Ordinary Shares on exercise of warrants – 10 February 2022	1,111,111	5,000
Issue of Ordinary Shares on exercise of warrants – 10 February 2022	816,666	3,000
Issue of Ordinary Shares as consideration for asset acquisition – 23 February 2022 (Note 8)	50,000,000	467,000
Issue of Ordinary Shares on exercise of warrants – 14 March 2022	3,333,333	12,000
Issue of Ordinary Shares as consideration for asset acquisition – 22 March 2022 (Note 8)	138,703,396	1,384,000
Issue of Ordinary Shares as consideration for asset acquisition – 22 March 2022 (Note 8)	358,617,818	3,577,000
Issue of Ordinary Shares on exercise of warrants – 22 March 2022	66,666,666	153,000
Issue of Ordinary Shares on exercise of warrants – 22 March 2022	26,610,661	73,000
Issue of Ordinary Shares on exercise of warrants – 13 April 2022	14,000	1,000
Issue of Ordinary Shares on exercise of warrants – 13 April 2022	122,267	1,000
Issue of Ordinary Shares on exercise of warrants – 13 April 2022	984,375	3,000
Issue of Ordinary Shares on exercise of options – 26 April 2022	2,000,000	7,000
Issue of Ordinary Shares as consideration for asset acquisition – 20 June 2022 (Note 8)	7,827,883	69,000
Share issue costs – 7 September 2022	-	(12,000)
Issue of Ordinary Shares for cash – 8 September 2022	300,000,000	1,814,000
Share issue costs – 28 September 2022	-	(128,000)
Issue of Ordinary Shares on exercise of options – 1 December 2022	2,500,000	8,000

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

Issue of Ordinary Shares as consideration for asset acquisition – 20 December 2022 (Note 8)	260,000,000	1,416,000
At 31 December 2022	5,324,836,801	79,586,000
Issue of Ordinary Shares for cash – 12 January 2023	2,500,000	8,000
Issue of Ordinary Shares for cash – 16 May 2023	8,142,373	25,000
Issue of Ordinary Shares for cash – 10 August 2023	1,000,000,000	2,545,000
Issue of Ordinary Shares in lieu of fees – 3 November 2023	26,315,000	61,000
Share issue costs – 10 August 2023	-	(128,000)
At 31 December 2023	6,361,794,174	82,097,000

On 12 January 2023 2,500,000 options, with no par value, were exercised at an issue price of 0.25 pence per share.

On 16 May 2023 8,142,373 options, with no par value, were exercised at an issue price of 0.25 pence per share.

On 10 August 2023, the Company completed a placement of 1,000,000,000 shares, at 0.20 pence per share, in order to raise gross proceeds of GBP 2,000,000.

On 3 November 2023, the Company issued 26,315,000 shares in lieu of fees.

16. Other Reserves

	2023	2022
	\$	\$
Foreign currency translation reserve	279,000	694,000
Share based payment reserve	854,000	771,000
Warrant reserve	834,000	377,000

The foreign currency translation reserve represents the effect of changes in exchange rates arising from translating the Financial Statements of subsidiary undertakings into the Company's presentational currency. The share-based payment reserve arises on the grant of share options to directors, employees and other eligible persons under the share option plan. Refer to Note 17 for more information. The warrants reserve arises on the issue of warrants. Refer to Note 17 for further information.

17. Share Based Payments

Share options outstanding at 31 December 2023 have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in £ per share	Number	
			2023	2022
2018	14-May-23	0.0025	-	10,642,373
2019	28-Mar-24	0.0025	12,342,509	12,342,509
2019	28-Mar-24	0.0022	3,000,000	3,000,000
2019	28-Mar-24	0.0030	3,000,000	3,000,000
2019	28-Mar-24	0.0045	4,000,000	4,000,000
2020	30-Aug-23	0.0045	-	18,750,000
2020	30-Aug-23	0.0050	-	18,750,000
2020	30-Aug-23	0.0055	-	22,500,000
2021	21-Oct-24	0.0100	10,000,000	10,000,000
2021	21-Oct-24	0.0115	10,000,000	10,000,000
2021	21-Oct-24	0.0145	15,000,000	15,000,000
2022	26-Sep-26	0.008 – 0.014	345,000,000	345,000,000
2023	31-Jul-27	0.0072	22,500,000	-
2023	31-Jul-27	0.0090	30,000,000	-
2023	31-Jul-27	0.0108	37,500,000	-
2023	31-Jul-27	0.0126	40,000,000	-
Total			532,342,509	472,984,882

Options with an expiry date of 28-Mar-24 expired subsequent to year end.

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Warrants outstanding at 31 December 2023 have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in £ per share	Number 2023	Number 2022
2020	18-May-23	0.0012	-	2,625,000
2020	10-Sep-23	0.006	-	12,000,000
2020	18-May-23	0.015	-	11,208,125
2020	30-Nov-23	0.013	-	13,600,000
2021	17-Nov-24	0.085	23,529,401	23,529,401
2022	14-Sept-25	0.0025	7,200,000	7,200,000
2022	31-Dec-25	0.0025	100,000,000	100,000,000
2023	1-Jul-26	0.005198	10,000,000	-
2023	1-Jul-24	Note 1	250,000	-
2023	1-Jul-26	Note 1	250,000	-
Total			141,229,401	170,162,516

Note 1: During the year, commitment and conversion warrants were issued in relation to the convertible note. The number of warrants to be issued depends on the number of notes converted to shares at a future date. Each tranche of the Conversion Warrants will have an exercise price to the lower of a 25% premium to the 10-day VWAP on Alien's shares prior to the date of the Deed (1 July 2023) and the Assumed Conversion Date (1 July 2024). Where the noteholder elects to convert the notes in to shares, the noteholder will receive 0.5 12 month warrants, and 0.5 36 month warrants for every note converted. The maximum number of warrants to be issued is therefore 250,000 12 month warrants and 250,000 36 month warrants.

The estimate of the fair value of the share options and warrants is measured based on the Black-Scholes model. The parameters used for options and warrants granted in the year ended 31 December 2023 are detailed below:

	2023 Options	2023 Options	2023 Options	2023 Options
Granted on:	07/07/2023	07/07/2023	07/07/2023	07/07/2023
Life (years)	3 years	3 years	3 years	3 years
Exercise price (pence per share)	0.72	0.90	1.08	1.26
Risk free rate	4.1%	4.1%	4.1%	4.1%
Expected volatility	102%	102%	102%	102%
Expected dividend yield	-	-	-	-
Marketability discount	-	-	-	-
Total fair value (£)	50,000	62,000	74,000	75,000
			2023	
	2023 Conversion Warrants	2023 Conversion Warrants	Commitment Warrants	
Granted on:	01/07/2023	01/07/2023	01/07/2023	
Life (years)	1 year	3 years	3 years	
Exercise price (pence per share)	Variable	Variable	0.5198	
Risk free rate	4.7%	3.6%	3.6%	
Expected volatility	75%	75%	75%	
Expected dividend yield	-	-	-	
Marketability discount	-	-	-	
Total fair value (£)	29,000	42,000	5,000	

The expected volatility is based on the historical share prices over the prior comparable period of the Company share price.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

The movement of share options for the year to 31 December 2023 is shown below:

	2023		2022	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
As at 1 January	472,984,882	0.0100	134,834,882	0.0100
Granted (not yet vested)	130,000,000	0.0106	345,000,000	0.0100
Exercised	(10,642,373)	0.0100	(5,600,000)	0.0100
Expired	(60,000,000)	0.0050	(1,250,000)	0.0100
Outstanding as at 31 December	532,342,509	0.0100	472,984,882	0.0100
Exercisable at 31 December	57,342,509	0.0100	127,984,882	0.0100

The movement of warrants for the year to 31 December 2023 is shown below:

	2023		2022	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
As at 1 January	170,162,516	0.004	389,620,248	0.0024
Granted	10,000,000	0.0052	130,729,411	0.0025
Granted	500,000	Variable		
Exercised	-	NA	(301,906,079)	0.0024
Expired	(39,433,115)	0.0068	(48,281,064)	0.0024
Outstanding as at 31 December	141,229,401	0.004	170,162,516	0.004
Exercisable at 31 December	140,729,401	0.004	170,162,516	0.004

The weighted price and life for warrants and options for the year end 31 December 2023 is as follows:

Range of exercise prices (\$)	2023			
	Weighted average exercise price (\$)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0.004-0.6	0.00874	674,071,899	1.85	1.85

The total fair value charged to the statement of comprehensive income for the year ended 31 December 2023 and included in administrative expenses was \$216,000 (2022: \$192,000).

Options and warrants exercised in 2023 resulted in 10,642,374 shares being issued (2022: 130,729,411) at a weighted average price of £0.0025 each (2022: £0.0025 each) and as a result \$38,377 was recorded as share capital.

During the year 130,000,000 incentive options (2022: 178,000,000) were conditionally granted to certain directors and are to be awarded on the basis of length of service. The options were granted with various exercise prices at premiums to the share price on the date they were awarded.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

	Number	Exercisable by	Premium to price on date of issue	Exercise price in £ per share
A Vorster	12,500,000	31/07/2027	100%	0.0072
A Vorster	15,000,000	31/07/2027	150%	0.0090
A Vorster	17,500,000	31/07/2027	200%	0.0108
A Vorster	20,000,000	31/07/2027	250%	0.0126
E Henson	10,000,000	31/07/2027	100%	0.0072
E Henson	15,000,000	31/07/2027	150%	0.0090
E Henson	20,000,000	31/07/2027	200%	0.0108
E Henson	20,000,000	31/07/2027	250%	0.0126

18. Net Finance Charges

	Group	
	2023	2022
	\$	\$
Finance charges	(42,000)	-
Interest income	8,000	7,000
	34,000	7,000

19. Employees

	Group	
	2023	2022
	\$	\$
Staff costs (excluding Directors)		
Salaries and wages	760,000	256,000
Social security costs	34,000	13,000
Pensions	70,000	38,000
	864,000	307,000

The average monthly number of employees during the year was 4 (2022: 6).

20. Directors' Remuneration

	Short term employment benefits	Share based payment	Total
2023	\$	\$	\$
Executive Directors			
G Robertson	44,000	-	44,000
R McIlree	37,000	-	37,000
Non-Executive Directors			
A Vorster	61,000	61,000	122,000
E Henson	26,000	61,000	87,000
D Smith	37,000	-	37,000
J Battershill	5,000	-	5,000
M C Culbert	10,000	-	10,000
	220,000	122,000	342,000

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

Employers tax contributions of \$10,000 have not been included in the above. During the year, A Vorster was issued 65,000,000 options and E Henson was issued 65,000,000 options, with fair value charged to the statement of comprehensive income for \$61,000 and \$61,000, respectively.

2022	Short term employment benefits \$	Share based payment \$	Total \$
Executive Directors			
B Brodie Good	210,000	-	210,000
R McIlree	27,000	-	27,000
Non-Executive Directors			
D J Smith	74,000	-	74,000
J L Battershill	63,000	192,000	255,000
M C Culbert	32,000	-	32,000
	406,000	192,000	598,000

Employers tax contributions of \$31,000 have not been included in the above. During 2022, Jonathan Battershill was issued 35,000,000 options with fair value charged to the statement of comprehensive income for \$192,000.

21. Loss per Share

The calculation of the total basic losses per share of 0.065 pence (2022: loss 0.050 pence) is based on the losses attributable to equity owners of the group of \$3,721,000 (2022: \$2,375,000) and on the weighted average number of ordinary shares of 5,728,076,556 (2022: 4,712,310,829) in issue during the year.

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options or warrants would be to decrease the loss per share.

22. Commitments

(a) Work programme commitment

As at 31 December 2023, Alien Metals owned 16 mineral exploration licenses in Australia and 9 mineral exploration licenses in Mexico. These licences include commitments to pay annual licence fees and minimum spend requirements as follows:

	License fees \$	Minimum spend requirements \$	Total \$
Less than 1 year	91,000	455,000	546,000
1 to 5 years	291,000	1,964,000	2,255,000
Total	382,000	2,419,000	2,801,000

(b) Lease agreements

The Group had London offices under lease agreement. The agreement was signed on 21 April 2021 and covered office rent for the period from 1 May 2021 until 28 Feb 2023, with monthly payments of £6,916 (US\$9,514) and a deposit of £20,748 (US\$28,542). This lease was not renewed. At 31 December 2023, nil remained payable in respect of this lease.

The Group leased a property in West Australia for on-site staff accommodation until 30 November 2024 with current monthly payments of A\$3,545. At 31 December 2023, \$40,737 remained payable in respect of this lease.

ALIEN METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2023**

23. Related Party Transactions

Transactions with key management personnel

During the year ended 31 December 2023, the Company did not enter into transactions involving Directors other than Directors remuneration outlined in note 20.

24. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

25. Events after the Reporting Date

On 15 March 2024, the Company executed a funding package of up to A\$2m that has been made available through a convertible loan note from Bennelong Resource Capital Pty Limited, a shareholder in the Company, with a current holding of 7.2%. The facility is to be drawn in three tranches of A\$1m, \$0.5m, and \$0.5m, respectively. The facility is available for a period of 12 months, incurs interest at the Secured Overnight Financing Rate plus 10%, has a face value of A\$1 per convertible security, a commitment fee of 3% of funds drawn, and the lender is to receive 25,000,000 warrants. The balance due under the facility (including accrued interest at the end of each fiscal quarter) can be converted into Ordinary Shares at the option of the lender.

On 15 March 2024, Mr Alwyn Vorster resigned as a director of the Company and was replaced by Mr Robert Mosig.

During April 2024 the Company, through its wholly owned subsidiary Alien Metals Australia Pty Ltd, entered into a joint venture with Errawarra Resources Ltd (ASX: ERW) in respect of the lithium rights on the Pinderi Hills Project. Errawarra has the potential to earn up to a 50% interest in the lithium rights in the Project by spending up to A\$4 million with the first A\$500,000 being by the way of a subscription for common shares in the capital of the Company.

There were no matters or circumstances that have arisen since the end of the financial year, other than those outlined above, that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or state of affairs in future financial years.