

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.



## FIRST CLASS METALS PLC

14 June 2024

### Audited Annual Results for Year Ended 31 December 2023

**First Class Metals PLC** ("First Class Metals" "FCM" or the "Company") the UK listed metals exploration company seeking economic metal discoveries across its extensive Canadian, focused in northern Ontario land holdings is pleased to announce its audited annual results for the year ended 31 December 2023.

The Annual Report and Financial Statements for the year ended 31 December 2023 will shortly be available on the Company's website at [www.firstclassmetalsplc.com](http://www.firstclassmetalsplc.com). A copy of the Annual Report and Financial Statements will also be uploaded to the National Storage Mechanism where it will be available for viewing at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

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**(Financial Adviser)**

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# FIRST CLASS METALS Plc

For the Year Ended 31 December 2023

(Company Number: 13158545)

13 June 2024

## First Class Metals Plc

### Company Information

<b>Directors</b>	Marc Sale - CEO James Knowles - Executive Chairman Ayub Bodi - Executive Director (resigned on 2 February 2024) Andrew Williamson - NED (appointed on 15 October 2023) Marc Bamber - NED Danesh Varna - NED (resigned 15 October 2023)
<b>Company Secretary</b>	Siddharth Muricken
<b>Registered Office</b>	Suite 16 Freckleton Business Centre Freckleton Street Blackburn BB2 2AL
<b>Financial Advisors</b>	Novum Securities 2 <sup>nd</sup> Floor 7-10 Chandos Street London W1G 9DQ
<b>Auditor</b>	Royce Peeling Green Limited The Copper Room Deva City Office Park Trinity Way Manchester M3 7BG
<b>Corporate Lawyers to the Company</b>	OBH Partners 17 Pembroke Street Upper Dublin2 Ireland D02 AT22
<b>Lawyers to the Company as to Canadian Law</b>	Peterson McVicar 18 King Street East Suite 902 Toronto Ontario M5C 1C4 Canada
<b>Registrars</b>	Share Registrars Limited Molex House Millennium Centre Farnham Surrey  GU9 7XX
<b>Company Website</b>	<a href="http://www.firstclassmetalsplc.com">www.firstclassmetalsplc.com</a>

## HIGHLIGHTS

A summary of the company's highlights for the year 2023 follows:

#### **Corporate**

- 26th June 2023 - The Company raised £1,049,170 raised via an oversubscribed placing, subscription, and warrant conversion through the issuing of 9,974,000 shares (placing & subscription) and 375,000 shares warrant conversion all at 10p per share.
- 16th October 2023 - The Company appointed of Andrew Williamson as a Non-Executive Director.
- 24th November 2023 - The Company raised £603,000 via a placing through a directors share loan of 11,990,665 shares at 6p per share.

#### **Exploration and Operations**

- The Company obtained 6 exploration Permits granted on its North Hemlo, Sunbeam, Zigzag, Esa McKellar and Enable properties.
- The Company signed agreement with four First Nations being: Whitesand First Nation, Lac Des Mille Lac First Nation, Lac La Croix First Nation, and Netmizaagamig Nishnaabeg First Nation.
- There was confirmation of 19g/t gold assays at the North Hemlo property.
- The Company completed a successful stripping programme at Sunbeam with high grade results.
- The results of a soil sampling programme conducted confirms robust gold anomaly at Esa.
- The Company completed channel sampling and drilling at the Zigzag property.

#### **Post-Period**

- Quinlan  
The Company entered into an exclusivity agreement with Broken Rock Resources ('BRR') which was consolidated into an Option agreement on March 20, 2024. The Quinlan property contains 98 claims with FCM staking 50 claims and 48 claims being optioned from BRR. The Agreement with BRR required an execution payment of CAD\$10,000 in cash and CAD\$15,000 in FCM shares. The property contains a significant lithium anomaly in a lake sediment sample collected by the Ontario Geological Survey (OGS). The contractual work requirement for year 1 on the property is a sum of CAD\$50,000.

Full details of the Agreement were in RNS of March 21, 2024.

- Kerrs Gold  
The Company entered into an exclusivity agreement with (1544230 Ontario Inc. and Gravel Ridge Resources) for a sum of CAD\$ 5,000, and this was consolidated into an Option agreement on April 21, 2024. The property contains 36 single cell mining claims, totalling approximately 665 hectares and lies 90 kilometres east-northeast of Timmins Mining Camp. The Kerrs Gold Project contains a historical NI43-101 compliant resource (2011), of 386,467 Oz Au.

Full details of the Agreement were in RNS of April 22, 2024.

- McInnes Lake  
In March 2024, the Company entered into an exclusivity agreement with Emerald Geological Services ('EGS') in order to acquire certain mining claims. The Company is progressing due diligence on these claims with the intention of entering into an option agreement which would grant the Company rights to acquire these claims in a staged manner.

- OJEP  
In addition to the CAD\$ 200,000 received by the Company in 2023, The Company received a further CAD\$200,000 OJEP Grant from the Canadian Ministry of Mines for the Zigzag lithium & critical metals property for work completed during 2023 in April 2024. The receipt of the cash credit for the 2023 Zigzag OJEP Grant was received in April 2024 but is accounted for within the 2023 financials.

- McKellar and Enable divestment to the 79th GRP Limited  
In June 2024, an agreement was reached with the 79th GRP Limited to sell 100% of the McKellar and Enable projects. The combined sale price is GBP £270,000

- Term Loan with the 79th GRP Limited

In addition to the 'McKellar and Enable' assets sale, FCM has entered into a £230,000 working capital term loan with eh 79th GRP Limited in May 2024.

## CHAIRMAN'S STATEMENT

### For the Year Ended 31 December 2023

Dear Shareholders,

I am pleased to present the Chairman's statement for the year 2023, a year that has seen exciting developments and notable achievements for First Class Metals (FCM).

Throughout the year, we have made significant progress, starting with the initial discovery at Dead Otter (North Hemlo). This discovery has opened up new opportunities for further development of the North Hemlo property. We are optimistic about the potential that this project holds for FCM's future.

In late 2022, we completed the strategic acquisition of Sunbeam, which has proven to be a positive move for FCM. During 2023, we have made substantial strides in advancing the development of Sunbeam, which has shown great potential for our overall growth trajectory. We are enthusiastic about the continued progress of this project.

We have also further advanced the Zigzag Lithium/Critical Metals property, which adds value to our portfolio of prospects. FCM's carefully selected property assets in northwest Ontario, Canada-known for its favourable mining conditions-provide us with a strong foundation for exploration. We remain focused on gold, semi-precious metals, and battery metals critical to the evolving energy storage and power generation sectors.

At present, FCM maintains exposure to ten exploration projects, each showcasing potential in a variety of commodities such as gold, lithium, nickel, copper, zinc, molybdenum, and rare earth elements (REE). This diversification positions us for growth and establishes FCM as a relevant player in the exploration industry.

In January 2023, FCM proudly announced the discovery of a noteworthy gold and molybdenum trend on the North Hemlo (Dead Otter Trend) extending over 3 kilometres. This discovery had several gold assays exceeding 1 g/t, with the highest recorded at an impressive 19.6 g/t. We believe this discovery to be one of the highest occurrences of gold on the Northern portion of the Hemlo area. Subsequent work conducted throughout 2023 further supported and reinforced the potential of this expanding discovery.

In June, FCM engaged in extensive consultations with our First Nation partners, which culminated in the submission of exploration permit applications for North Hemlo and Esa to the Ontario Ministry of Mines. These applications sought permission for invasive exploration methods such as drilling, mechanical stripping, and trenching on the properties. We are pleased to announce that in November, both permits were granted approval, representing a significant milestone for FCM. This achievement signifies that both properties have achieved a drill-ready status, with the necessary permits in place to facilitate further exploration activities.

We successfully raised £1,049,170 @ 10p per share with a broker led placing alongside a private subscription (Directors Purchase of £37,500 by Marc Sale CEO) and a warrant conversion in late June 2023. The funds were used to further develop the company's exploration activities across its portfolio.

In the second half of 2023 exploration commenced on the Zigzag property with an initial grab sample campaign which produced a successful first pass of exploration over the property with multiple samples reporting +1% Lithium. This focussed work started to define a 400m 'core' zone of interest. FCM returned to complete a channel sampling campaign in early autumn. The results from the channels were announced in November. Again, a significant number of the channels returned samples of +1% Lithium with an outstanding highlight of 2.36% lithium (Li<sub>2</sub>O) over 5.5m.

In late December 2023, FCM commenced its inaugural drill program with a 500m diamond drill program focused on the core zone at Zigzag. Results announced in February exceeded all expectations. Numerous intercepts over 1% lithium with some very interesting elevated critical/technology metal grades in Rubidium, Tantalum & Caesium.

We successfully completed a second broker led fundraising of 2023 in November raising £603,000, the funds supported the

company working capital position and allowed repayment of the Sanderson Capital Partners outstanding £500,000 convertible loan note (Sanderson CLN).

We have through 2023 developed the business to a point at which the portfolio may be rapidly commercialised via sale or JV/Earn in:

- **Zigzag Lithium and Critical Metals:** successfully drilled and open on strike and depth with a second potential trend identified to the South. The property is fully permitted and is located in a prime location, sat between several developing lithium projects on the Seymour/Falcon Lake lithium belt. A large hydro scheme at Jackfish River 7km south of Zigzag Lake is under consultation and there are numerous advanced stage studies from other project developers for construction of key infrastructure including a spodumene beneficiation plant at Seymour Lake (Green Technology Metals Limited ASX:GT1).
- **North Hemlo:** the Dead Otter Trend was extensively worked in 2023 with further encouraging results. The granting of the exploration permits further enhances the prospects of the property and we look forward to carrying out more invasive exploration in 2024.
- **Esa:** soil sampling results in 2023 gave further credence to the 'Esa Shear Zone' theory which is a 4.5km trend with anomalous gold and pathfinder elements present. A limited stripping program in November will be followed up in 2024.
- **Sunbeam:** early season prospecting helped gain a more in-depth geological knowledge of the property and the wider 'English Option' ground. This was followed up by two stripping and channel sampling campaigns around the historical workings of the Sunbeam Mine, Roy, and Pettigrew shafts.

Results from the channel sampling across all three sites peaked at 18.8 g/5 Au at Roy with multiple results above 1 g/t across the sample locations. Pleasingly up to 4.98g/t Au was discovered in the porphyry at Roy. Significantly the discovery of gold within the sheared and altered porphyry could add significant upside to what was thought to be predominantly a high-grade vein system hosted in mafic schist, from which the known historic production was mined. This will form a focus for future exploration activity in 2024.

We are continuously evaluating and advancing various strategies to enhance the value of our portfolio and ensure the sustainable growth of the company.

To this end, we are exploring potential joint ventures, partial divestments, or even project sales that align with our objective of maximizing value within the shortest possible timeframe. Our board of directors is fully committed to exploring innovative ways to unlock the full potential of our assets and capitalize on strategic opportunities as they arise.

With the recent addition of the Quinlan, and the Kerr Gold properties (also the potential addition of the McInnes Lake property), we have achieved a well-balanced portfolio that provides us with multiple options for divestment and renewed focus on developing the next set of promising prospects. This strategic balance enables us to navigate the market dynamics effectively and strategically allocate our resources for sustained growth.


We understand that adaptability and flexibility are key to success in the ever-evolving metals exploration industry. By actively assessing our options and making informed decisions, we are positioning FCM to capitalise on opportunities and drive value creation for our shareholders.

The activities undertaken by First Class Metals (FCM) during the period have been very positive, and we would like to extend our thanks to our dedicated exploration teams in Canada led by Emerald Geological Services for their unwavering drive and determination.

The momentum generated during this period will continue to be a central pillar of our overall strategy moving forward. As we look ahead, we are excited to build upon this strategy in the coming year. Our priority is to provide our shareholders with a clear and well-defined vision for the future development pathway of our substantially advanced exploration project pipeline. We recognize the importance of transparent communication and are committed to keeping our shareholders well-informed about our progress and strategic goals.

Our team remains dedicated to delivering sustainable growth and striving for excellence in all aspects of our operations. By prioritising disciplined exploration, responsible exploration practices, and prudent portfolio management, we are confident in our ability to deliver long-term value to our shareholders.

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James Knowles  
Chairman

## OPERATIONS REPORT

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

#### BACKGROUND

First Class Metals is a Canadian focused gold and critical metals explorer. The Company is focussed on exploring the north-west region of Ontario. At the point of listing in July 2022, FCM, through its wholly owned subsidiary *First Class Metals Canada Inc (FCMC)*, held seven 100% owned properties. Geologically, these seven blocks lie within the highly mineralised and prospective Hemlo-Greenstone Belt and the named extensions to the east and west.

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

Subsequent to listing, during the reporting period, FCMC has entered into three agreements, one covering the historic Sunbeam gold mine, a second on the Zigzag hard rock lithium prospect and a third area contiguous and to the north of the North Hemlo block being the 'OnGold' property.

The initial two agreements are with Nuinsco Resources Limited (Nuinsco) and the third a private company, OnGold Invest Corp (OnGold). All properties are also located in north-west Ontario, see Figure 01. The details of both these transactions have been provided in press releases.

**Figure 01** showing the nine property blocks (10 properties) currently under the control of FCMC. Note: North Hemlo and OnGold are contiguous and is considered one project

FCM, whilst constantly on the 'look-out' for quality Option or Purchase Agreements, consider the five core properties contain significant potential and the business model adopted is to add value to the properties and then monetise the asset by sale or Joint Venture (JV).

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

Area	Owner	Number of Claims	Area (km <sup>2</sup> )	Claim Types	Minimum Expenditure required (CAD\$)
Sunbeam and Sunbeam extn.	FCM	1134	49.0	9 Single Cell Mining Claims and 8 Multi-Cell Mining Claims	88,800
Zigzag	FCM	6	1.2	2 Boundary Cell Mining Claims & 4 Single Cell Mining Claims	2,000
Coco East	FCM	30	6.3	9 Boundary Cell Mining Claims, 21 Single Cell Mining Claims	10,200
Enable	FCM	41	8.7	9 Boundary Cell Mining Claims, 32 Single Cell Mining Claims	16,400
McKellar	FCM	66	12.5	9 Boundary Cell Mining Claims, 57 Single Cell Mining Claims	23,600
Magical	FCM	14	2.9	Single Cell Mining Claims	5,600
Esa	FCM	86	20.6	1 Multi-cell Mining Claim, 85 Single Cell Mining Claims	38,800
North Hemlo	FCM	394	82.7	Single Cell Mining Claims	157,600
North Hemlo Pezim II	FCM 49%	33	6.9	Single Cell Mining Claims	13,200

OnGold	Others	163	34.55	Single Cell Mining Claims	
Sugar Cube	FCM	205	42.7	Single Cell Mining Claims	82,000
			<b>268.05</b>		<b>438,200</b>

Note: The assessment credits for the above properties have been applied and hence the only properties that need expenditure in 2024 to remain in good standing are Coco East (CAD\$) \$8414 & Esa (\$CAD) \$28,533.

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

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

The following table is reproduced from the IPO prospectus with the addition of the Sunbeam and Zigzag acquisitions and is relevant as of Dec 31, 2023.

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

## Overview of Operations

The 2023 field season was a very successful one for First Class Metals as the first full year of activity and built off the pre-IPO activities and post IPO exploration in 2022.

Significant advances were achieved on the flagship North Hemlo property. FCM, through its 100% owned subsidiary First Class Metals Canada Inc., continued to explore several of the seven properties that formed the portfolio on listing. Furthermore, significant prospecting and exploration was undertaken on the post-IPO Sunbeam and Zigzag acquisitions. Other than limited lake sediment sampling in the winter of 2022/23 there was no groundwork conducted on the Coco East, Magical or Sugar Cube properties in 2023. However, the Sugar Cube property was subject to a low-level high definition VTEM geophysical survey.

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

The field season's results reported to date for 2023 have advanced this business strategy significantly. Notwithstanding the two significant acquisitions which also enhanced the Company's appeal to investors.

FCM intends to continue this business model in 2024: to value add to the existing portfolio as well as to review other opportunities in Ontario that will add potential to the company. However the focus of any exploration company is the timely

opportunities in Ontario that will add potential to the company. However, the focus of any exploration company is the timely undertaking of drilling. FCM successfully moved four of the key properties towards 'drill ready' status and undertook a maiden drill programme on the Zigzag hard rock lithium property.

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

The following is an overview of the Company's field activities resulting from the 2023 field season. Many of the final assays were not received until 2024, though the work was completed, and samples submitted for analysis during the reporting period.

The following sections detail the ten properties in a rough ranking order, from 'core' to 'non-core' and with respect to the field work undertaken and further planned. Whilst most activities fall within the reporting period, events noteworthy after 31 December 2023 are included in order to present an accurate account of activities.

## **The claim blocks detailed from core to non-core:**

The ten claim blocks, (OnGold is contiguous to North Hemlo), covering almost 230km<sup>2</sup>, are distanced by about 400km from Sunbeam in the west to Sugar Cube in the east.

### **Hemlo area**

The Hemlo Schreiber greenstone belt has two broad divisions, the south and the north limbs.

The Barrick Hemlo producing gold mine is located on the south limb and is associated in a macro sense with shearing and increased molybdenum values. The Hemlo north limb in which the Esa and flagship North Hemlo properties are located has three distinct shears identified by previous explorers. The shears in part transect both properties, see Figure 02.

*Figure 02 showing the regional geological and structural setting of the North Hemlo OnGold and Esa block (Hemlo 'north limb'), relative to the Hemlo gold mine.*

## **I. North Hemlo**

The Flagship North Hemlo property historically comprised of three claim areas: Pezim I & II, and Wabikoba, that weren't contiguous. However, the addition of the Hemlo North block, acquired from Power Metals Plc., brought North Hemlo together as one cohesive block, see Figure 03.

*Figure 03 showing the composition of the North Hemlo claim blocks.*

The entire property now extends across 448 claims covering ~98km<sup>2</sup>, with the signing Agreement with OnGold the property area was extended by 34.5km<sup>2</sup> (163 claims) which are contiguous to the north, see Figure 02. Note: 33 claims are under effectively a Joint Venture agreement with Palladium One and FCMC's ownership is reduced as per the terms in the Joint Venture agreement.

There were limited historical showings on the property, the most important being the gold / molybdenum showing at Dead Otter Lake which reported 3.1ppmAu, 0.59%Mo. Also, the geology / geophysical signature of the Dotted Lake / Fairservice prospect continues onto the North Hemlo block. Furthermore, the JV - Earn-in with Palladium One has significantly enhanced the base, battery, and critical metal potential of the block.

Further potential is derived from the arcuate inferred shears which mimic the shear hosting the Hemlo gold mine, see Figure 03.

An Exploration permit, required for 'invasive' exploration such as trenching, stripping, and drilling, was granted for both the North Hemlo and Esa blocks in October 2023.

An Exploration Permit was granted by the Provincial authorities over North Hemlo in October 2023, this was closely followed by the execution of an Exploration Agreement with Netmizaaggamig Nishnaabeg First Nation (NNFN) in November 2023 (the agreement also covers the Esa claim block).

### **Exploration:**

Whilst exploration to date by FCM has focussed in the southern sector around the Dead Otter Lake showing (3.7 g/t gold 'Au' and 0.59% molybdenum 'Mo') exploration property wide has been enhanced with the low-level high-resolution helicopter borne magnetic survey, see Figure 04.

The survey was a high-resolution airborne magnetic survey covering the North Hemlo property (the survey did not cover OnGold nor Pezim II) was flown in 2022.

*Figure 04 showing the hi res. mag. survey conducted over the North Hemlo block, the OnGold and Pezim II claims were not included in the survey.*

The magnetic survey has shown that there are additional linear anomalies which require further exploration throughout the property, especially where intersected by north-south and northwest structures. The survey highlighted the structure hosting the Dead Otter Lake trend, 'DOT', as well as other potentially interesting features such as the extension of the Dotted Lake mineralised zone. The intersections of the N-S and NW-SE structures in the central north sector are veritable exploration targets as are the structures paralleling the DOT in the south. The magnetic interpretation undertaken by Paterson, Grant & Watson ('PGW') confirms the belief that two arcuate structures, refer to Figure 02 pass through the claim block, the southern structure coinciding with the DOT and the northern structure with the extension of the Fairservice showings at Dotted Lake.

The Dead Otter Lake area is situated about 20km north of the iconic Barrick Hemlo 23Moz Au producing mine



The Dead Otter Lake area is situated about 20km north of the historic Hemlo mining zone and its producing mine.

During the season extensive work: prospecting, sampling, and mapping have been undertaken along the Dead Otter Trend, the focus has been around the historical showing and the area reporting 19.6ppmAu over three kilometres to the southeast. Whilst sampling to date has not replicated the historic value there is limited outcrop exposed owing to water ingress. The presence of visible gold and gold being 'panned' from crushed rock may indicate that there is potentially an issue with 'coarse gold' in the area of the historic showing.

Furthermore, the trend is reporting very high values of pathfinder elements including molybdenum as well as telluride which is strongly associated with gold deposits especially in the Hemlo area. Additionally, over 750m SE along trend from the historic showing an isolated outcrop returned 2.29ppmAu. This confirms the trend is auriferous. Furthermore, in the area of the 19.6ppm sample other samples have reported 13.6ppm and 4.6ppm Au, see Figure 05.

Future work will include detailed prospecting along the trend to prove the continuity of the structure along strike from the known gold occurrences, leading to stripping and drilling. As previously mentioned, the property is permitted for drilling.

The identification of a +3km long gold anomalous trend extending from the historic Dead Otter Lake occurrence to a grab sample recording 19.6g/t Au along the same geological trend is considered a significant 'new discovery'. Whilst the trend is discontinuous in a geochemical sense owing to the lack of exposure, further very encouraging gold and pathfinder elements have been reported.

**Figure 05** showing the Dead Otter Trend with the historic showing in the north-west extending for >3km to the 19.6g/t Au sample in the south-east.

The mineralised structure closely mimics the granite contact. The high-grade gold sample, (see Photo 01), in the extreme southeast of the trend could be where one of potentially two subparallel arcuate trends intersects the principal trend, see Figure 05.

**Figure 06** the location of the '19 grammer' on the Dead Otter Trend.

#### OnGold

The property is located contiguous to the North Hemlo claims as well as those of GT Resources and consists of 163 single cell mining claims, comprising 34.5km<sup>2</sup>, refer to Figures 2 and 4.

The property is located roughly 21kms southeast from the town of Manitouwadge, Ontario and all mining claims are in good standing through the 2023 field season.

Previous prospecting has identified eleven high priority targets on the property, predominantly base metals anomalies.

This Option agreement which has a zero cash component, see table below, significantly increases FCM's footprint in a district that holds numerous high grade nickel copper sulphide discoveries.

Limited previous exploration has been focussed to investigate several discreet magnetic anomalies thought to be associated with Ni-Cu-PGE mineralised mafic-ultramafic intrusions. Similar rock types comprise the Tyko, RJ, Smoke Lake and the more recently discovered West Pickle massive sulphide discovery.

FCM, as part of the due diligence process, conducted a lake sediment sampling campaign in the winter of 2022/23 as access is far easier in the winter months. The initial results from this campaign have reported gold grades of up to 103ppb, see Figure 07.

**Figure 07** showing the OnGold claims relative to North Hemlo as well as the location of the lake sediment samples.

The program was led under the supervision of Bruce MacLachlan, the principal of Emerald Geological Services (EGS). Bruce has been quoted as saying "To the best of our knowledge the 103ppb Au Lake sediment value is the highest lake sediment value collected in the Hemlo Belt outside of the deposit area".

Whilst at a very early stage, these initial results are extremely encouraging and add to the potential for the prospectivity of the property as the 103ppb Au Lake sediment sample result also now shows the gold potential of the area.

#### Terms of the deal:

The deal is structured so that FCM has an option to earn-in up to an 80% interest over the property. The payments for the exercise of this option are 1,000,000 of FCM Shares to be issued by the 31st of October 2023 and a work commitment of CAD\$300,000 over a three-year term. At the end of the 'earn-in' it is expected a JV will be created.

	Ordinary FCM Shares	Annual Work Commitment (CAD\$)
By 31 <sup>st</sup> October 2023	1,000,000	0.00
By 10 <sup>th</sup> July 2024		\$50,000
By 10 <sup>th</sup> July 2026		\$300,000 (aggregate)

The JV possess a dilution mechanism on the basis of non-contribution. Should Ongold not wish to contribute, or their ownership falls below 10%, the remainder of their holding is automatically converted in to a 2% NSR. FCM has the right to acquire 67% of the stated NSR for C\$ 750,000 and a first right of refusal over the remaining NSR.

#### West Pickle Lake

PalladiumOne commenced drilling in July 2022 and continued throughout the field season into December. Results reported to date confirm the presence of a previously undiscovered nickel copper sulphide zone extending west from the Palladium One's RJ Showing into the JV area on West Pickle Lake, see Figure 2, this figure also highlights some of the better drill results received into 2023. For a more comprehensive list of significant drill results, see the table below. The assay results include the high grade reported from hole TK-22-073 at 10.3% Nickel (Ni), 2.9% Copper (Cu) over 1.8 meters, see Figure 9.

Two holes TK22-072 and TK22-073, have reported significant nickel/copper sulphides, see table below of drill hole

intersections for full details of the programme for 2023.

Figure 08. Massive pentlandite-pyrrhotite-chalcopryite sulphide intersection in hole TK-22-073 from 137.5 to 139.3 meters down hole (core is dry), wall rock is tonalite breccia.

Figure 09. Area map showing the location of the West Pickle Lake Discovery

Hole	From (m)	To (m)	Width (m)	Ni %	Cu %	Co %	TPMg/t (Pd+Pt+Au)	Pd g/t
TK22-058	214.1	214.6	0.5	0.04	0.02	0.00	0.00	0.00
TK22-059	184.0	187.7	3.7	2.33	1.85	0.06	0.45	0.21
	<b>185.3</b>	<b>187.7</b>	<b>2.4</b>	<b>3.49</b>	<b>2.73</b>	<b>0.09</b>	<b>0.64</b>	<b>0.30</b>
	185.3	187.0	1.8	4.79	3.67	0.12	0.87	0.41
	<b>185.3</b>	<b>185.9</b>	<b>0.6</b>	<b>8.21</b>	<b>1.60</b>	<b>0.24</b>	<b>1.62</b>	<b>0.80</b>
TK22-060	183.7	196.3	12.6	0.72	0.34	0.02	0.14	0.06
	184.3	189.0	4.7	1.77	0.63	0.03	0.27	0.12
	<b>186.6</b>	<b>189.0</b>	<b>2.4</b>	<b>3.18</b>	<b>0.99</b>	<b>0.06</b>	<b>0.39</b>	<b>0.18</b>
	<b>188.0</b>	<b>188.5</b>	<b>0.5</b>	<b>7.60</b>	<b>1.25</b>	<b>0.12</b>	<b>0.41</b>	<b>0.18</b>
TK22-061	188.7	190.8	2.1	0.75	0.43	0.01	0.28	0.14
	<b>190.2</b>	<b>190.8</b>	<b>0.6</b>	<b>1.62</b>	<b>0.67</b>	<b>0.03</b>	<b>0.47</b>	<b>0.25</b>
TK22-062	202.0	213.5	11.5	0.06	0.08	0.00	0.04	0.01
	203.6	204.4	0.8	0.16	0.35	0.01	0.14	0.05
TK22-063	149.0	152.0	3.0	0.07	0.24	0.00	0.13	0.04
	149.5	150.5	1.0	0.15	0.54	0.00	0.32	0.09
TK22-064	219.8	245.5	25.8	0.04	0.02	0.00	0.01	0.00
	219.8	220.3	0.5	0.65	0.27	0.03	0.21	0.10
TK22-065	224.3	246.0	21.7	0.04	0.02	0.00	0.01	0.00
	240.8	246.0	5.2	0.10	0.05	0.00	0.02	0.01
	240.8	241.2	0.4	0.40	0.18	0.01	0.06	0.04
TK22-066	150.3	178.5	28.2	0.06	0.02	0.00	0.01	0.00
	158.9	162.9	4.0	0.19	0.07	0.01	0.02	0.01
	161.2	162.9	1.7	0.35	0.12	0.01	0.04	0.02
TK22-067	200.2	200.7	0.5	0.06	0.01	0.00	0.00	0.00
TK22-068	134.3	139.5	5.3	0.11	0.08	0.01	0.03	0.01
	135.3	135.8	0.5	0.25	0.25	0.01	0.08	0.04
TK22-069	No Significant Assays							
TK22-070	<b>164.6</b>	<b>174.7</b>	<b>10.1</b>	<b>2.47</b>	<b>0.99</b>	<b>0.04</b>	<b>0.27</b>	<b>0.14</b>
	164.6	168.4	3.8	6.42	2.40	0.09	0.64	0.35
	<b>165.4</b>	<b>167.6</b>	<b>2.3</b>	<b>10.41</b>	<b>3.40</b>	<b>0.14</b>	<b>0.92</b>	<b>0.53</b>
	165.4	167.1	1.7	12.58	2.49	0.17	0.94	0.60
TK22-071	<b>165.4</b>	<b>166.3</b>	<b>0.9</b>	<b>12.90</b>	<b>2.70</b>	<b>0.16</b>	<b>1.05</b>	<b>0.67</b>
	151.7	156.9	5.2	0.72	1.07	0.01	0.28	0.10
	155.7	156.9	1.2	2.00	2.51	0.04	0.21	0.06
	155.7	156.2	0.6	4.10	3.81	0.06	0.27	0.09
TK22-072	149.0	153.1	4.1	2.05	0.89	0.04	0.36	0.11
	150.4	153.1	2.7	3.08	1.18	0.07	0.45	0.14
	151.7	153.1	1.5	5.33	1.48	0.12	0.67	0.17
	151.7	152.3	0.7	7.39	2.22	0.16	0.95	0.24
TK22-073	137.5	140.1	2.6	7.19	2.01	0.10	0.56	0.32
	137.5	139.3	1.8	10.32	2.88	0.15	0.80	0.46
	138.5	139.3	0.8	11.90	0.98	0.16	0.64	0.33

Table showing Assay Results and drill results from the West Pickle Zone.

Note:

- (1) Reported widths are "drilled widths" not true widths.
- (2) Italicised grey shaded values are previously reported, see previous news releases.

Drilling at West Pickle Lake by GT Resources has demonstrated that the high-grade nickel-copper sulphide occurrence hold potential to be extended both east towards their RJ showing as well as west onto or close to the 100% owned FCM North Hemlo property. This area will also be a focus for reconnaissance in a future field season as well as follow up of the lake sediment samples and grab samples.

Furthermore, interpretation of the VTEM data by GT Resources infers there is potential for further discoveries, specifically to the west of WPL, in the area of TK22-076 which was drilled just off the 100% owned FCM North Hemlo Property boundary which intercepted 46.3m of 'anomalous nickel mineralisation' in an east west trending structure, see Figure 10

**Figure 10:** Plan and long section looking north perpendicular to the interpreted chonolith structure linking the West Pickle and RJ zones, showing potential for massive sulphide mineralization beyond the depth detectable by the 2021 VTEM airborne survey.

GT Resources (Palladium One) whilst continuing the exploration / drilling of the West Pickle Lake project areas produced a NI43-101, as required under the JV terms.

### Zigzag

The project is less than 100km from Armstrong in northwest Ontario in the Seymour Lake area, a district already proven to be prospective for hard rock, pegmatite hosted lithium. Existing infrastructure currently in place in the local area is expected to be further bolstered in the future by the planned Jackfish Hydro project and a Spodumene Process Plant at the Green Technology Metals, Seymour site which is just over 10km away.

Figure 11 showing the regional setting of the Zigzag claim block.

The six-unit claim group spans approximately 1.2km<sup>2</sup> and includes a mapped structure of 800m which (Tebishogeshik occurrence) is wholly contained within the claim block, the lithium-tantalum mineralization is pegmatite-hosted with significant rubidium and caesium mineralisation also reported. All of which are 'critical minerals' as identified by the Canadian and United Kingdom Governments.

Previous workers of the Tebishogeshik occurrence have identified Li<sub>2</sub>O and Ta<sub>2</sub>O<sub>5</sub> mineralization along the entire length of the showing from sampling at surface, grading up to 1.68% Li<sub>2</sub>O over 7.9m and 0.168% Ta<sub>2</sub>O<sub>5</sub> over 2.54m in separate channels samples. Several shallow historic drill holes along the occurrence have returned significant intersections, including, (in separate drill holes) an intersection grading 1.08% Li<sub>2</sub>O over 6.1m and a separate intersection of 399.8ppm Ta<sub>2</sub>O<sub>5</sub> over 2.92m. Both intersections were less than 20m down hole. The structure is open along strike and to depth and remains to be fully evaluated.

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

Terms of the deal:

The deal is structured so that FCM has an option to earn-in up to an 80% interest over the exclusive option held by Nuinsco Resources over the Zigzag mining claims. The payments for the exercise of this option include a cash component of CAD\$500,000 and a share component of CAD\$250,000 in FCM Ordinary Shares spread across approximately 3.5 years. Additionally, FCM has committed to undertake exploration related expenses on the property over the same period to a value of CAD\$550,000.

**Table Zigzag Option Schedule**

	Cash (CAD\$)	Ordinary FCM Shares (CAD\$)	Annual Work Commitment (CAD\$)
<b>On Signing</b>	50,000	25,000	0.00
<b>June 01, 2023</b>	75,000	30,000	50,000
<b>June 01, 2024</b>	100,000	50,000	100,000
<b>June 01, 2025</b>	125,000	60,000	150,000
<b>June 01, 2026</b>	150,000	85,000	250,000
<b>Total</b>	<b>500,000</b>	<b>250,000</b>	<b>550,000</b>

These payments and work commitments may be accelerated at FCM's option. Upon completion, the Zigzag mining claims will be owned by FCM and Nuinsco on an 80:20 basis and the parties will be deemed to enter a joint venture for the development of these mining claims. Should either party not wish to contribute to this joint venture a standard industry dilution clause shall apply. If either party dilutes to a 10% ownership interest or lower, their entire interest will automatically convert into a NSR royalty payment, and the other party shall be the 100% owner of the Zigzag mining claims. Additionally, half of such NSR royalty payment may be purchased by the other party by paying a sum of CAD\$ 750,000.

Prospecting of the Zigzag property commenced early in the 2023 field season in association with reconnaissance for access to the claim area. Initial prospecting returned very encouraging results which validated and enhanced the historic reported assays, see table below.

Sample Number	Lithium (Li) %	Tantalum (Ta) ppm	Niobium (Nb) ppm	Rubidium (Rb) ppm
A1104880	1.39	184	104	884
A1104881	0.51	85	48	2770
A1104882	1.0	139	81	855
A1104883	0.012	198	88	3750
Sample-1	0.07	346	72	1140
Sample-2	0.41	219	79	1130
Sample-3	0.196	79	54	361
F006543	1.7	75	41	820
F006544	1.63	235	90	1200
F006545	1.65	115	60	1190

Table of the sample results from first pass prospecting. Note these are 'non-systematic samples collected during access appraisal. (Values rounded for clarity).

As follow up to this initial systematic sampling programme the team undertook furthermore systematic sampling in parallel with preparing for and undertaking a sawn channels sampling programme across the prospective outcrop. Note as an Early Exploration Agreement was not then in place no stripping to enlarge outcrop exposure was permitted.

The sawn channel sampling programme was along a ~150m strike at intervals across the exposed pegmatite outcrop.

Final results of the significant assays from the initial thirty-nine samples are detailed in the table below

Sample No.	Caesium (Cs) ppm	Gallium (Ga) ppm	Lithium (Li) ppm	Rubidium (Rb) ppm	Tantalum (Ta) ppm
F006543	92.6	107	17000	820	75.2
F006544	109	105	16300	1200	235
F006545	128	101	16500	1190	115
F006547	48.3	92.2	11500	695	162
F006548	100	87	12300	1110	50.3
F006549	77	118	21200	302	80.6
F006550	128	69.9	13200	795	90.9
F006572	146	81.6	12600	1630	84.3
F006573	85	112	17800	536	179
F006574	102	152	29700	404	57.3
F006575	256	133	469	3810	136
F006576	81.7	124	22300	514	467
F006579	96.8	95.9	236	1390	104
F006580	70	113	18500	650	145
F006581	82.3	99	10900	2000	51.3
F006582	19.4	87.1	16200	277	79.6
F006583	36.5	108	20100	255	235
F006584	89.6	100	8250	1510	5220
F006585	54.3	84	13200	938	67.4
F006586	44.5	117	18300	846	724
F006592	66.9	153	27500	587	54.3
F006593	65	77.4	7240	736	246
F006594	46.4	60.8	5820	748	69.3
F006596	34.5	78	10200	458	126

Table of the higher Li<sub>2</sub>O, results reported. All samples are of pegmatite with varying amounts of visible spodumene.

The grab samples identified a strike of over 350m with >1% Li<sub>2</sub>O and remains open in both directions.

Furthermore, there were, (some in coincident samples) 6 samples >250ppm tantalum (Ta). Nine samples reported >1000ppm rubidium (Rb) with the highest reported value being 3800ppm Rb. Several samples were also anomalous in caesium (Cs). See table of the more significant values. Note some samples were of iron formations not pegmatite and are not included.

Nine sawn channels were cut with lengths of under 5m to over 10m, channel lengths were usually controlled by overburden and not by diminished outcrop. A total of 80 samples were submitted to the laboratory for analysis, these included, where exposed not only the pegmatite but one, one metre sample in the host rock, which is in general mafic volcanics to the north and granitic rocks to the south.

The samples can therefore be easily segregated into four broad categories: mafic, pegmatitic, granitic pegmatites and granite.

Figure 12 showing the location of the channels relative to the 'core 400m' zone.

The results from the channels are very encouraging. It must be stressed that only hand stripping of vegetation was undertaken and often, exemplified by channels 5 and 7, the outcrop persisted but the vegetation cover was too onerous to be removed by hand. Accordingly, it is felt that with mechanical stripping many of these channels could be extended. Additionally, it is also likely that 'gaps' in the outcrop continuity might also be exposed as being pegmatite when exposed with mechanical stripping. The current permit allows both stripping and drilling.

The results have not only vindicated the grab samples in respect to the lithium oxide content but also highlighted again the presence of other important, critical minerals such as tantalum, gallium, and rubidium, see table below for highlights of the reported assays.

Channel	Length (metres)	Lithium (Li2O%)	Tantalum (Ta2O5) ppm	Gallium (Ga) ppm	Rubidium (Rb2O) ppm
3	2.4	0.81	170	80	2000
<b><i>Includes</i></b>	<b>1.00</b>	<b>1.31</b>	<b>170</b>	<b>90</b>	<b>2920</b>
3	3.1	1.52	60	90	1820
<b><i>Includes</i></b>	<b>0.9</b>	<b>2.54</b>	<b>100</b>	<b>110</b>	<b>2550</b>
<i>and</i>	0.5	2.05	40	100	950
4	1.8	1.85	220	90	1740
5	2.2	0.96	130	90	1280
<i>Includes</i>	0.8	1.39	100	100	940
6	2.00	1.96	160	110	1170
<b>7</b>	<b>5.5</b>	<b>2.35</b>	<b>150</b>	<b>120</b>	<b>1740</b>
<b><i>Includes</i></b>	<b>2.5</b>	<b>3.43</b>	<b>170</b>	<b>140</b>	<b>1270</b>
8	1.8	1.03	110	80	2070
<i>Includes</i>	0.5	1.43	90	90	1050
9	1.9	1.15	290	80	1400
<b><i>Includes</i></b>	<b>0.6</b>	<b>2.19</b>	<b>500</b>	<b>80</b>	<b>1010</b>
9	3.7	1.14	150	100	1290
<i>Includes</i>	1.9	1.41	160	100	1710

Table showing the significant assays from the sawn channel samples from the Zigzag property

**Figure 13** showing the extent of outcrop exposed by hand stripping. Also note the change in rock type from mafic volcanics (closest) to granitic pegmatite.

Prior to the drill programme in December 2023 a further prospecting campaign was undertaken. This was dominated by soil sampling, the sample lines focussed on the open eastern and western extent of the 'core area' as well as a postulated subparallel structure or splay to the south of the main structure.

**Figure 14** showing the main zone at Zigzag with locations of channels and drill holes, as well as the MMI soil sampling lines.

The results of the MMI soil sampling assays gives support that the main structure continues along strike from the known (sampled) outcrop.

A significant silver anomaly was identified over the two eastern most MMI lines off the main zone. This also requires further investigation.

Furthermore, there is strong geochemical support for a sub parallel trend about 200m to the south of the main zone. Additional work is needed to expand and confirm the anomalism identified. As well follow up sampling is required to confirm the presence of a possible third trend currently identified in anomalous rare element results in grab samples.

#### Drilling

The drilling targeted the 400m central section of the property which had been subject to a non-mechanised stripping and channel sampling programme reporting up to 2.36% lithium (Li2O) over 5.5m, see figure 15.

**Figure 15** Drilling covered the area of channel sampling and 'grabs' on roughly 50 m centres (note historic grid lines are on 200ft (60m) centres).

Historic drill holes also reported an intersection grading 1.08% Li2O over 6.1m from 12.45m and a separate intersection of 399.8ppm Ta2O 5 over 2.92m from 15.50m. The results from the maiden drill programme by FCM were most encouraging and the significant intersections appear in the table below

Drill Hole	Metal	Depth From	Width	Grade
<b>ZIG-23-01</b>	Li O	<b>12.7m</b>	<b>4.3m</b>	<b>1.65%</b>
		<i>incl.</i>	<i>1.0m</i>	<i>2.93%</i>
	Rb O	<b>11.7m</b>	<b>5.3m</b>	<b>0.21%</b>
<b>ZIG-23-02</b>	Li O	<b>15.0m</b>	<b>5.0m</b>	<b>1.5%</b>
		<i>incl.</i>	<i>0.2m</i>	<i>5.19%</i>
	Rb O	<b>14.25m</b>	<b>5.75m</b>	<b>0.21%</b>
		<i>incl.</i>	<i>0.3m</i>	<i>0.54%</i>
	Cs	14.25m	3.25m	132 ppm
		<i>incl</i>	<i>0.25m</i>	<i>430 ppm</i>

		<i>incl.</i>	<i>0.25m</i>	<i>750 ppm</i>
	Ta	14.0m	6.8m	90 ppm
		<i>incl.</i>	<i>0.2m</i>	<i>235 ppm</i>
	Ga	<i>15.5m</i>	<i>0.2m</i>	<i>144 ppm</i>
<b>ZIG-23-03</b>	Li O	14.7m	0.75m	2.1%
	Rb O	12.6m	2.1m	0.16%
	Cs	12.0m	5.0m	151 ppm
		<i>incl.</i>	<i>0.45m</i>	<i>480 ppm</i>
	Ta	12.6m	3.9m	164 ppm
		<i>incl.</i>	<i>0.45m</i>	<i>624 ppm</i>
	Ga	<i>21.9m</i>	<i>0.25m</i>	<i>127 ppm</i>
<b>and</b>				
<b>ZIG-23-03</b>	Li O	28.4m	1.6m	0.46%
	Rb O	27.8m	2.2m	0.17%
<b>ZIG-23-04</b>	Li O	20.0m	1.6m	0.79%
	Rb O	<b>20.0m</b>	<b>1.6m</b>	<b>0.21%</b>
	Ta	15.3m	7.8m	165 ppm
		<i>incl.</i>	<i>1.0m</i>	<i>347 ppm</i>
<b>ZIG-23-05</b>	Li O	<b>7.6m</b>	<b>6.0m</b>	<b>1.13%</b>
		<i>incl.</i>	<i>1.0m</i>	<i>2.17%</i>
	Rb O	5.7m	3.8m	0.16%
	Ta	4.8m	9.9m	167 ppm
		<i>incl.</i>	<i>0.4m</i>	<i>401 ppm</i>
<b>ZIG-23-06</b>	<b>Li O</b>	<b>28.8m</b>	<b>2.2m</b>	<b>1.09%</b>
		<i>incl.</i>	<i>0.3m</i>	<i>2.26%</i>
	Rb O	28.8m	2.2m	0.19%
<b>ZIG-23-07</b>	<b>Li O</b>	<b>9.9m</b>	<b>6.5m</b>	<b>1.09%</b>
		<i>incl.</i>	<i>0.5m</i>	<i>2.76%</i>
	Rb O	10.4m	6.6m	0.21%
		<i>incl.</i>	<i>1.0m</i>	<i>0.41%</i>
	Cs	13.0m	4.0m	126 ppm
	Ta	9.0m	7.4m	131 ppm
		<i>incl.</i>	<i>0.6m</i>	<i>177 ppm</i>
<b>ZIG-23-08</b>	<b>Li O</b>	<b>65.5m</b>	<b>3.0m</b>	<b>1.28%</b>
	Rb O	65.5m	3.4m	0.11%
	Ga	65.5m	3.0m	98 ppm
		<i>incl</i>	<i>1.0m</i>	<i>114 ppm</i>
<b>ZIG-23-09</b>	Li O	47.25m	4.75m	0.52%
		<i>incl.</i>	<i>0.8m</i>	<i>1.06%</i>
	Rb O	47.25m	4.75m	0.14%

Table assays from the (nine) hole drill programme at Zigzag, every hole had reportable intersections of Li O with significant 'credits' from the accessory critical elements / metals, specifically rubidium oxide, Rb O.

The presence of abundant spodumene in the core, see figure 16 below, is reflected in the assays.

Figure 16-Shallow intersection of pegmatite hosting spodumene (pale green 'blades' in hole ZIG-23-01).

Two (shallow) step-back holes were conducted as well as a scissor hole to confirm the dip of the structure. Further drilling is warranted both along the (open) strike to the west and east as well as down dip.

However, drilling will be preceded by a mechanical stripping programme to identify further outcrops inferred by the anomalous MMI results as well as to improve outcrop continuity in the main zone.

## Sunbeam

The Sunbeam Gold Property includes the historic Sunbeam Mine. This was a high-grade underground gold mine which operated from 1898 to 1905. The property now comprises three claim blocks, all in the name of FCMC. The core of the Property consists of 104 unpatented mining claims covering 20.2km<sup>2</sup> with the 'English option' claims encircling and the newly staked claims contiguous to the northeast, totalling over 70km<sup>2</sup>.

In 2023, FCMC staked a further 119 claims, covering 25km<sup>2</sup> and contiguous to the northeast of the English option area. see Figure 17. The newly staked claims remain in good standing for two years before requiring assessment credits derived from field work. Additionally, as they are contiguous to the 'English option' assessment credits can be spread across the new claims.

The Option to purchase was signed with Nuinsco in October 2022. Nuinsco held the claims through an underlying agreement with several prospectors who originally held the claims. In February 2023, FCM made a second payment to Nuinsco, and the 'core' claim ownership was transferred to FCMC. The Sunbeam extended (English Option extending over 24.8km<sup>2</sup>) was part of an Option agreement with Nuinsco and the claimowner, which FCMC has now paid out in full.

**Figure 17** showing the Sunbeam Property including the Sunbeam extended 'English option' and the new claims.

Both the Option areas are covered by an Exploration Permit, granted in June. Furthermore, the area is also under two distinct, though similar MoU's with the two prominent First Nations in the area who have traditional land claims which include the Sunbeam Property.

Following on from the detailed historical review of all available data, from the time historical production commenced in the early 1900's, through to the last drilling campaign as well as geophysical data, FCM initiated a focussed exploration across the property.

In parallel to the exploration and in line with our key ESG objectives and respect for the local First Nation Peoples who have an interest in the area a Stage 1, Archaeological Heritage Review (AHR) was conducted and submitted to the provincial authorities in 2023. The review was undertaken by White Spruce Archaeology Inc., who were nominated by the FN group requesting the Survey. The AHR focussed on identifying any historical areas of First Nation interest, but other than water courses and lakes none were identified.

The Sunbeam property is dominated by three mineralised structures each identified over 10km traversing the property; these are inferred to continue to the northeast into the new area where prospective structural features are inferred all three-host significant gold anomalies as well as historic development, including the Sunbeam high grade gold mine which operated until 1905 and reportedly produced multi ounce material, see figure 18

Figure 18 showing the three distinct, sub parallel structure transecting the enlarged Sunbeam Property, note the significant number of anomalous gold 'showings' as well as historic development on each structure.

During 2023 an initial stripping and channel sampling programme at the historic production sites of Pettigrew and Roy has been completed. The results from Roy indicate a semi continuous zone across strike of multi-gramme material. However, further stripping and sampling was considered necessary, and a second stripping programme was completed in late 2023 in order to better define the potential drill targets.

The two stripping campaigns were successful in not only identifying gold bearing structures but also enhancing the understanding of the geology of the mineralisation. At Roy, most of the samples were 1m or less, with a minimum of 0.1m and a maximum of 1.4 m. The results have defined a broad zone of shearing, alteration, and mineralization, peaking at 18.8 g/t (ppm) Au in one 0.3m channel sample (within interval of 6.2 ppmAu / 1.05 m). There are a significant number of other results exceeding 1ppm Au that define the anomalous structure over a strike of 100m between the existing shafts and open along strike.

The high-grade gold mineralisation is hosted in quartz veining in sheared 'mafics' within a sheared, folded felsic to intermediate porphyry which often exhibits quartz veining, silicification and ankerite alteration, and which also frequently contains anomalous gold, see Figure 19.

**Figure 19** showing one of the 'quartz blowouts' at Roy in the new area stripped.

A similar situation exists at Pettigrew, where historical drilling was encouraging, with two holes returning significant gold assays including: **Hole 57751: 19.4 g/t Au over 0.63m at 5.33m**

Highlights from the assays from the second round of stripping include:

At Roy results have confirmed high grade gold assays up to 18.8 g/t gold (Au) / 0.3m channel sample

Other highlights include:

6.27 g/t Au channel / 0.35m in mafic schist with quartz veinlets;

4.98 g/t Au channel / 0.5m in sheared porphyry; and

5.58g/t Au channel / 0.5m within a quartz vein.

At Pettigrew channel and grab samples returned significant gold grades, including:

13.0 g/t Au grab sample from quartz rubble dug up beside the stripped outcrop.

3.5 g/t Au channel / 0.2m in a quartz vein with galena and chalcopyrite;

1.82 g/t Au channel / 0.75m in sheared porphyry; and

0.32 g/t Au channels / 3.95 m within sheared porphyry.

**Figure 20**, showing a close up with 'VG (visible gold), in one of the channels at Roy.

Significantly the host porphyry reported up to 5ppm. As a result, it is recommended that the historic core is reviewed in order to quantify the amount of porphyry and if deemed necessary sampled.

Since the announcement of the Sunbeam acquisition in early October 2022, we have been working to advance the project to drill ready status.

Granting of an updated Exploration Permit was achieved in June 2023 and one aspect was the increased areas available for stripping, particularly in the vicinities of the three historical development areas.

The stripping undertaken in 2023 has not only increased the potential of the Property but advanced the Roy and Pettigrew

zones to a point whereby drill holes could be located.

### **Esa**

The Esa property contains 86 claims, covers 20.6km<sup>2</sup>, and is located approximately 11km northeast from the Barrick Hemlo gold mine, immediately south of FCM's North Hemlo property. Esa was one of the 'seed' properties that formed the pre-IPO package.

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

A prominent geophysical / geological feature transects the claim block. This structure adds significant merit to the block's potential, as its continuation outside the Esa boundary is associated with gold occurrences, see Figure 21.

**Figure 21** the Esa block with geophysics overlay and district geology as well as anomalous Au sample results.

This structure is considered one of three subparallel, arcuate trends contained in the Hemlo 'north limb', which mirror the Hemlo trend to the south, (see Figure 02). There are also a number of N-S and NW-SE structures, these too are often associated with mineralisation. Re-interpretation of geophysical data further verified the structure's presence enhancing the property's prospectivity. Extensive exploration was conducted along this feature in 2022 with over 500 soil samples being collected predominantly along eleven lines on average 400m apart, orthogonal to the inferred 4km shear. Prospecting also identified sheared metasedimentary / mafic volcanic boulders anomalous in trace elements in the area interpreted to contain the Hemlo style shear zone. Ground reconnaissance identified 'Hemlo-look-alike rock' in the form of an angular boulder which returned anomalous gold value of 0.7ppm Au, see Figure 21

**Figure 22** the Esa block showing the inferred shear with the 2022 / 2023 soil lines as well as the location of the 0.7ppm Au boulder sample.

The results of the initial soil sampling defined a geochemically anomalous zone mimicking the inferred position of the shear. Assay results were sufficiently encouraging for further sampling in the 2023 field season when 'infill' sampling lines were conducted in two programmes again totalling over 500 samples. The assay results for the last programme further validate the presence of a geochemically anomalous structure displaying elevated gold and pathfinder element such as arsenic molybdenum and antimony, see Figure 22.

Future work is intended follow up on the shear zone and other structures identified, as well as to include trenching / stripping in the 'boulder' location.

The property is covered by a valid Exploration Permit, (granted in October 2023) and is required for 'invasive' exploration such as trenching, stripping, and drilling.

### **McKellar**

The McKellar property, comprised 66 claims, covers 12.5km<sup>2</sup>. In February 2023 FCMC staked a further eight (8) claims, each of 400ha contiguous in the south of the McKellar block. McKellar was the second largest of the claim blocks that formed the Power Metals claim acquisition.

McKellar is situated in prime geological terrain within the Coldwell complex. Located to the west of Generation Mining's Palladium Project and is roughly 25 kilometres by Highway 17 from the town of Marathon, the main service centre for Barrick's Hemlo mine. McKellar has a number of historic 'showings' with significant values in precious and base metals as well as Rare Earth Elements (REE), see Figure 23.

**Figure 23** Shows the McKellar claim block (pre-2023) in a district scale geological setting with historic showings, including the McKellar trend which contains contemporary and historically significant zinc grades as well as high grade silver.

Historic showings include:

- Alvey occurrence: 4 historic drill holes in the vicinity but no assays available, however separate grab samples returned 0.28 g/t Au, 37.98 g/t Ag & 146 g/t Cu. See figure 1.
- Goldbar Lake prospect: Drill Hole P-2: 19.20-19.66m: 1.09% Copper (Cu) & 6.54% Zn and 20.88-21.98m: 0.56 g/t Gold (Au), 60.1 g/t Silver (Ag), 4.73% Cu & 0.98% Zn.
- The Little Pic (silver) 'mine' (McKellar trend): discovered in 1875, almost 100 years later Noranda reported a channel sample of 618.0 g/t Ag and a trench sample of 1.1m @ 32.3% Zn & 7.1% Pb, with VMS style mineralisation reportedly traced over a 600m strike 'McKellar Trend'.
- Several diatremes, anomalous in REE have been discovered in the area, included is the McKellar diatreme the historic samples reported were highly anomalous.

During the 2022 field season, over 100 grab (rock chip) samples were collected as well as six lake sediment samples. Mapping and sampling work predominantly took place on the McKellar trend and nearby Alvey occurrences, see Figure 24, as well as initial work on the REE diatreme in the southern sector.

**Figure 24** showing the McKellar trend which contains contemporary and historically significant zinc grades as well as high grade silver and FCM samples reporting over 4% Zn and over 2oz/ tonne Ag as well as anomalous Pb.

The reported results from the 2022 season's campaign are encouraging (sample B416205 see figure 25) and confirm that more work is required to further extend and detail the potential of this trend. For example, 400 meters along strike to west-northwest, similar rock returned 1.36% Zn, 635 ppm Pb, 11.6 ppm Ag, and 550 meters along strike to west-northwest of the shaft, mafic volcanics returned 590 ppm Zn. Furthermore, the 'Alvey trend', which is in close proximity reported anomalous:



**Figure 25** sample B416205 which reported 4.82% Zn, 0.22% Pb, 80ppm Ag.

The geological work at McKellar, to date and supported by the historical review, indicates that zinc mineralization occurs close to a volcanic-sedimentary (sheared) contact.

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

A future field campaign will not only seek to extend the McKellar base metal trend but also explore the other showings including Goldbar Lake.

Results from limited initial samples collected by FCM from the diatreme in 2022 were anomalous, being five times crustal levels in a number of the REE samples assayed. The potential for higher values is considered realistic, in line with historical values as the available sample sites were not optimal and the original sample sites could not be identified.

Field work in 2023 was confined to further channel sampling of the McKellar diatreme which occupies a topographic low and occurs within a north trending linear structure. The breccia may have been emplaced within a shear or fault zone, however, geologic data supporting this possibility are lacking.

In total 18 sawn channel samples of approximately 1m were collected across the exposed diatreme, in addition 5 grab samples were also collect for assay.

In 2023 further prospecting, (5 bedrock grab samples) geological mapping as well as 18 sawn channel samples (see figure 25) of approximately 1m were collected across the exposed diatreme, results of which and other historical assays are included in the following table, showing the highest two samples from FCM's recent sampling.

Element	Historical assay results for selected elements (including REE's), McKellar Creek Diatreme:	FCM recent sampling showing two highest values, all ppm
Gold Au	25 ppb	N/A
Platinum Pt	17 ppb	N/A
Neodymium Nd	300 ppm	259, 205
Lanthanum La	400 ppm	362, 253
Beryllium Be	2.8 ppm	5 all others BLD
Cerium Ce	513 ppm	653, 503
Yttrium Y	214 ppm	287, 193
Strontium Sr	1280 ppm	1410, 1360
Thorium Th	180 ppm	145, 140
U308	38 ppm	U: 32.8 23.4

Table showing the results of the reported historical and recent sampling by FCM.

**Figure 26** showing channel sample sawn into the diatreme outcrop and in the process of being sampled.

Further work on the diatreme will include additional channel sampling and once an exploration permit is granted, possible stripping if ground access allows.

Whilst only limited field work was conducted in 2023, this and the 2022 work generated assessment credits that cover the property into 2024.

An exploration permit, required for 'invasive' exploration such as trenching, stripping, and drilling was submitted (with support of the relevant First Nations), to the provincial mining department in 2023 and granted for a three-year period until November 2026.

**Enable**

This property comprising 41 claims covers around 8.7km² it is located to the north of the town of Terrace Bay, which is on Interstate 17.

Significantly the property includes an important geological feature of interest: the contact between the Terrace Bay batholith (to the southeast) and the mafic volcanics and iron formation. These have been intruded by quartz-feldspar porphyry dykes, an important mechanism for mineralisation. The contact transects the Enable property from the northeast to southwest corners of the claim block and its inferred strike extent is underexplored within the property, see Figure 27.

Figure 27 showing the Enable claim block with Ontario Mineral Inventory ('OMI') showings along the geological contact.

There are numerous showings located in the surrounding claims, with 30+ gold occurrences in the district being associated with this contact.

Less than 2 kilometres off property along this contact are the historic samples of the Acker G Vein (believed to be located at the Hays Lake showing with 9.64g/t Au and 20g/t Ag) in a 3-metre-wide shear zone which trends northeast and may extend onto the Enable property. Also, to the southwest is the 'Joa Walton' occurrence with 192.7g/t Au and 401g/t Ag. Again, this important trend when extrapolated across the property contains the historic Perch Lake West showing with a reported 1.85g/t rock chip sample.

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

provides very positive encouragement for the potential for future significant gold assays in the future.

The mineralised contact between the mafic rocks and the Terrace Bay batholith is the main vector of interest and this contact dissects the property.

Over two field visits to the property in 2022, reconnaissance identified several quartz veins and over 80 rock samples were collected. The assays received have not only confirmed and enhanced the West Perch Lake showing but identified a new area of quartz veining containing gold values in excess of 7ppm, see Figure 28 and the Table which follows.

Figure 28 quartz vein from Sample 697925, assaying 7.02ppm Au, with minor pyrite and galena in sheared, silicified granodiorite containing 1-2% disseminated pyrite.

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

Sample no	Au PPB	Ag PPM	As PPM	Co PPM	Cu PPM	Li PPM	Mo PPM	Pb PPM	Zn PPM
E5830178	5250	56.9	1.5	7	27	8	2	1970	1120
E5830177	2040	16.2	26	47	294	39	0.5	22	133
E5830176	2040	15	6	23	13	7	24	12	38
697930	370	2.9	3	3	5	2	3	1.5	16
697927	463	3.1	4	9	35	13	0.5	39	72
697926	859	4.6	1.5	14	214	23	0.5	27	90
697925	7040	83.4	1.5	4	36	6	2	2840	1350
697924	1260	9.4	1.5	10	87	13	0.5	211	48
697923	672	3.6	1.5	2	4	2	1	140	9
697922	1700	16.4	1.5	2	9	3	1	360	139
697913	161	4.4	1.5	4	16	5	77	22	25
697912	158	6	1.5	7	16	5	3	41	29
697911	202	10.9	1.5	8	50	4	14	140	24
697901	122	0.4	1.5	28	128	12	0.5	1.5	151
697873	486	1.2	1.5	13	62	17	0.5	5	35
697856	473	9.5	1.5	10	41	6	12	132	30
697855	336	2.8	1.5	4	13	4	30	102	25

The table shows a selection of the higher gold reporting samples with other associated elements, note Au is reported in ppb and the higher silver values are associated with high gold values.

Several soil lines and were completed for 88 samples as well as limited prospecting, with 20 grab rock samples in the areas of the historic and new discoveries.

Results did not identify any new 'showings' and whilst the soil samples were anomalous no clear trend was identified. Future work will involve further, detailed prospecting in the vicinity of the 7ppmAu sample, along the inferred contact as well as possibly extending the soil lines east and west.

Figure 29 showing the project scale detail of the historic (Perch Lake West is where the FCM 2.04ppm samples are located) and new sample points including the 7.02ppmAu / 83ppmAg as well as the locations of lake sediment samples and the soil lines completed.

Assessment credits from 2022 field work extended into 2023 and with the work undertaken in 2023 the property is in good standing into 2024.

An exploration permit, required for "invasive" exploration such as trenching, stripping, and drilling was submitted in 2023 to the Provincial authorities, with the support of the two relevant First Nation groups and was granted in November 2023, valid for three years.

### **Coco East**

The Coco East block of 30 claims covering ~6.3km<sup>2</sup> is located on the eastern sector of the Big Duck Lake Porphyry, this claim block was part of the Power Metals acquisition pre-IPO. Big Duck Lake Porphyry contains several historic showings as well as the Coco Estelle deposit. This porphyry, as well as other similar intrusions, are strongly spatially associated with Archean lode gold deposits.

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

**Figure 30** showing the regional setting of the Coco East claim block with OMI showings.

No field work was conducted during the season in 2023 but over the winter of 2022/23 six lake sediment samples were collected, see Figure 30.

The assessment credits accrued from 2022 field work extend into 2024.

#### **Background**

During the 2022 field season, FCM collected 47 rock samples predominantly in the area of the Big Birch Occurrence and historical drilling. Assays returned gold and silver grades that were generally in order of the historic samples, see Figure 31.

**Figure 31** showing the prospective areas of Coco East and the areas of work undertaken by FCM, note the geophysical anomaly in the northwest of the block.

Future work will focus on an exploration programme to cover other areas of the block, particularly the geophysical anomaly to the north of the property, which is interpreted as a potential continuation of the structure hosting Coco Estelle.

### **Magical**

Located only 9km northwest of the Barrick Hemlo gold mine, these 14 claims which are 2.9km<sup>2</sup> and are also situated on a compelling geological contact which potentially represents a district scale geological contact, which could be an extension of one of the inferred North Limb shears, (see Figure 02). The enigmatic 'Valley Float' less than 1km off the property boundary to the northeast has reported >16g/t Au, whilst the Gowan Lake showing to the southwest, also on the inferred contact, reports ~1.5g/t Au and the Kusins showing also associated with the contact reports 70.1 g/t Ag, 10.7% Zn and 8.9% Pb, see Figure 32.

While only a small land package, Magical's geological location gives weight to its potential. Exploration in 2022 generated sufficient credits to keep the property in good standing for several years, accordingly no work was conducted in 2023 whilst FCM focussed exploration on other properties.

**Figure 32** showing the Magical claim block in a geological district scale with pertinent 'showings'.

#### **Background**

Geologically, the area contains a northeast trending sequence of clastic sediments, plus subordinate amphibolite. These are bounded by the Gowan Lake Pluton in the northwest and the Cedar Lake Pluton in the southeast. The contact between the Gowan Lake Pluton and metavolcanics is found in the east and southern areas of the property. On the basis of nearology / vector, this is considered a potential host for gold mineralisation.

During the 2022 field season 11 rock chip samples and 56 soil samples were collected out of a helicopter supported 'fly' camp. The latter was analysed by the mobile metal ion ("MMI") methodology, see Figure 33.

**Figure 33** MMI sampling on the Magical property

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

For planned future work it is proposed that the soils lines are extended as well as further lines in the southwest to validate the anomalism associated with the contact / shear as well as prove strike continuity.

### Sugar Cube

The Sugar Cube claim block of 205 claims, covering ~43km<sup>2</sup>, is contiguous to the north-west of Silver Lake's 1.6Moz+ Sugar Zone gold mine. Sugar Cube was one of the 'seed' properties that formed the pre-IPO package. Previous workers interpreted from the limited geological information that the property could potentially contain the remnants of a (subparallel, arcuate) greenstone belt.

Whilst virtually no ground-based exploration was conducted in 2022, or 2023, the air magnetic/ VTEM geophysics survey undertaken in early 2023 provided sufficient credits to maintain this entire block through 2023 and into 2024.

**Figure 34** the Sugar Cube property with the government regional magnetics as background as well as district historical showings.

During historic (2021) ground reconnaissance by FCM, sulphide-rich metasediments that were previously unmapped were located (off property). Subsequently, greenstone boulders were located on the claim block by FCM. However, generally, the property is covered by overburden masking outcrop. The lack of exposure determined that the best next step for exploration was a geophysical survey.

Accordingly, in Q1 2023, a 578-line km geophysics survey comprising a helicopter-borne low-level 100m line spacing magnetic as well as electromagnetic ("EM") survey was completed.

*Geophysical data were acquired along N-S (N00-N180) oriented transverse lines spaced 100 m apart and control lines-oriented E-W (N090-N270) and spaced 1000 m apart. The helicopter maintained a mean altitude of 86 m above ground level with an average survey speed of 32.0 m/s (115 km/hr). The TDEM transmitter (Tx) loop was suspended approximately 49 m below the helicopter (37 m nominal terrain clearance) and receiver (Rx) coil and magnetic sensors suspended approximately 25 m above the Tx loop (61 m nominal terrain clearance).*

The interpretation by PGW determined the future field work to 'ground-truth' the identified anomalies, See Figure 35.

**Figure 35:** Interpretation provided by PGW on the EM survey conducted on the Sugar Cube property.

The survey was successful in so much no obvious remnants of green stone were evident. However, the central sector of the block merits further work and will be a focus for a future exploration programme. Other sectors will not be apportioned assessment credits and it is likely that those mining claims will lapse. With this in mind, the Company is impairing the property to zero value.

## Summary, strategy, and conclusions

First Class Metals, through its Canadian subsidiary, controls nine claim blocks totalling ~230km<sup>2</sup> in northwest Ontario, Canada. Seven of the nine blocks are 100% owned. Two claim blocks (North Hemlo and Sunbeam) account for well over half of the total area.

All of the seven IPO properties as well as the properties acquired, have sufficient assessment credits generated by field work in 2023, to keep them in good standing through to proposed field work in 2024. The Sugar Cube block is now impaired as a result of the magnetic survey results. Regardless FCM holds funds required to keep all the claims in good standing.

FCM initiated a systematic diligent exploration programme covering the 'Big four' (North Hemlo, Esa, Sunbeam and Zigzag), properties in 2023. The results were sufficiently encouraging to warrant further follow-up exploration in the upcoming field season. Particularly successful was the drilling at Zigzag and the stripping at Sunbeam, notwithstanding the 'new discovery' on the Dead Otter trend. However, it must be noted that most properties explored still have areas requiring prospecting and whilst the cornerstone of the exploration is gold, FCM contains in its portfolio precious, base (battery) and critical (lithium) mineral targets.

Six of the properties achieved active Exploration Permits in 2023, this is a veritable accomplishment in only the second year of listing. Furthermore, one property, Zigzag, was acquired and brought to drilling status with a notable a drill programme being conducted within the year.

Whilst the annual commitment to maintain the claims is circa CAD\$450,000, this is not a required spend given that credits from 2022 carry over to the 2023 season and in some instances into 2024. FCM intends to build off the positive exploration results and progress the exploration of the properties by drilling where permitting, funding and logistics allow, to a monetising event.

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

The 2023 field season's activities focused on bringing four properties to drill ready status, these being Sunbeam, Zigzag, Esa and North Hemlo. In the meantime, GT Resources (Palladium One) continued the exploration / drilling of the West Pickle Lake project areas and produced a National Instrument 43-101, as required under the JV terms.

The Company's strategy remains on track: to identify potential, value add, then monetise by JV or by sale.

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## STRATEGIC REPORT

### Key Performance Indicators

#### a) Financial

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

	31-Dec-2022 <sup>[1]</sup>	31-Dec-2023	Change
	£	£	%
Market Capitalisation	£11.64m	£5.00m	
Share Price	16.75p	6.1p	-63.5

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

#### b) Non-financial

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

### The principal risks and uncertainties

The principal risks and uncertainties of the Group<sup>[2]</sup> are outlined below.

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

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

#### **Exploration, Development and Operating Risk**

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

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

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

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

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

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

**The Group will need additional financial resources if it moves into commercial exploitation of**

### **any mineral resource that it discovers**

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

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

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

### **Going Concern**

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

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

The Group successfully raised £1,918,623 in the year ended 31 December 2023 through a combination of issuing new shares and warrant conversions. As at the year-end date the Group had total cash reserves of £140,802 (2022: £712,715)

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

### **Section 172 (1) Statement**

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

The Board takes a long-term approach to creating and realising value for the shareholders and is aware of the capital and time required in order to develop a resource projects. All of the Group's key assets are early-stage exploration.

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

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

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

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

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

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

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

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

**Having regard to the need to foster the Group's business relationships with others**

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

**Having regard to the interests of the Group employees**

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

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

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

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

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

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

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

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

Our policy consists of five pillars:

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

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

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

Our full ESG report is available on our website.

#### **Greenhouse Gas (GHG) Emissions**

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

#### **Board, Shares and Related Parties**

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

#### **TCFD Compliance Statement**

### **CLIMATE RELATED FINANCIAL DISCLOSURES**

#### **Introduction**

The Board recognises that transparency regarding climate-related risks and opportunities is critical to maintaining the trust of our stakeholders and allows our investors to understand the implications of the Group's activities on climate change. The Board's consideration of key environmental risks is included under the principal risks and uncertainties section of the Director's Report. The Board also presents the following synthesis of its adoption of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), structured into four sections: Governance, Risk Management, Strategy and Metrics and Targets.

#### **Governance**

The Board recognise that operating responsibly, which includes minimizing the environmental impact of our operations, is fundamental to the long-term success of the Group. We believe building a better future involves embedding climate awareness throughout our organisation, starting at the top.

The Board oversees the management of specific risks and opportunities, including climate-related risks and opportunities. The senior management team provides regular updates to our Board on their activities, and, in addition, the Board reviews the risks associated with the Group's operations throughout the year.

#### **Risk Management**

The Board recognises that climate change risk is a global issue that may impact how we run our business, both today and in the future. As such, we continue to look for ways to improve our understanding of climate-related risks. However, although the impact of climate change is extremely low at this stage in the Group's development, we are conscious that "doing nothing" isn't an acceptable response to the impact climate change may have on the business in the future. We are therefore working to integrate climate risk variables into our overall risk management process and establish formal multi-disciplinary processes.

#### **Strategy**

The Group operates from a corporate head office in the UK but holds metal exploration assets in Ontario, Canada. The nature of these assets includes early-stage exploration with limited invasive impact. The



Board is conscious of the inherent environmental risks associated with metals exploration. However, the Board actively encourages its contractors to operate within international environmental guidelines and to perform its activities using the most up-to-date equipment.

### Metrics & Targets

The Board is committed to reducing its impact on the environment in all aspects of its business activities in which it operates. The Board engages with all its key stakeholders and partners and encourages the reduction of CO2 emissions throughout the value chain to promote an environment that actively strives towards achieving 'net zero' by 2035. However, at this stage in the Group's development there are no formal metrics or targets to measure the Group's emissions against, but the Board continues to review the need to implement metrics & targets.



This report is approved by the Board on June 13 2024 and signed on its behalf by:

.....  
Marc J. Sale  
CEO

## CORPORATE GOVERNANCE REPORT

### Introduction

The Company is considered as a 'small cap' company listed on the main market of the London Stock Exchange. It has a board of directors consisting of 4 directors. Of these directors, 2 are considered as Executive directors and 2 are considered Independent Non-Executive Directors. James Knowles, the Executive Chairman, is the only full-time employee of the Company. In order to meet its work-related requirements, the company hires contractors on a periodic basis as and when the need arises.

Considering the small size of the Company, the Board believes that it can perform a majority of the functions required by it or through its direct supervision. The Company has two committees: the Audit Committee and the Remuneration Committee which are constituted mainly by the two Independent Non-Executive Directors.

Further information on the Boards administrative and management along with information about each of the two Board committees and its composition, function as well as their respective activities for the year 2023 can be found below in this Corporate Governance Report.

### Chairman's Statement

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

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

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

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

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

The Board aims to lead by example and do what is in the best interest of the Company. We aim to promote and develop

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

### **Anti-Bribery Policy**

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

### **Whistle Blower Policy**

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

### **Environmental, Social, and Governance (ESG) Policy**

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

### **Equality and Diversity Policy**

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

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

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

The Board are committed to equality, diversity, and inclusion. While there is no formal diversity policy in place due to the current size of the Group, the Directors remain committed to diversity among our staff and leadership team, and this is revisited each year. The Company actively promotes equality, diversity, and inclusion, and proactively removes and address any activities or behaviours that may jeopardise this commitment. The Company aims to create an environment where all stakeholders can work harmoniously, feel valued, appreciated, and included, irrespective of race, ethnicity, culture, gender, skin colour, sexual orientation, marital status, religion, disability, ability, education background, family background, political background, health or representative of any community.

### **Compliance with the Quoted Company Alliance Code**

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

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

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

**Principle Two: Seek to understand and meet shareholder needs and expectations.** The Board is committed to maintaining good communications with its shareholders and with investors with a view to understanding their needs and expectations. The Board and, in particular, the Chairman, maintain close contact with many of the shareholders.

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

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

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

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

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

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

#### **Principle Four: Embed effective risk management considering both opportunities and threats throughout the**

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

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

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

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

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

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

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

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

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

The Directors' qualifications and experience are set out on in the Directors' Report. The Board believes that the current balance of sector, technical, financial, operational and public markets skills and experience which its members have is appropriate for the current size and stage of development of the Company. The Company Secretary provides advice and guidance, as required, to the Board on regulatory matters, assisted by the Company's lawyers. The Directors seek to keep their skills up to date through continuing professional development and attending relevant courses. Directors from a technical discipline are encouraged to maintain professional accreditation.

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

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

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

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

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

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

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

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

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

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

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

## **Leadership of the Board**

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

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

### **Strategy and Planning**

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

### **Risk Management**

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

### **Financial Oversight**

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

## **Corporate Governance**

The Board has established a Corporate Governance Committee to oversee the Company's corporate governance framework.

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

### **Stakeholder Management**

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

### **Monitoring Performance**

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

### **Division of Responsibilities**

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

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

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

### **Independent Non-Executive Directors**

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

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

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

Andrew Williamson and Marc Bamber are considered to be INEDs of the Company.

### **Board Support, Meeting, and Attendance**

The Board and its Committees meet regularly on scheduled dates. In leading and controlling the Company, the Directors are expected to attend all meetings and their attendance for the financial year 2023 is shown in the Directors' Report section of this Annual report.

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

### **Board Induction, Training and Development**

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

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

### **Re-Election of Directors**

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

### **Board Committees**

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

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

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

# Audit Committee Report

## Composition of the Audit Committee

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

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

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

## Operation of the Committee

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

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

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

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

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

The Directors are responsible for internal control in the Company and for reviewing effectiveness. Due to the size of the Company, all key decisions are made by the Board. The Directors have reviewed the effectiveness of the Company's systems during the period under review and consider that there have been no material losses, contingencies, or uncertainties due to weaknesses in the controls. A key governance requirement of the Company's financial statements is for the report and accounts to be fair, balanced, and understandable. The coordination and review of the Company wide input into the Annual Report is a sizeable exercise performed within an exacting time frame. It runs alongside the formal audit process undertaken by external auditors and is designed to arrive at a position where initially the Committee, and then the Board, is satisfied with the overall fairness, balance, and clarity of the document.

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

One meeting of the Audit Committee was held on March 2024 in order to ascertain the auditor's performance and recommend to the Board that RPG be re-appointed as auditors to the Company for a further period of one year.

## Internal financial control

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

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

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

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

## Audit, Risk and Internal Control

The Audit Committee did not face any significant issues in relation to the preparation of the financial statements. The financial accounts were prepared by the Company with the assistance of Aventus Partners and was audited by RPG.

## Reappointment of Royce Peeling Green Limited ("RPG") as auditors

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

Following At a meeting of the audit committee held on March 26, 2024, the audit committee assessed the performance of RPG for the previous year and recommended to the Board that they be re-appointed as auditors to the Company for an additional

term of one year.

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

RPG do not provide any non-audit services therefore their objectivity and independence are safe-guarded.

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



Marc Bamber  
Audit Committee Chairman  
June 13, 2024

## Remuneration Report

### Composition of the Remuneration Committee

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

### Role of the Remuneration Committee

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

### Remuneration Policy

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

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

The remuneration policy is based on the following principles:

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

### Remuneration of Directors

The remuneration policy and packages of the Directors were duly covered in detail in the Annual Report 2022 and approved at the Annual General meeting of the Company held on June 29, 2023. Further, details of the same will be submitted to the general body of the shareholders at the forthcoming Annual General Meeting of the Company.

#### a. Remuneration of Executive Directors

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

#### b. Remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors is set by the Board. They attend meeting of the Board of the Company as well as perform their functions in the various Board committees.

### Directors Remuneration Report

	SALARY	FEES	PENSION	TOTAL
	£	£	£	£
	00,000			00,000

M Bamber	30,000			30,000
A Bodi	62,368			62,368
J Knowles	93,333			93,333
M Sale	49,500	181,814	1,500	232,814
D Varma	31,523			31,523
A Williamson		4,170		4,170
Carlos Espinosa		7,152		7,152
	<b>266,725</b>	<b>193,136</b>	<b>1,500</b>	<b>461,361</b>

**Notes:**

1. Ayub Bodi's Employment Contract was terminated on the 15th December 2023.
2. Danesh Varma resigned on the 15th October 2023.
3. Andrew Williamson's directorship commenced on the 15th October 2023
4. Marc Sale's company Specialist Exploration Services Scotland Limited ("SES") was paid a total of £181,814 during the year. These payments include travel/accommodation & out of pocket expenses incurred through the period by SES on behalf of First Class Metals PLC amounting to **£8,981.90**.
5. During the period SES subscribed for 375,000 10p shares for £37,500.

## Company Pension Scheme

As of 31 December 2023, the Company has a pension plan in place which the Directors may opt in to whereupon the Company will pay contributions in relation to their remuneration. Thus far, only Marc Sale has opted in and contributed a sum of £1,500 into a private pension scheme. The Company has not paid out any further excess retirement benefits to any other Directors.

## Service Contracts

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

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

SES is a company owned by Marc Sale. The engagement commenced with effect from 1 March 2022 and shall continue unless terminated as provided for in the SES Consultancy Agreement or on the giving of not less than four weeks' prior written notice by either party. The engagement is for a minimum commitment of at least 10 days per month with such additional time, if any, as may be necessary for their proper performance of the services. During the year, the Company paid a bonus to Marc Sale by paying a sum of £50,000 to SES which was used by SES to buy 375,000 shares of the company at 10p per share.

The Company has entered into an agreement for services with Wrynwy Limited on October 12, 2023. Wrynwy Limited has appointed Andrew Williamson as an INED of the Company. The agreement has a term of three years. The agreement may be terminated by either party by giving one month's notice to the other. The agreement is subject to the Company's articles of association as may be amended from time to time. Copies of the letters of appointments and service contracts awarded to Directors are kept at the registered office of the Company for inspection.

## Directors' interest in shares

Holder	Number of Shares	% of total capital issued
James Knowles	4,153,925	5.06%
Marc Sale	375,000	0.46%
Marc Bamber	377,965	0.46%
Andrew Williamson	-	-

One meeting of the committee was held in January 2023 in order to evaluate and recommend suitable bonuses and pay increases to reward the efforts made by various members of the Company.

### Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's periodic reviews of its policy on remuneration.

### UK 10-year performance graph

The directors have considered the requirement for a UK 10-year performance graph comparing the Group's Total Shareholder Return with that of a comparable indicator. The directors do not currently consider that including the graph will be meaningful because the Company has only been listed since July 2022, is not paying dividends and is currently incurring losses as it gains scale. The directors therefore do not consider the inclusion of this graph to be useful to shareholders at the current time. The directors will review the inclusion of this table for future reports.

### UK 10-year CEO table and UK percentage change table

The directors have considered the requirement for a UK 10-year CEO table and UK percentage change table. The directors do not currently consider that including these tables would be meaningful because, as described under the Directors' Service Contracts section above directors have been engaged in the Company only since July 2022. The directors will review the inclusion of this table for future reports.

### Relative importance of spend on pay

The Directors have considered the requirement to present information on the relative importance of spend on pay compared to shareholder dividends paid. Given that the Company does not currently pay dividends the directors have



not considered it necessary to include such information.

#### **Policy for new appointments**

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience, and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

#### **Policy on payment for loss of office**

Payment for loss of office would be determined by the Remuneration Committee, taking into account contractual obligations.



.....  
Andrew Williamson  
Remuneration Committee Chairman  
June 13 2024

## **DIRECTOR'S REPORT**

The Directors present their report together with the audited financial statements for the year ended 31 December 2023.

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

### **Principal Activity**

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

### **Dividends**

No dividend has been paid during the year nor do the Directors recommend the payment of a final dividend (2022: £nil).

### **Directors**

The Directors who served during the year and up to the date hereof were as follows:

	<b>Date of appointment</b>	<b>Date of resignation</b>
Marc Sale	June 16, 2022	-
James Knowles	January 26, 2021	-
Andrew Williamson	October 15, 2023	-
Marc Bamber	July 22, 2022	-
Ayub Bodi	January 26, 2021	February 02, 2024
Danesh Varma	July 29, 2022	October 15, 2023

### **Directors' Indemnity Provisions**

The Company has implemented Directors and Officers Liability Indemnity insurance.

### **Donations**

The Company made no political donations during the year (2022: £nil).

### **Share Capital**

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

### **Substantial Shareholdings**

Details of changes in share capital during the year are detailed in note 17 to the financial statements. On 31 December 2023 shareholders may be analysed as follows:



Holder	Shares Held	Percentage Ownership
Power Metals PLC & Power Metals Canada Inc*	19,033,802	23.24%
James Knowles (and family) *	4,153,925	5.07%
Ayub Bodi (and family) *	4,153,926	5.07%
Asif Bodi *	3,655,667	4.46%
Afzal Valli	3,599,635	4.39%
James Huddleston	3,428,571	4.18%
Others, with sub <3% holdings	44,378,473	54.19%
<b>Total in Issue</b>	<b>82,046,029</b>	

James Knowles and Ayub Bodi have loaned the company 5,995,332 & 5,995,332 shares respectively to be returned on the publication of prospectus or when headroom allows.

## Board of Directors

The Board currently consists of two executive Directors & two independent non-executive Directors. It met regularly throughout 2023 to discuss key issues and to monitor the Company's overall performance. All matters and committees, such as Remuneration and Audit are considered by this Board.

### James Knowles

#### *Executive Chairman*

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

### Marc Sale

#### *Chief Executive Officer*

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

### Andrew Williamson

#### *Non-Executive Director*

Andrew qualified as a lawyer in 1990 and has worked in the corporate field throughout his career. As a corporate partner, he advised on corporate and capital market transactions, both debt and equity. He has substantial experience of listings on the major stock markets around the world. He also has extensive experience of public and private corporate transactions and the creation of domestic and international investment funds. A former institutional corporate stockbroker, nomad, and sponsor to the Full List, he is known to use his extensive commercial experience to assist his clients with their legal issues. He has been recognized as a recommended lawyer by legal 500 in the private acquisition and merger (sub £100m) category and in the debt capital market category.

### Marc Bamber

#### *Non-Executive Director*

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

### Ayub Bodi

#### *Executive Director*

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

Ayub Bodi was resigned as a Director of the Company on February 02, 2024.

### Danesh Varma

#### *Non-Executive Director*

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

Danesh Varma resigned as a Director of the Company on October 15, 2023.

## Directors' powers

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

## Directors' Remuneration

A total of £461,361 was paid as remuneration to Directors for the year ended December 31, 2023. The remuneration of the Directors will further be put to the approval of the shareholders at the forthcoming Annual General Meeting of the Company

## Board Activities

The Board has determined that the Company will have a minimum of four Board Meetings, two Audit Committee Meetings and two Remuneration Committee Meetings each year. Due to necessary circumstances, the Board held a total of 9 meetings during the year 2023. The meeting of the Audit Committee was held on 25 January 2023, and the first meeting of the Remuneration Committee was held on 19 January 2023.

The table below provides an overview of the attendance of the various directors.

Board Meeting Attendance	
Name of Director	Meetings Attended
James Knowles	9
Ayub Bodi	5
Marc Sale	9
Danesh Varma	5
Marc Bamber	8
Andrew Williamson	3

Note: Danesh Varma resigned from the Board on the 15 October 2023, Andrew Williamson was appointed to the Board on the 15 October 2023 and Ayub Bodi resigned from the Board on the 2 February 2024.

## Explanation of Board Performance and Effectiveness

During the financial year ended 31 December 2023 a Board evaluation was carried out and it has been determined that the Board has been effective during the period. Additionally, the Board believes that it has developed a suitable composition in order to continue to perform as a cohesive Board for the foreseeable future.

## Auditor

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

RPG has expressed its willingness to continue in office. At a meeting of the audit committee held on March 26, 2024, the audit committee assessed the performance of RPG for the previous year and recommended to the Board that they be re-appointed as auditors to the Company for an additional term of one year.

A resolution to reappoint RPG will be proposed at the forthcoming Annual General Meeting.

## Shareholder Communications

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

## Disclosure of Information to the Auditor

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

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial

position and financial performance.

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

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

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

The Directors confirm that to the best of their knowledge:

- the Company financial statements give a true and fair view of the assets, liabilities, financial position, and profit of the Company;
- this Annual Report includes the fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced, and understandable and provide information necessary for shareholders to assess the Company's performance, business, and strategy.

#### **Forward Looking Statements**

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

#### **Post balance sheet events**

The Company received a further CAD\$200,000 OJEP Grant from the Canadian Ministry of Mines for the Zigzag lithium & critical metals property for work completed during 2023 in April 2024

In June 2024, an agreement was reached with the 79th GRP Limited to sell 100% of the McKellar and Enable projects. The combined sale price is GBP £270,000

In addition to the 'McKellar and Enable' assets sale, FCM has entered into a £230,000 working capital term loan with eh 79th GRP Limited in May 2024.

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

This report is approved by the Board on June 13 2024 and signed on its behalf by:



.....  
James Knowles Executive  
Chairman  
June 13, 2024

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER  
2023**

		31 December 2023	31 December 2022
	Note	£	£
Revenue		-	-
Administrative expenses		(1,461,347)	(693,583)
Operating loss	5	(1,461,347)	(693,583)
Finance income		5,742	461
Finance costs		(123,324)	(7,918)
Net finance cost	6	(117,582)	(7,457)
Loss before tax		(1,578,929)	(701,040)
Taxation	10	-	-
Loss for the year		(1,578,929)	(701,040)

**Items that may be reclassified subsequently to profit or loss**

Foreign currency translation gains	14	98
Total comprehensive loss for the year	(1,578,915)	(700,942)

**Total comprehensive loss attributable to:**

Owners of the company	(1,578,915)	(700,942)
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The above results were derived from continuing operations.

**Loss per share**

Basic and diluted loss per share (pence)	11	(2.13)p	(1.31)p
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**First Class Metals Plc**

(Registration number: 13158545)

**Consolidated Statement of Financial Position as of 31 December 2023**

		31 December 2023	31 December 2022
	Note	£	£
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	13	903	812
Mineral property exploration and evaluation	12	3,351,389	2,256,720
		3,352,292	2,257,532
<b>Current assets</b>			
Trade and other receivables	15	290,012	226,217
Cash and cash equivalents	16	140,802	712,715
		430,814	938,932
Total assets		3,783,106	3,196,464
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	17	(82,046)	(69,049)
Share premium		(4,719,622)	(3,395,168)
Equity reserve		(719,440)	(10,258)
Foreign currency translation reserve		(112)	(98)
Retained earnings		2,424,644	869,379
Equity attributable to owners of the company		(3,096,576)	(2,605,194)
<b>Current liabilities</b>			
Trade and other payables	21	(526,530)	(372,678)
Loans and borrowings	19	(160,000)	(218,502)

Loans and borrowings	(100,000)	(210,721)
	(686,530)	(591,270)
Total equity and liabilities	(3,783,106)	(3,196,464)

The financial statements were approved and authorised for issue by the Board on (X) June 2024 and signed on its behalf by:



James Peter Knowles - Executive Chairman  
Director

**First Class Metals Plc**  
**(Registration number: 13158545)**  
**Company Statement of Financial Position as of 31 December 2023**

	Note	31 December 2023 £	31 December 2022 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	13	903	812
Investments in subsidiary	14	581	581
		<u>1,484</u>	<u>1,393</u>
<b>Current assets</b>			
Trade and other receivables	15	3,528,626	2,247,451
Cash and cash equivalents	16	140,302	711,613
		<u>3,668,928</u>	<u>2,959,064</u>
Total assets		<u>3,670,412</u>	<u>2,960,457</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	17	(82,046)	(69,049)
Share premium		(4,719,622)	(3,395,168)
Equity reserve		(719,440)	(10,258)
Retained earnings		2,109,931	844,250
Total equity		<u>(3,411,177)</u>	<u>(2,630,225)</u>
<b>Current liabilities</b>			
Trade and other payables	21	(99,235)	(111,640)
Loans and borrowings	19	(160,000)	(218,592)
		<u>(259,235)</u>	<u>(330,232)</u>
Total equity and liabilities		<u>(3,670,412)</u>	<u>(2,960,457)</u>

The Company's loss for the year was £1,289,345 (2022: - £680,190).

The financial statements were approved and authorised for issued by the Board on June 13, 2024 and signed on its behalf by:



James Peter Knowles - Executive Chairman  
Director

## First Class Metals Plc

### Consolidated Statement of Changes in Equity for the Year Ended 31 December 2023

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

	Share capital £	Share premium £	Equity reserve £	Foreign currency translation £
At 1 January 2023	69,049	3,395,168	10,258	98
Loss for the year	-	-	-	-
Other comprehensive income	-	-	-	14
Total comprehensive income	-	-	-	14
New share capital subscribed	12,997	1,324,454	-	-
Shares to be issued	-	-	719,440	-
Other equity reserve movements	-	-	13,406	-
Transfer	-	-	(23,664)	-
At 31 December 2023	82,046	4,719,622	719,440	112

James Knowles and Ayub Bodi have loaned the company 5,995,332 and 5,995,331 shares respectively to be returned on the publication of prospectus or when headroom allows. This has been reflected in the equity reserve.

## First Class Metals Plc

### Company Statement of Changes in Equity for the Year Ended 31 December 2023

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

	Share capital £	Share premium £	Equity reserve
At 1 January 2023	69,049	3,395,168	10,2
Loss for the year	-	-	-
Total comprehensive income	-	-	-
New share capital subscribed	12,997	1,324,454	-
Shares to be issued	-	-	719,4
Other equity reserve movements	-	-	13,4

Transfer	-	-	(23,6)
At 31 December 2023	82,046	4,719,622	719,4

James Knowles and Ayub Bodi have loaned the company 5,995,332 and 5,995,331 shares respectively to be returned on the publication of prospectus or when headroom allows. This has been reflected in the equity reserve.

## First Class Metals Plc

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

	Note	31 December 2023 £	31 December 2022 £
<b>Cash flows from operating activities</b>			
Loss for the year		(1,578,929)	(701,040)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	532	162
Impairment losses	5	88,568	-
Foreign exchange loss/(gain)	5	77,447	(29,831)
Finance income	6	(5,742)	(461)
Finance costs	6	123,324	7,918
		(1,294,800)	(723,252)
Working capital adjustments			
Increase in trade and other receivables	15	(107,521)	(176,917)
Increase in trade and other payables	21	283,876	266,096
Net cash flow from operating activities		(1,118,445)	(634,073)
<b>Cash flows from investing activities</b>			
Interest received	6	5,742	461
Acquisitions of property plant and equipment		(624)	(974)
Acquisition of mineral property exploration and evaluation	12	(1,253,726)	(1,013,050)
Net cash flows from investing activities		(1,248,608)	(1,013,563)
<b>Cash flows from financing activities</b>			
Interest paid	6	(18)	-
Proceeds from issue of ordinary shares, net of issue costs		1,337,451	1,593,549
Proceeds from other borrowing draw downs		450,000	587,180
Repayment of other borrowing		(517,143)	(23,747)
Financing of shares loaned by directors		725,602	-
Finance cost of financial instruments		(123,305)	-
Foreign exchange gains or losses		(77,447)	-
Net cash flows from financing activities		1,795,140	2,156,982
Net (decrease)/increase in cash and cash equivalents		(571,913)	509,346
Cash and cash equivalents at 1 January		712,715	267,244
Effect of exchange rate fluctuations on cash held		-	(63,875)
Cash and cash equivalents at 31 December		140,802	712,715

## First Class Metals Plc

### Company Statement of Cash Flows for the Year Ended 31 December 2023

	Note	31 December 2023 £	31 December 2022 £
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**Cash flows from operating activities**

Loss for the year		(1,289,345)	(680,190)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	532	162
Foreign exchange loss	5	389	-
Finance income	6	(5,004)	(461)
Finance costs	6	110,765	7,918
		(1,182,663)	(672,571)
Working capital adjustments			
Increase in trade and other receivables	15	(1,280,546)	(1,047,919)
Increase in trade and other payables	21	2,760	8,390
Net cash flow from operating activities		(2,460,449)	(1,712,100)

**Cash flows from investing activities**

Interest received	6	5,004	461
Acquisitions of property plant and equipment		(624)	(974)
Net cash flows from investing activities		4,380	(513)

**Cash flows from financing activities**

Interest paid		(18)	-
Proceeds from issue of ordinary shares, net of issue costs		1,337,451	1,593,549
Proceeds from other borrowing draw downs		450,000	587,180
Repayment of other borrowing		(517,143)	(23,747)
Financing of shares loaned by directors		725,602	-
Finance cost of financial instruments		(110,746)	-
Foreign exchange gains or losses		(388)	-
Net cash flows from financing activities		1,884,758	2,156,982
Net (decrease)/increase in cash and cash equivalents		(571,311)	444,369
Cash and cash equivalents at 1 January		711,613	267,244
Cash and cash equivalents at 31 December		(140,302)	711,613

**First Class Metals Plc****Notes to the Financial Statements for the Year Ended 31 December 2023****1 General information**

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

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

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

The address of its registered office is:

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

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

These financial statements were authorised for issue by the board on June 13 2024

**2 Accounting policies****Statement of compliance**



#### **Statement of compliance**

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

#### **Basis of preparation**

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

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

## **First Class Metals Plc**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Basis of consolidation**

The consolidated financial statements comprise the financial information of the Company and its subsidiary made up to the end of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of comprehensive income in these financial statements.

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

##### **Adoption of New and Revised Standards**

The following standards and amendments became effective in the year:

- IFRS 17 Insurance Contracts
- IAS 8 Amendments regarding the definition of accounting estimates;
- IAS 12 Amendments regarding deferred tax on leases and decommissioning obligations;
- Amendment to IAS 1 Amendments regarding the classification of liabilities and amendments regarding the disclosure of accounting policies;

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

##### **New standards and interpretations not yet adopted**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2024 and which the Group has chosen not to adopt early. These include the following standards which are relevant to the Group:

- IFRS 16 Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.
- Amendment to IAS 7 and IFRS 7 - Supplier finance

- Amendment to IAS 1 - Non-current liabilities with covenants
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information
- Amendments to IAS 21 - Lack of Exchangeability
- IFRS S2, 'Climate-related disclosures'

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

## **First Class Metals Plc**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

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

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

The Company successfully raised £1,789,478.20 in the year ended 31 December 2023 through a combination of issuing new shares and warrant conversions. As at the year-end date the Group had total cash reserves of £140,802 (2022: £712,715).

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

##### **Government grants**

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

##### **Foreign currency transactions and balances**

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

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

##### **Segmental reporting**

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

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Tax

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

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

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

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Property, plant, and equipment

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

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

#### Depreciation

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

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

## First Class Metals Plc

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Mineral property exploration and evaluation

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

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

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

#### **Impairment of mineral property exploration and evaluation**

The carrying values of capitalised exploration and evaluation assets are assessed for impairment if fact and circumstances indicate that the carrying amount exceeds the recoverable amount and sufficient data exists to evaluate technical feasibility and commercial viability. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposition and the asset's value in use. If the carrying amount of the asset exceeds its estimated recoverable amount, the asset is impaired, and an impairment loss is charged to the income statement so as to reduce the carrying amount to its estimated recoverable amount.

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

#### **Investments in subsidiaries**

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

#### **Cash and cash equivalents**

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

## **First Class Metals Plc**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Trade payables**

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

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

##### **Borrowings**

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

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

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

##### **Contingent liabilities and contingent assets**

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

continued by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

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

#### **Share capital**

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

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

## **First Class Metals Plc**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial instruments**

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

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

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

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

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

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

##### **Compound financial instruments**

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

The liability component of a compound financial instrument is initially recognised at the fair value of a similar

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

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

### 3 Critical accounting judgements and key sources of estimation uncertainty

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

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

## First Class Metals Plc

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

#### Recognition of evaluation and exploration assets

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

The carrying value at the year-end was £3,351,389 (2022: £2,256,720)).

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

### 4 Segmental information

#### Identification of reportable operating segments

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

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

#### Geographical information

##### Income statement analysis

	2023			2022		
	UK	Canada	Total	UK	Canada	Total
	£	£	£	£	£	£
Administrative expenses	1,183,584	277,763	1,461,347	672,733	20,850	693,583

##### Non-current assets

	2023			2022		
	UK	Canada	Total	UK	Canada	Total
	£	£	£	£	£	£
Property, plant and equipment	1,183,584	277,763	1,461,347	672,733	20,850	693,583

Mineral property exploration and evaluation asset	-	3,351,389	3,351,389	-	2,256,720	2,256,720
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## 5 Operating loss

Arrived at after charging

	31 December 2023	31 December 2022
	£	£
Depreciation expense	(532)	(162)
Impairment losses	(88,568)	-
Foreign exchange (losses)/gains	(77,447)	25,669

## First Class Metals Plc

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

## 6 Finance income and costs

	31 December 2023	31 December 2022
	£	£
<b>Finance income</b>		
Interest income on bank deposits	5,742	461
<b>Finance costs</b>		
Interest on bank overdrafts and borrowings	(2)	-
Interest expense on other financing liabilities	(123,322)	(7,918)
Total finance costs	(123,324)	(7,918)
Net finance costs	(117,582)	(7,457)

## 7 Staff costs

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

	31 December 2023	31 December 2022
	£	£
Wages and salaries	266,725	174,500
Social security costs	26,585	13,079
Other short-term employee benefits	4,200	-
Pension costs, defined contribution scheme	1,500	-
	299,010	187,579

The average monthly number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	31 December 2023	31 December 2022
	No.	No.
Administration and support	4	3

## 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	31 December 2023	31 December 2022
	£	£
Remuneration	270,894	168,500
Contributions paid to money purchase schemes	1,500	-
	272,394	168,500

## First Class Metals Plc

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 8 Directors' remuneration

##### Summary

	SALARY	FEES	PENSION	TOTAL
	£	£	£	£
M Bamber	30,000			30,000
A Bodi	62,368			62,368
J Knowles	93,333			93,333
M Sale	49,500	181,814	1,500	232,814
D Varma	31,523			31,523
A Williamson		4,170		4,170
Carlos Espinosa		7,152		7,152
	<b>266,724</b>	<b>193,136</b>	<b>1,500</b>	<b>461,360</b>

#### 9 Auditors' remuneration

	31 December 2023 £	31 December 2022 £
Audit of these financial statements	29,000	25,500
Audit of the subsidiary's financial statements by component auditor	-	2,822
	<b>29,000</b>	<b>28,322</b>

#### 10 Income tax

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022: the same as the standard rate of corporation tax in the UK) of 23.5% (2022: 19%).

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

	31 December 2023 £	31 December 2022 £
Loss before tax	(1,578,929)	(701,040)
Corporation tax at standard rate	(371,048)	(133,198)
Increase from effect of unrelieved tax losses carried forward	371,048	133,198
Total tax charge/(credit)	-	-

## First Class Metals Plc

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

There is an unrecognised deferred tax asset at 31 December 2023 of £612,073 (2022: £217,345) which, in view of the trading results, is not considered by the directors to be recoverable in the short term. The applicable tax rate is 25% which was enacted under UK legislation and would be the rate applicable when the asset reverses.

#### 11 Loss per share

The basic loss per share for the period of (2.13)p (2022: (1.31)p) is calculated by dividing the loss for the period by



the weighted average number of Ordinary Shares in issue of 74,217,536 (2022: 53,456,619 Ordinary Shares). Note 17 provides details of the share issues during the year ended 31 December 2023.

There are potentially issuable shares all of which relate to share warrants issued as part of placings in 2023. The weighted average number of additional potential Ordinary Shares in issue is 22,615,228 (2022: 23,982,815). However, due to the losses for the year the impact of the potential additional shares is anti-dilutive and has therefore not been recognised in the calculation of the fully diluted loss per share of (2.13)p per share (2022: (1.31)p). There have been no further shares issued post year-end.

## 12 Mineral property exploration and evaluation

### Group

	Mineral property exploration and evaluation £
<b>Cost or valuation</b>	
At 1 January 2023	2,256,720
Additions	1,253,726
Foreign exchange movements	(70,489)
At 31 December 2023	3,439,957
<b>Amortisation</b>	
At 1 January 2023	-
Impairment charge	88,568
At 31 December 2023	88,568
<b>Carrying amount</b>	
At 31 December 2023	3,351,389
At 31 December 2022	2,256,720

During the previous year the Group successfully applied for a grant of CAD \$200,000 for the purpose of mitigating the costs of carrying out exploration and evaluation activities on the North Hemlo project. Post year-end the Group retrospectively applied for a grant of CAD \$200,000 for additional exploration work carried out on North Hemlo, this was received in April 2024 and recognised as accrued income in 2023 which was offset against the cost of additions shown above.

### Impairment of the Sugar Cube property

The magnetic geophysics survey carried out in 2023 over the Sugar Cube property was successful in so much no obvious remnants of green stone were evident. However, the central sector of the block merits further works and will be a focus for a future exploration programme. Other sectors will not be apportioned assessment credits and it is likely that those mining claims will lapse. With this in mind, the Company is impairing the property to zero value.

## First Class Metals Plc

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

## 13 Property, plant and equipment

### Group and Company

	Furniture, fittings and equipment £
<b>Cost or valuation</b>	
At 1 January 2023	974
Additions	624
At 31 December 2023	1,598
<b>Depreciation</b>	

At 1 January 2023	162
Charge for the year	533
At 31 December 2023	695
<b>Carrying amount</b>	
At 31 December 2023	903
At 31 December 2022	812

## First Class Metals Plc

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 14 Investments

##### Company

Details of the Company's subsidiary as at 31 December 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
First Class Metals Canada Inc.	Mining of other non-ferrous metal ores	55 York Street Suite 401 Toronto ON M5J 1R7 Canada	100% ordinary shares	100% ordinary shares

##### Summary of the company investments

	31 December 2023	31 December 2022
	£	£
Investment in subsidiary	581	581

#### 15 Trade and other receivables

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	£	£	£	£
Receivables from Group company	-	-	3,485,392	2,148,884
Accrued income (see note 12)	118,991	85,979	-	-
Prepayments	32,452	67,919	28,650	67,919
Other receivables	138,569	72,319	14,584	30,648
	290,012	226,217	3,528,626	2,247,451

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	£	£	£	£
<b>At amortised cost</b>				
Trade and other receivables	-	125,998	-	2,232,881
	-	125,998	-	2,232,881

#### 15 Trade and other receivables

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

# First Class Metals Plc

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 16 Cash and cash equivalents

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	£	£	£	£
Cash at bank	140,802	712,715	140,302	711,613

At 31 December 2023 all cash at bank and in hand was denominated in £ sterling other than £500 in Canadian Dollars (2022: £1,102).

### 17 Share capital

#### Allotted, called up and fully paid shares

	31 December 2023		31 December 2022	
	No.	£	No.	£
Ordinary shares of £0.001 each	82,046,029	82,046.03	69,048,707	69,048.71

#### New shares allotted

During the year 12,997,322 Ordinary shares having an aggregate nominal value of £12,997 were allotted for an aggregate consideration of £1,337,451.

The table below presents the number of new Ordinary Shares after each equity transactions that occurred in the year ended 31 December 2023 and the comparative period to 31 December 2022.

	Number of new Ordinary shares No	Share Capital £
<b>Allotted, issued and fully paid:</b>		
As at 31 December 2021	943,484	943
Bonus issue of shares	50,000,000	50,000
Shares issued upon exercising Subscription warrants	1,004,985	1,005
Placing on 28 July 2022	10,280,000	10,280
Issue of shares on conversion of loan	3,428,571	3,429
Private placings	3,091,667	3,092
Issue of shares to geological consultant	300,000	300
As at 31 December 2022	69,048,707	69,049
Shares issued upon exercising Subscription warrants	1,693,587	16,936
Placing on 26 June 2023	9,974,000	99,740
Issue of shares for options and services	1,329,735	13,297
As at 31 December 2023	82,046,029	82,046

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

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

Warrant, Issue & Expiry date	Amount Issued	Exercise Price	Amount Exercised	Number Outstanding at the year end
------------------------------	------------------	-------------------	---------------------	---

10p Warrants 28 July 2022 Exp 28 July 2024	7,652,563	10p	1,597,572	6,054,991
12.5p Warrants 28 July 2022 Exp 28 July 2024	7,321,785	12.5p	775,000	6,546,785
20p Warrants 28 July 2022 Exp 28 July 2025	7,321,785	20p	-	7,321,785
15p Broker Warrants 28 July 2022 Exp 28 July 2025	150,000	15p	-	150,000
20p Sunbeam Subscription Warrants 3 October 2022 Exp 3 October 2025	666,667	20p	-	666,667
20p James Goozee Warrants 4 December 2022 Exp 4 December 2025	1,875,000	20p	-	1,875,000

James Knowles and Ayub Bodi have loaned the company 5,995,332 and 5,995,331 ordinary shares respectively to be returned on the publication of prospectus or when headroom allows. This has been reflected in the equity reserve.

## 18 Reserves

### Group and Company

**Share capital** - This represents the nominal value of equity shares in issue.

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

**Equity reserve** - This represents the equity element of the convertible loan which was settled in the year. This also represents the shares loaned by the directors to the company for which shares will be issued at a later date.

## First Class Metals Plc

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

## 18 Reserves (continued)

### Retained losses

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

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Foreign currency translation £	Total £
Foreign currency translations gains	112	98

## 19 Loans and borrowings

	Group		Company	
	31 December 2023 £	31 December 2022 £	31 December 2023 £	31 December 2022 £
<b>Current loans and borrowings</b>				
Other borrowings	-	13,432	-	13,432
Other loans	160,000	205,160	160,000	205,160
	<u>160,000</u>	<u>218,592</u>	<u>160,000</u>	<u>218,592</u>

The group's exposure to market and liquidity risks, including maturity analysis, relating to loans and borrowings is disclosed in note 23 "Financial risk review".

## 20 Other borrowings

### Group and Company

**Group and Company****Other liabilities maturity analysis**

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

	31 December 2023 £	31 December 2022 £
Less than one year	-	13,433

**First Class Metals Plc****Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)****21 Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	31 December 2023 £	31 December 2022 £	31 December 2023 £	31 December 2022 £
Trade payables	114,959	82,006	31,091	32,986
Accrued expenses	385,277	252,163	41,850	40,145
Social security and other taxes	15,735	7,667	15,735	7,667
Other payables	10,559	30,842	10,559	30,842
	<u>526,530</u>	<u>372,678</u>	<u>99,235</u>	<u>111,640</u>

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

The group's exposure to market and liquidity risks, including maturity analysis, relating to trade and other payables is disclosed in note 23 "Financial risk review".

	<b>Group</b>		<b>Company</b>	
	31 December 2023 £	31 December 2022 £	31 December 2023 £	31 December 2022 £
Trade and other payables at amortised cost - Suppliers	<u>114,959</u>	<u>49,020</u>	<u>31,091</u>	<u>32,986</u>

**22 Pension and other schemes****Defined contribution pension scheme**

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £1,500 (2022: £Nil).

Contributions totalling £Nil (2022: £Nil) were payable to the scheme at the end of the year and are included in creditors.

**First Class Metals Plc****Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)****23 Financial risk review****Group**

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

The Group's objectives when managing capital are:

(a) To maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;

- (b) To meet external capital requirements on debt and credit facilities;
- (c) To ensure adequate capital to support long-term growth strategy; and
- (d) To provide an adequate return to shareholders.

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

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

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

#### **Credit risk**

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

#### **Liquidity risk**

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

#### **Market risk**

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

## **First Class Metals Plc**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **23 Financial risk review (continued)**

##### **Foreign exchange risk**

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

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

##### **Interest rate risk**

##### **Interest rate risk**

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

## 24 Financial instruments

### Financial assets at amortised cost

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Trade and other receivables	-	125,998	-	2,232,881
Cash and cash equivalents	140,802	712,715	140,302	711,613

### Financial liabilities at amortised cost

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Current liabilities				
Trade and other payables	114,959	357,325	31,091	111,640
Loans and borrowings	160,000	218,592	160,000	218,592
Non-current liabilities				
Accrued expenses	-	15,353	-	-

## First Class Metals Plc

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

## 25 Related party transactions

Parties are considered to be related if one party has the ability (directly or indirectly) to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

### Group

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

### Company

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

### Key management personnel

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

During the year, the Group incurred consultancy and travel expenses in relation to the intangible assets from Specialist Exploration Services (Scotland) Limited, a company controlled by a common director. The services were for £181,814 (2022: £86,346) of which £Nil (2022: £Nil) was outstanding at the year end. Of the £181,814 balance payable, £37,500 was settled by way of a share issue of 375,000 shares to Specialist Exploration Services (Scotland) Limited.

During the year, the Group incurred director's fees for A Williamson through Vrynwy Limited, a company controlled by a common director. The services were for £4,170 (2022: £Nil) of which £Nil (2022: £Nil) was outstanding at the year end.

During the year, the directors, James Knowles and Ayub Bodi loaned the company 5,995,332 and 5,995,331 shares respectively to be returned on the publication of prospectus or when headroom allows. This has been reflected in the equity reserve. The directors received an 8.25% facility fee on the shares loaned. At the year-end James Knowles was owed £3,081 (2022: £Nil) which is reflected in other payables. Ayub Bodi owed the company £680

known was owed £5,001 (2022: £Nil) which is reflected in other payables. Ayub Bodi owed the company £607 (2022: £Nil) at the year end and is reflected in other receivables. Ayub Bodi resigned as director on 2 February 2024.

## **26 Results attributable to First Class Metals Plc**

The loss after taxation in the Company amounted to £1,289,345 (2022: £680,190). The Directors have taken advantage of the exemptions available under section 408 of the Companies Act 2006 and not presented an income statement for the company alone.

## **27 Events after the reporting date**

In addition to the CAD\$ 200,000 received by the Company in 2023, The Company received a further CAD\$200,000 OJEP Grant from the Canadian Ministry of Mines for the Zigzag lithium & critical metals property for work completed during 2023 in April 2024

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

## **Opinion**

We have audited the financial statements of First Class Metals Plc (the 'parent Company') and its subsidiary (the 'Group') for the year ended 31 December 2023 which comprise Consolidated Income Statement, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group and company financial statements 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 and of the parent Company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the Group and parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our audit opinion is consistent with our additional report to the Audit Committee.

## **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 Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest 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.

## **Our approach to the audit**

The scope of our audit was the audit of the Group and parent Company for the year ended 31 December 2023. The audit was scoped by obtaining an understanding of the Group and parent Company and their environment, including the Group and parent Company's system of internal control and assessing the risks of material misstatement.

Audit work to respond to the assessed risks was planned and performed directly by the engagement team which performed full scope audit procedures.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of



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

Key Audit Matters	How our scope addressed this matter
<p><b>Exploration and Evaluation assets</b></p> <p>The Group's accounting policy in respect of its exploration and evaluation assets ("E&amp;E assets") is set out under "mineral property exploration and evaluation costs" and its accounting policy in respect of impairment is set out under "impairment of intangible assets" in Note 2 to the financial statements.</p> <p>Management have assessed the E&amp;E assets for impairment indicators under IFRS6 and concluded that other than in respect of the Sugar Cube site no triggers existed at the year-end. Determining whether impairment indicators exist involves significant judgement by management, including considering specific impairment indicators prescribed in IFRS 6.</p> <p>There is a risk that if unidentified impairment indicators exist, the carrying value of E&amp;E assets may not be fully recoverable.</p>	<p>We have evaluated whether, under IFRS 6 Exploration for and Evaluation of Mineral Assets, the assets are appropriately determined as E&amp;E assets.</p> <p>We have reviewed and challenged management's assessment with respect to indicators of impairment under IFRS 6.</p> <p>We have evaluated whether the relevant disclosures in the financial statements are reasonable.</p> <p><b>Our conclusion</b></p> <p>We are satisfied that expenditure capitalised as E&amp;E assets meet the requirements of IFRS 6 and that management have adequately considered the indicators which could give rise to an impairment charge in their assessment of the carrying value of those assets.</p>
<p><b>Going Concern</b></p> <p>We draw attention to note 2 in the financial statements, which indicates that the Group is dependent on successful fundraising to continue as a going concern. Additionally, the Group has a cash balance at the date of approval of the financial statements that would not be able to support its operations and overheads for the following twelve months.</p> <p>As stated in Note 2, these events or conditions, along with the other matters as set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group and parent Company's ability to continue as a going concern.</p>	<p>Our evaluation of the directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included:</p> <ul style="list-style-type: none"> <li>• Reviewing management's assessment and financial forecasts for the next twelve months and discussing these with the Board.</li> <li>• Discussing the Board's strategy to ensure funds are available to the Group to fund its plans through fund raising, debt or asset realisation;</li> <li>• Reviewing existing expenditure and overheads;</li> <li>• Reviewing post year end investment activity and fund raising; and</li> <li>• Reviewing the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation.</li> </ul> <p><b>Our conclusion</b></p> <p>In view of the requirement to raise additional funds there is a material uncertainty with regard to going concern because although the directors are confident they can raise adequate funding that funding has not been agreed.</p> <p>Our opinion is not modified in respect of this matter.</p> <p>In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p>

#### Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality.

We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Materiality for the Group financial statements as a whole was set at £91,000, determined with reference to the

Gross Assets of the Group (2022: £77,000). This was considered an appropriate level of materiality given the limited trading activity of the Group and the Gross Assets are considered to be of the most interest to the users of the financial statements at this stage of operations. Performance materiality was set at £68,000, being 75% of materiality (2022: £48,000). Performance materiality was set at 62.5% in 2022 which was a first year audit. We report to the Board any corrected or uncorrected misstatements arising exceeding £3,400 (2022: £2,000).

#### **Material uncertainty related to going concern**

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

See also Key audit matters.

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

#### **Other information**

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

We have nothing to report in this regard.

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

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

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

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

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

## **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 75, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and parent Company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

## **Other matters which we are required to address**

We were appointed by the Board on 9 February 2023 to audit the financial statements for the year ended 31 December 2022 and subsequent financial periods. Our total uninterrupted period of engagement is two years, covering the periods ending 31 December 2022 to 31 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and parent Company and no audit partner of the Group or parent Company is prohibited from

and parent Company and we remain independent of the Group and parent Company in conducting our audit.

**Use of our report**

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

*Royce Peeling Green Limited*

**Martin Chatten**  
**Senior Statutory Auditor**

13 June 2024

**For and on behalf of Royce Peeling Green**  
**Limited Chartered Accountants**  
**Statutory Auditor**

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Kingdom

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[1] Share price 30/12/2022 16.75p, Shares in Issues 81,886,294

[2] (FCM and FCMC are collectively referred to as the "Group")



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