TUNGSTEN WEST

Tungsten West plc
Annual Report & Accounts
Year ended 31 March 2022

Unearthing the future

About us

Tungsten West plc ('The Group') is a London AIM-listed owner and operator of the historic Hemerdon tungsten and tin mine located near Plymouth in South Devon, England. The Hemerdon Mine is currently the third largest tungsten resource in the world, and an increasingly important project with demand for strategic metals, including tungsten and tin growing rapidly.

The Group's business plan also includes selling significant volumes of aggregates that are produced as a secondary product from the mineral processing facility at the Hemerdon Mine. The Group has formed a specialist business unit, Aggregates West, to manage the screening and sale of aggregates, which is expected to generate additional stable cash flows over the life of the tungsten mine and beyond.

The Group had £28.8 million in cash at 31 March 2022, putting it in a strong financial position ahead of its continued capital expenditure and with mining expected to restart next year.

Tungsten West is an environmentally and socially focused mining operation with many stakeholder groups that are impacted by the decisions we make. Throughout the financial year we have engaged with all our key stakeholders which has allowed us to understand their views and consider how we can address their needs.

Contents

Financial Highlights

Revenue

£0.7m

2022 £0.7m
2021 £0.1m
2020 £Nil

Total comprehensive loss

(£13.0m)

2022 (£13.0m)
2021 (£8.0m)
2020 (£3.4m)

Cash at bank

£28.8m

2022 £28.8m
2021 £3.5m
2020 £2.7m

Debt and invested equity

£40.9m

2022 £40.9m
2021 £12.1m
2020 £12.2m

Administrative expenses

£8.0m

2022 £8.0m
2021 £3.7m
2020 £0.8m

Asset under construction

£3.9m

2022 £3.9m
2021 £Nil
2020 £Nil

Operational Highlights

TUNGSTEN WEST

- World-class tungsten and tin deposit.
- Pre-stripped mine with existing processing infrastructure in place.
- Metal off-take agreements secured with three international customers.
- £36 million net of fees raised on AIM.

AGGREGATES WEST

- Low carbon, sustainable aggregate production.
- Development of local market share through £0.4 million of aggregate sales in 2022.
- Sale and distribution agreement entered into with one of Britain's leading traders and transporters of aggregates.

See more online at
www.tungstenwest.com

Our Purpose, Values and Culture

Unlocking a vast reserve of essential metals

LTI and MTI Free
throughout the reporting period

30%
reduction in processing energy consumption under revised plans

42,000
trees cared for and maintained

Unearthing the Future

Our purpose is to recommence mining and mineral processing operations at the Hemerdon Mine, unlocking a globally significant reserve of essential metals which are strategically important to the UK and Western World.

At the forefront of every decision we make will be sustainability and the impact on our local communities and environment around us, and the health and safety of our employees.

Our Culture

As the Group moves through this transitional phase from a construction project to a mining and mineral processing operation, the ethos of the Company is to instil a collaborative working environment where our employees share a common view, working together with the sharing of information and knowledge across all departments. We believe this will ensure a successful navigation of this project.

We encourage our employees to have a critical approach to problem solving, especially during this inflationary environment which is demanding the project to adapt and evolve.

Our Values

Tungsten West's values guide the way we go about our work and how we expect our people to behave. They stem from four core pillars developed in consultation with staff and the Executive Team. They are: Care, Integrity, Teamwork and Excellence.

We encourage employees to consider these values when making decisions and implementing ideas and changes on site. Our values help to create the culture at Tungsten West.

Care
When we say care, we mean to:

- Keep each other safe and well
- Look after the community and environment
- Take pride in your work and the company
- Value each other

Integrity
When we say integrity, we mean to:

- Treat people fairly
- Speak up even when it's hard
- Take ownership and bear the weight
- Uphold our standards

Teamwork
When we say teamwork, we mean to:

- Be a vital part of the team
- Work well with others
- Recognise each other's strengths, knowledge and expertise
- Be a good neighbour

Excellence
When we say excellence, we mean to:

- Strive for brilliance
- Be clear about our purpose
- Be an expert in your field
- Achieve valuable results

Company Overview

1945 photograph showing WW2 open cast excavation at Hemerdon. Looking south towards Hemerdon Bal (British Geological Survey, 1945).

Where are we now

We firmly believe the Hemerdon deposit has a deep and strategic value for the local region and UK. Just last month the Government launched the UK's critical minerals strategy, stating 'The world in 2040 is expected to need 4 times as many critical minerals for clean energy technologies as it does today,' and we remain convinced Tungsten West can contribute hugely in achieving this goal.

AMAX Decline Portal, driving 70m underground into core of the resource.

Hemerdon open-pit today, looking South towards Hemerdon Bal.

Cash reserves

£28.8m

Mine lifespan

+23yrs

Our history

Resolving past issues

- Poor plant availability
- Low recoveries
- Onerous offtakes

Improving a world-class asset

- New configuration at front end, concentrator and concentrate dressing
- Redesign of processing plant to lower operation costs
- Significant volume of aggregates

1867 Discovery

1918-1919 First commercial production – 24t of WO3 produced.

1943-1944 Second commercial exploitation – 85t of WO3 produced.

1977-1986 AMAX Exploration drill out maiden resource and produce a feasibility study – 25,400m of drilling.

1986 Planning permission granted, but AMAX walk away post the tin market crash.

2007 Wolf Minerals acquires the project.

2015 Third commercial production – 3,735t of WO3 produced.

2018 Wolf Minerals enters receivership.

2019 Tungsten West acquires the project for £5.6 million, with £170 million of sunken costs.

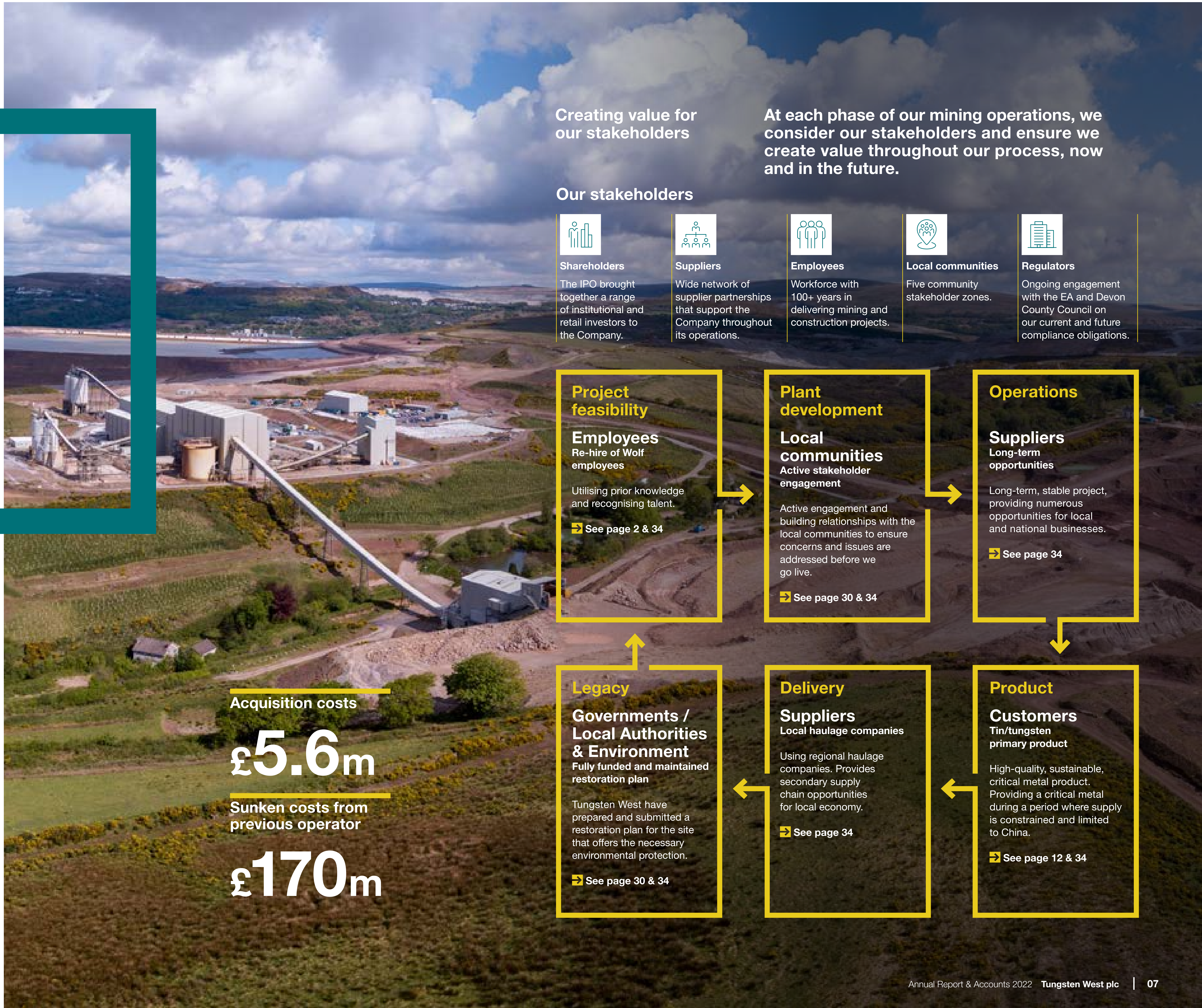
2021 Tungsten West deliver Bankable Feasibility Study supporting recommencement of operations.

Admission to AIM in October 2021 raising £39 million.

2022 Tungsten West to secure the additional capital required to restart mining operations.

2023 Recommencement of tungsten and tin operations.

Company Overview



A world-class asset

The introduction of XRT Ore-Sorting has radically changed the project economics. The Group has inherited a pre-stripped mine, reducing up-front mining costs whilst existing processing infrastructure reduces the capex spend significantly.

Acquisition costs

£5.6m

Sunken costs from previous operator

£170m

Creating value for our stakeholders

At each phase of our mining operations, we consider our stakeholders and ensure we create value throughout our process, now and in the future.

Our stakeholders

Shareholders
The IPO brought together a range of institutional and retail investors to the Company.

Suppliers
Wide network of supplier partnerships that support the Company throughout its operations.

Employees
Workforce with 100+ years in delivering mining and construction projects.

Local communities
Five community stakeholder zones.

Regulators
Ongoing engagement with the EA and Devon County Council on our current and future compliance obligations.

Project feasibility

Employees
Re-hire of Wolf employees

Utilising prior knowledge and recognising talent.

See page 2 & 34

Plant development

Local communities
Active stakeholder engagement

Active engagement and building relationships with the local communities to ensure concerns and issues are addressed before we go live.

See page 30 & 34

Operations

Suppliers
Long-term opportunities

Long-term, stable project, providing numerous opportunities for local and national businesses.

See page 34

Product

Customers
Tin/tungsten primary product

High-quality, sustainable, critical metal product. Providing a critical metal during a period where supply is constrained and limited to China.

See page 12 & 34

Delivery

Suppliers
Local haulage companies

Using regional haulage companies. Provides secondary supply chain opportunities for local economy.

See page 34

Legacy

Governments / Local Authorities & Environment
Fully funded and maintained restoration plan

Tungsten West have prepared and submitted a restoration plan for the site that offers the necessary environmental protection.

See page 30 & 34

Investment Case

Our investment proposition

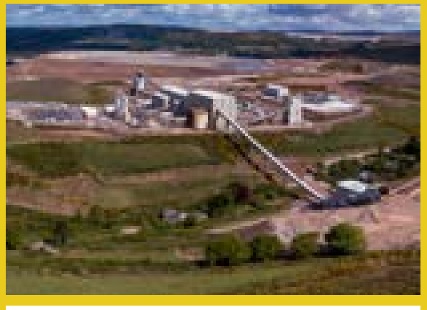
Tungsten West has developed a new plan to bring back the Hemerdon Mine into production after a three month review of the assumptions that underlay the BFS.

The new development plan will reduce opex and capex metrics to deliver profitable operation margins.

Access to a globally strategic mineral

Tungsten sits high on the UK, EU and US list of critical minerals, both because of the Chinese domination of the critical mineral supply chain and the restricted movement of goods via Russia as a result of the Russia and Ukraine conflict. Therefore the Hemerdon Mine is unlocking an opportunity to introduce a competitive product into an already constrained market.

Tungsten prices remain strong due to tighter supply and higher prices of tungsten scrap and concentrate.



World-class resource and mine

The Hemerdon Mine is home to the third largest tungsten resource in the world.

Improving on a world-class mine following over £170 million of investment by previous operator.

Introduction of XRT Ore-Sorting which has radically changed the project economics.

Utilising ore sorter waste and fine tailings for secondary aggregates.

Safeguarding the land and community

Rectification of the legacy environmental issues experienced by the previous operations.

All HGV movements associated with the export of secondary aggregates will be restricted to 06:00hrs and 18:00hrs during weekdays and 08:00hrs and 14:00hrs on Saturdays.

100% funded (restricted) restoration bond of £13.2 million with a fully costed restoration plan to restore the land. The Company has no access to these funds and can only be drawn upon at the end of the mine life.

Strict environmental permitting requirements apply to the mine waste and mineral processing facilities administered by the Mineral Planning Authority and the Environment Agency to ensure close regulatory scrutiny of surface/groundwater contamination, release of fugitive noise, dust and light emissions.

No further mining activities will recommence before the reinstatement of our planning permission which is subject to approval by South Hams District Council.

Ongoing legislative scrutiny over our groundwater and waste, noise and light from the Environment Agency.

Evolution of processing plant design to minimise the impact on the environment and local community.

Reduced planning application from 300 HGV exports per day to 200 per day in response to public opinion

Restoration bond in place

£13.2m

Support a regionally significant project

A significant employer to the local region.

Partnering with local businesses and communities.

Provides a sustainable low cost aggregate material to local infrastructure projects.

Sustainable producer.

Low carbon aggregates produced as by-product of mining operations.

Reoptimising plant design to minimise power consumption.

Clear path to near-term production

Substantial capital already invested into the project.

£36 million raised on AIM.

Pre-stripped mine with processing infrastructure in place.

Low geared capital structure will quickly unlock shareholder value once production restarts.

Negotiations with financing partners following the announcement to restart the project.

Project lead by experts in the mining industry

Project delivery team with 100+ years of experience in delivering mining and construction projects.

Retained key technical knowledge through the rehire of key former employees of the previous operator.

Chairman's Statement

Immediately implementing new plan, targeting first production in the first half of 2023

Building a profitable services business

Robert Ashley
Independent Non-Executive Chairman

2021 will be remembered for the significant steps the Group has made towards restarting mining operations at the world-class Hemerdon Mine.

I am pleased to report on the Group's audited results for the year ended 31 March 2022.

The past financial year saw the Group make significant preparations for the recommencement of mining operations at Hemerdon, as well as complete a successful admission and capital raise on the London Stock Exchange's AIM market. I am pleased to report that the Group met several key corporate and operational milestones during the year whilst most importantly, doing so with all staff and contractors keeping safe and injury free. The health and safety and well-being of our employees and contractors remains our number one priority and to be LTI/MTI free during the year is a testament to the professional standards of the team. As the Group moves into production this will become increasingly challenging, however, the Group will adapt and actively manage its risks to ensure we can promote and adhere to health and safety standards of the highest quality.

It cannot go unsaid that the Group has been impacted by the inflationary environment which started in the final quarter of the financial year. The plant rebuild project was due to start in a period of rapidly escalating materials and energy prices. The operation is particularly sensitive to energy costs for both the mining and processing operations. In April 2022 the Board concluded that the proposed project should be paused to evaluate alternative approaches to restarting mining operations. By making this decision early before the Group committed to unsustainable capital and operating expenditure, it provided the Group with the opportunity to work up revised plans for a smarter and lower capital expenditure programme, focusing on minimising opex and energy consumption, whilst maximising profit contribution rather than volume. Following this short pause, which allowed all members of the team to assess alternative strategies for restarting Hemerdon, development was restarted in July 2022.

The Board is immensely proud of the dedication and commitment that has been applied by our project and support teams in the last few months. It has been a difficult period for everyone connected to the Hemerdon Mine, however the Board has full confidence in the revised project plans being the optimal and economical way forward to relaunch mining operations, focus on sustainability and margins, and deliver shareholder value.

Corporate milestones

The Group's primary corporate objective for the year was to raise the necessary funding for the processing plant rebuild and recommencement of mining operations at Hemerdon. In October 2021, the Group completed a successful admission to the AIM market of the London Stock Exchange, issuing equity to raise £39 million before expenses.

The Company also agreed a financing package with an aggregate value of approximately $49 million through a Royalty sale and a Senior Loan Facility with Orion Resource Partners ('Orion'). At the time of the Orion negotiations, the rebuild plans were to maximise volume and therefore required significant capital investment to which the Orion funds were primarily intended to support. This included capital equipment and resource needed for the project execution. Following the revised plans to reduce project capex and reoptimise the mineral processing facility, certain conditions precedent to drawing on the Orion funds were not met and therefore this financing package cannot be drawn down.

The Group is now in discussions with financing partners to provide the additional capital required to execute the development of the project.

Operational milestones

Alongside our long-term financing, the Group met major project milestones which are key to restarting mining operations. Offtake agreements were signed for our core tungsten product and, offtake and distribution agreements for our tin and aggregates products are also in place. The first aggregates sales were made through a trial run by the Group which included processing material mined by the previous operator. This successfully established a presence in the local and regional aggregates market.

Our team

Critical to reaching commercial operations will be our workforce. Facing the dynamic challenges ahead, the Group has at its disposal a world-class cohort of talent across project development and mining operations.

At the executive level, the Group strengthened the Board with the appointment of Nigel Widdowson as Chief Financial Officer. David Cather was appointed to the Board and acts as Chair of the Technical Committee and Chair of the Remuneration Committee whilst at the same time, Grace Stevens was appointed to the Board and acts as Chair of the Audit Committee.

In July 2022, the Group announced that Max Denning would leave his role as CEO and the Board with immediate effect. Executive Vice-Chairman Mark Thompson has assumed the responsibilities of the office of the CEO.

As a co-founder and having held several senior roles within commodity trading and investment, as well as junior mining and exploration companies, Mark has valuable strategic experience. The Board looks forward to having Mark lead this project through the construction phase of the Hemerdon Project.

Mark still retains his Vice-Chairmanship and whilst he has assumed the responsibilities of the CEO office, he will be supported by an executive committee which has assumed project and site-based responsibilities going forward.

The Board recognises the need for independence and good corporate governance and all agree that the current management structure does not compromise our ability to enforce effective corporate governance.

Diversity

Women are underrepresented at all levels within mining companies and 23% of the Group's current employees are female as at 31 March 2022. Tungsten West are an employer who aspires to enjoy the full spectrum of diversity, in all respects, across our operations and administration and will continue to review and improve its employment terms and conditions to ensure that our policies and procedures are not a barrier to those keen to work for the organisation.

Respecting our community

As a Company we recognise our responsibility as a positive actor for change, particularly in the local communities within which we work. We maintain our commitment to leading global standards and have set up an ESG framework together with aligning our policies and procedures with UN Sustainable Development Goals.

Core to our business plan is our responsibilities to the environment and the relationships that we build with our wider stakeholders. I am pleased to report the Group has made important inroads in engaging with the local community to ensure it can operate not only effectively but also respectfully. I can also reaffirm the Group continues to work with the local authorities on our (2022: £13.2 million) site restoration plan and bond which is a critical assurance needed for us to restart mining operations.

An example of this includes our week-long public consultation carried out in March 2022 to understand the views of local people prior to submitting our planning permission on our HGV aggregates sales volumes.

The consultation attracted significant interest from surrounding communities – approximately 400 people attended the events, resulting in 396 completed online surveys.

In direct response to public views, the Company will no longer be applying for a maximum of 300 HGV exports per day to support its growing aggregates business, but will reduce numbers to a maximum of 200 exports per day in its latest planning application to allay public concern.

It is the Company's mission to develop a significant and sustainable secondary aggregates business but we must listen to people living locally about how we can do that with the least amount of disruption. We believe our revised planning application addresses the main issues raised by the community through the reduction in traffic volumes.

Without the support of the communities in which we live and work, Tungsten West would not be able to succeed. The success of the Hemerdon project is largely dependent on maintaining the positive relationships we have built within our local communities and their continued support of our development strategy and operations. Part of our community engagement is providing opportunities to make contact with us and our senior team listening to concerns. Tungsten West has created a regular forum for open and transparent communications with local communities. We look forward to working alongside our local community as we progress towards recommencing commercial operations and beyond.

Responsibility to the environment

Our success is based on what the planet provides to us, so we must treat it well. Minimising our environmental footprint is at the core of our strategy – and where we do have an unavoidable impact, we aim to make a positive contribution elsewhere.

That's why our Environmental team have built a comprehensive approach to environmental protection at Tungsten West. This consists of minimising waste, monitoring all emissions and developing plans to invest in biodiversity and restoration. Please see our ESG Report for information on our monitoring activities during the year.

Market overview

Tungsten supply remains of strategic importance as China continues to dominate, controlling 82% of global tungsten mine production, demonstrating why restarting the Hemerdon Mine will provide a critical global supply. The Group will also look to leverage off the high tin prices as the global use of tin is expected to increase rapidly through use in electronics and solar panels.

Demand for aggregates continues to be strong, driven by infrastructure projects throughout the UK and I can report that the local construction industry is starting to benefit from our low cost, low carbon footprint product as approximately 90,000 tonnes of aggregates was delivered to projects in the South West in the year ended 31 March 2022.

In July 2022, it was pleasing to see the UK Government release the UK's first ever Critical Minerals Strategy which includes tungsten and tin as minerals with high criticality and recognises the South West as an area of high importance in meeting commodity security.

Outlook

The inflationary pressures that began in 2021 show no signs of fading. Construction materials have been subject to significant supply constraints and increased input costs in their manufacture. The Group is experiencing price inflation for materials required for the plant and as an energy intensive business, we are exposed to the recent inflation in power and diesel costs.

The decision to pause the original development plan, taken in light of current market conditions, has allowed the Group to re-evaluate the design of the mineral processing facility, to focus on margin over volume by minimising capex and power utilisation. The Board has been actively engaged with senior management in evaluating the options for redesigning the processing plant and selecting the most viable, sustainable option. The Board have reviewed the proposed plans and has given its approval to proceed with the detailed engineering design and to commence construction of the Hemerdon Project with immediate effect. As discussed earlier in Corporate Milestones, the Group is in discussions with financing partners to provide the additional capital required to fully execute the project.

The outlook for tin as the primary beneficiary of the global move to electrification is compelling and the demand for tungsten concentrate is strong, driven from the increase in its application in progressive technologies and use in defence. On the back of the recent UK Government release of their Critical Minerals Strategy, I feel the Group is strategically well positioned to deliver on its advances on the mine and plant upgrades through the remainder of 2022 and we look forward to successfully starting production in 2023.

Robert Ashley
Chairman

Market Review

The Hemerdon Mine is currently the third largest tungsten resource in the world and with demand for strategic metals, including tungsten and tin increasing rapidly, Tungsten West plc is concentrated on meeting this demand by restarting production at Hemerdon in the first half of 2023.

Long-term future for our products

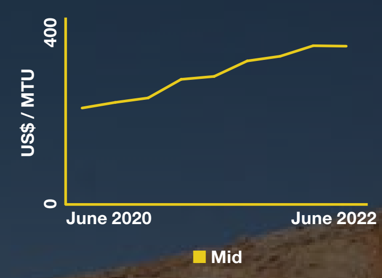
TUNGSTEN WEST

Tungsten

Tungsten prices have continued their positive momentum since the Company's listing in October 2021 and at the date of this report stand at a Fastmarkets' assessment of European APT price of $340-$345 per MTU (1 MTU = 10 kg).

This spot level compares favourably with price assumptions made in the TW Bankable Feasibility Study financial model which assumes an APT price of $275 for the first year of operation, rising to $330 by year 5.

Tungsten price

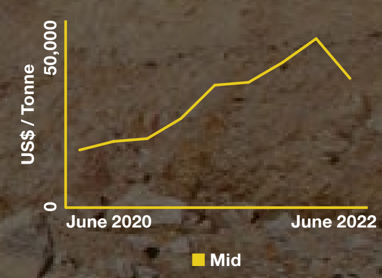


Tin

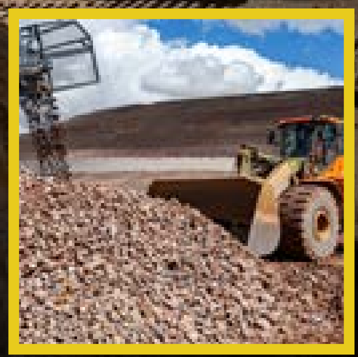
Tin was one of the best performing commodities in 2021 and its price rise has continued apace into 2022 reaching $48,000 per tonne on the London Metal Exchange.

The price at the date of this report has softened, however it remains above the price assumptions made in the Company's Bankable Feasibility Study financial model which assumes a tin price of $24,000 per tonne.

Tin price



AGGREGATES WEST



Aggregates

Latest UK industry trends show that volumes of aggregates increased in 2021 with demand remaining strong at the end of the year. This is in spite of unprecedented supply bottlenecks impacting progress on construction sites, cost increases and uncertainty over new Covid-19 variants.

The construction industry is a large contributor to energy consumption and global carbon emissions.

Therefore, construction and infrastructure projects are increasingly trying to source more environmentally friendly and sustainable resources. Aggregates West is well positioned to provide low carbon footprint resource as we recycle waste materials from our mining operations, piggy-backing on the energy outlay already consumed through the production of our primary product, tungsten.

90,000
tonnes sold in the year

Our business model aims to maximise stakeholder value at every stage of the mining, mineral processing and secondary aggregate operations whilst operating sustainably.

Our business model

QCA 1

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

Our minerals and products – How we do it

AGGREGATES WEST

Process and sale of low-carbon, sustainably produced aggregates to regional and national markets.

TUNGSTEN WEST

Mineral resource estimate of approximately

325mMt

WO3

0.12%

Sn

0.03%

See more online at **www.tungstenwest.com**

What we need to succeed – What we do

People

The Group's ability to compete in the competitive mineral resource sector depends upon its ability to attract and retain highly qualified management, operational and technical personnel. At our disposal is a world-class cohort of talent across project development and mining operations complemented by a strong Board which collectively holds many years of experience through mining and mineral extraction, project execution and strong corporate governance.

Alliances

The Group must retain suitably qualified contractors that have the required experience to execute the bespoke rebuild ahead of restarting mining operations. Embedded within our operations are our regulatory and permitted activities. Effective external stakeholder and authority relationships are key to be able to operate responsibly and respectfully.

Capital

Sufficient capital and investment is essential to execute the rebuild. Maintaining relationships with our institutional investors and lending partners will ensure we are well funded to meet our capital needs.

See more online at **www.tungstenwest.com**

Value creation – Delivering value

7.8Mw under BFS → **5.5Mw** under redesign

The reduced capex plan can be financed without shareholder dilution

1.4m litres of diesel per annum saved by reducing the reliance on the kiln during final stages of production

Shareholders

Long-term opportunities from a resource estimate expected to span 20+ years.

Redesign of processing plant to reduce power requirement.

Redesign of processing plant to reduce diesel consumption.

Employees

Once in full scale operation, Tungsten West will be one of the first mining companies in the world to implement the dual production and sale of tungsten and tin, together with aggregate product, providing unique career opportunities to the local region.

Average number of employees at 31 March 2022: 58 (2021: 34).

Communities

Educational and employment opportunities for local communities.

Hosting of educational visits; graduate work placements to support local university students.

Suppliers

Supporting local and regional suppliers.

Partnering with 100+ suppliers and businesses across Devon.

See more online at **www.tungstenwest.com**

Restart and ramp-up

Our CEO leads our strategic progress and is responsible for instilling and supporting value creation at all levels of the business.

To be able to sustainably unlock the critical mineral resources, we must manage an environmentally and socially focused mining operation, followed by a set of processing practices centred on producing strategic metals and secondary aggregates.

In reflection of the current stage of development, the Board has appropriately considered its policies to align with each project milestone it looks to meet in the next three years.

A safe working environment (Safety and Wellbeing Risk)
So far: The Group were LTI/MTI free during the reporting period.

Outlook: At the forefront of the Group's focus is to ensure there are zero LTI/MTI incidents as it moves through each stage of the project.

An injury free construction period will be critical to a successful rebuild of the processing plant with an expectation from our construction partners and employees that they can rely on a strong foundation of health and safety principles at the Hemerdon Mine.

How we measure: number of LTI and MTI injury free days.

Project execution (Operating Cost Risk and Key Contractors and Suppliers Risk)
So far: Long lead items of plant and equipment from the industry leaders in their field have been ordered.

Outlook: To ensure we can restart mining operations on time, the installation and build of new plant and equipment needs to be timely and to budget. Any delays and cost-overruns will negatively impact project economics and could delay future milestones.

How we measure: The CFO and the Board monitor department budgets vs actual cost spends.

Raise sufficient finance to advance the processing plant upgrades (Access to Capital Risk)
So far: £36 million (net of fees) raised on admission to AIM and Royalty and Debt finance being negotiated with financing partners.

Outlook: The Group is now negotiating borrowing terms with financing partners to complement the new project capital requirements. The outcome from the Board's decision to pause the project to evaluate alternative approaches to the Project presented a restart plan with lower capital requirements. Accordingly, the Board is reassessing the most suitable capital structure to advance the project.

How we measure: Financial KPIs including Gearing Ratio, Debt to Asset Ratio and Financial Covenant compliance.

Promote sustainable and environmentally friendly practices (Environmental and Social Responsibilities Risk and Permitting Risk)
So far: Developed an Environmental Social Governance ('ESG') framework as a mechanism for embedding safe sustainable practices within the Group.

Outlook: As the Group navigates through the next stage of development and beyond, a diverse range of environmental and social challenges will be presented. Unified application and Group-wide commitment to the framework will be essential so we can deliver sustainable and environmentally friendly practices for the benefit of our partner communities, investors, employees and other stakeholders.

How we measure: The Group has aligned its ESG framework with nine UN Sustainable Development Goals, all with individual objectives which we can measure against. See page 30 for more information on our ESG framework.

QCA 8

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

Construction and rebuild
2023

Ramp-up
2024

Steady state
2025

Strategy in Action

A conscientious and respectful neighbour

Stakeholders impacted:

Local communities

Complaints resolved on time

100%

Interactions with the public

24

The Hemerdon Mine is situated in close proximity to residential communities and part of the Group's long-term strategy is to be a conscientious and respectful mining operator.

Since taking on the care and ownership of the mine site, the Group has begun addressing deficiencies in the operating process that previously caused disruptions and nuisance to local communities.

One of those disruptions was caused through the crushing and screening of the mineralised rock. During operations under Wolf Minerals, the classification of material using sizing screens created Low Frequency Noise ('LFN') and infrasound.

The Issue

The Group identified the source of the LFN to be the deck of the mineral-sizing screens that would generate infrasonic sound pressure waves at very specific tones. When operating together at slightly different speeds the screens would generate sound pressure waves that would interact causing a beating effect known as amplitude modulation that could be felt within the local community.

The Solution

As part of refurbishment and process improvement works, the Group has been able to design-in infrasound mitigations by addressing the noise at source. By removing the most problematic screens and reducing the size and area of the sizing screens within the mining processing plant, LFN emissions will be reduced. The Group has also been able to develop and test a number of other mitigations to reduce the generation of infrasonic sound pressure at the screen deck.

Together with regular and constructive dialogue with both the local community and the Environment Agency, the Group hopes to ensure all previous concerns have been addressed.

See more online at
www.tungstenwest.com

Strategy in Action

As the mining industry evolves over time, the Group strives to be a world leader in technological advances that look to improve overall economics of mining operations.

The Group also looks to position itself as an employer that can provide the opportunities for our employees and partner suppliers to develop such technologies and implement them at the Hemerdon Mine.

The Issue

At the Hemerdon Mine, the host granite rock is very weakly mineralised with the tungsten and tin being predominantly contained within sheeted quartz veins. Furthermore, ferberite (the mineral which tungsten mineralisation primarily occurs) is an extremely friable (easily crumbled) mineral which has always presented challenges in obtaining high recoveries to saleable concentrate.

It is therefore best practice to minimise crushing and grinding and attempt to extract the mineral as coarse as possible. The previous operation experienced large losses as a result of poor material handling and much of the inherited processing plant is not considered suitable for Tungsten West's desired recovery grades.

The Solution

Following successful pilot trials, the Group is introducing XRT ore sorting plants which look to reject approximately 70% of the mineral before it enters the crushing and grinding cycle.

XRT is a new technology that has never been used in a UK mineral project, where x-rays identify the mineral ferberite to assess the atomic density of the mineral and transfers the density of the rock into pixels. What has been pioneered is the analysis of pixels where the spatial distribution identifies the density of ferberite so the densest ferberite minerals are retained. The Group has worked with the technology developers to pioneer this technique known as 'smart sorting' and the Group's machines are the first in the world to be fitted with this technology.

By introducing 'smart sorting', the Group can reduce the amount of unnecessary crushing which in turn reduces directs costs in producing saleable concentrates and overall increases the profitability of the operations.

The Group is also pleased that the amount of plant hours required to produce a tonne of saleable concentrate will dramatically reduce, meaning less noise and light pollution impacting local communities.

See more online at
www.tungstenwest.com

material sorted before processing

70%

A world-class leader in technological advances

Shareholders Suppliers Employees

Strategy in Action

A resourceful, environmentally focused mining company

Shareholders | Local communities | Environment

As a mining company, we are always conscious that we are not the owners of the land but rather hold the Hemerdon Mine in stewardship.

The Hemerdon landscape and the surrounding natural habitats were present long before Tungsten West and will be in existence after the last truck leaves.

Therefore, in every decision we make we aim to consider the impact it has on the surrounding environment.

The Issue

There is an unavoidable downside to mining operations in that a significant amount of land must be displaced to gain access to the mineralised rock. This presents an ongoing challenge in how to manage the waste material throughout the sorting, crushing and grinding cycle. Any material displaced through mining must be stored on the mining site, which has environmental implications. Furthermore, there is naturally going to be leakage of tungsten and tin which cannot be isolated or extracted through the processing plant, which ultimately ends up in the mine waste facility ('MWF'). In any mining operation, improving processing economics and efficiencies reduces the amount of waste material, which overall contributes to increased profitability and reduces the environmental impact on the land.

The Solution

Previous operators treated, transported and stored all waste on site in a mine waste facility. To manage this waste and turn it into a usable product, Tungsten West has formed a specialist business unit, Aggregates West, to manage the screening and sale of aggregates derived from the mineral processing plant. As a by-product of a mining operation, the Group can now provide a low carbon impact material to local and national infrastructure projects, ultimately reducing our customers' carbon footprint.

Not only has the Group looked to be resourceful in transforming its own operational waste, it has identified material previously deposited in the MWF which could be recycled.

The current MWF consists of tailings material not recovered by the mineral processing facility. Analysis of these tailings has showed that there is a tungsten resource present. Research is being undertaken into economically viable technologies which could enable extraction of this tungsten.

See more online at
www.tungstenwest.com

Secondary aggregates have

25%

of the carbon footprint of primary

Strategy in Action

Shareholders

Local communities

Environment

Adapting to energy inflation and minimising power consumption

The mining industry is traditionally a high consumer of energy for both mining operations and ore processing.

The Group is constantly reviewing ways to reduce energy consumption by changing processes and utilising energy from renewable sources.

The Issue

The processing plant circuit was designed to maximise volume throughput and production, and was based on energy prices at the time the Bankable Feasibility Study ('BFS') was prepared in March 2021. In addition, mining operations were planned to feed the plant at the intended rate of throughput and required a significant amount of energy to fuel loaders, haul trucks and other plant.

The rapid inflation in energy costs and removal of the duty rebate on red diesel had a material adverse effect on forecast operating costs and margins, and demonstrated the original plant design was vulnerable to higher energy prices and geopolitical factors.

The Solution

The management took the decision to pause development in April 2022, in order to conduct an end-to-end review of operations to consider all options to reduce energy consumption in the mining operations and mineral processing facility.

By prioritising energy efficiency and margin over highest possible production volumes, the engineering team rapidly devised a number of key changes to the processing methods within the plant. These include:

- Replacing kiln reductant and drying process with wet magnetic separation of tungsten. This is forecast to save approximately 1.4 million litres of diesel per annum which both reduces cost and emissions forecast to increase overall recovery of tungsten albeit at a lower grade of concentrate. Offtakers have amended their agreements and pricing to accommodate the different product specifications produced.
- Direct tipping into the primary crushing circuit will reduce ROM Pad rehandling costs and emissions.
- Lower volume throughput in the ramp-up period will result in a higher proportion of waste being sold as aggregates, reducing haul costs taking waste to MWF, and emissions. Note that the volume of aggregates sales is constrained by both market capacity and transport permits.

See more online at
www.tungstenwest.com

Diesel per annum saved

1.4m litres

Year in Review

Tungsten West is in a unique situation for a mining company where we have a strong balance sheet and no debt to service.

Mr M E Thompson
Director & Executive Vice Chairman

Reshaping our future in mining

I want to thank all our past and current employees who have worked tirelessly to ensure this project can be a success and whilst 2022 is not going to be without its challenges, the Group has the best individuals in the business ready to develop this project in unison in the run-up to commissioning in 2023.

Publication of Bankable Feasibility Study

March 2021

Listed on AIM

October 2021

Our focus

The financial year ended 31 March 2022 has been transformational for Tungsten West; it began with the publication of our Bankable Feasibility Study ('BFS') for the Hemerdon Mine, the document that enabled us to sign key offtake agreements on all three key revenue streams associated with Hemerdon – tungsten, tin and aggregates.

Tungsten West went onto successfully raise £36 million net of expenses through its listing on AIM, having originally gone out to market to raise £25 million.

Having secured capital to rebuild and restart the Hemerdon Mine, the Company looked to order all the long lead items from the industry leaders in their field, and began engaging with its Engineering Procurement Construction Management supplier on the plant rebuild.

Towards the end of the financial year, construction projects globally started to feel the pressure of the rising cost of raw materials, and Tungsten West was no exception. The outbreak of COVID-19 and supply chain issues ultimately increased prices in materials and energy across the Board. To complicate matters further, the Russia and Ukraine conflict has amplified global concerns over supply chains. Lastly, sustained inflation in energy costs has compounded this situation, meaning our initial project economics were no longer a viable option and in April 2022, the Board decided to pause the development plans and re-optimise the processing plant and mining operations.

After a three-month technical and commercial review of the assumptions that underlaid the BFS, the Board gave its approval to proceed with the revised project plans with immediate effect.

Changes include a new ramp-up schedule, new crushing strategy, new operating parameters for ore sorting, a repurposing of equipment within the processing plant, and the production of a different specification of final tungsten concentrate product.

The result of the plan is a lower capex requirement and a much lower diesel and power consumption whilst still delivering profitable operating margins.

Tungsten West is in a unique situation where we have a strong balance sheet at the year end and no debt to service. With the previous operators having spent £170 million on the mine site, the path to production requires minimal capital expenditure compared to a typical mining project, and the pause on the feasibility plan provided an opportunity to formulate a revised rebuild and production strategy that will ensure Hemerdon can reach its full potential as a profitable mine. I want to thank all our past and current employees who have worked tirelessly to ensure this project can be a success and whilst 2022 is not going to be without its challenges, the Group has the best individuals in the business ready to develop this project in unison in the run-up to commissioning in 2023.

The mining operations

The mine plan has been redesigned to reflect the reduced throughput planned for the Mineral Processing Facility in the first two years of operations, and changes in primary crushing circuit. This will have the following advantages:

- Less waste mined in ramp-up period, preserving cash flow
- Higher proportion of material processed and sold as aggregates, hence reducing cost per tonne
- Lower power requirement for plant
- ROM pad rehandling costs to be reduced through direct tipping into the primary crushing circuit

QCA 8

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

Year in Review
continued

Process	Changes	Key benefits
Primary crushing and screening	Direct tipping into modular crushing and screening plant, located outside the mineral processing facility	Reduced capex, faster route to production, lower opex
Ore sorters	Utilise minimum number of ore sorters, by optimising mass pull	Reduced capex, less maintenance, lower power draw, less waste processed in the plant
DMS	Streamline to run a smaller DMS circuit – bypass primary DMS and upgrade secondary DMS and scavenger DMS	Scalable at a later date if required, tried and tested equipment, lower capex
Refinery	Deploy wet magnetic separation technology (WHIMS) instead of the roasting kiln	Lower opex, lower diesel consumption, reduced emissions, higher overall recovery

The mineral processing facility
The Tungsten West maintenance team undertook a comprehensive review to understand and address the issues historically experienced by the former operator of the Hemerdon Mine. The areas where issues were identified have been redesigned and will be enhanced during the rebuild programme, not only to rectify the issues faced by the previous operators, but to improve significantly the overall operations and reduce downtime.

The recent inflationary environment has presented the opportunity to redesign significant elements of the processing flow and reoptimise the plant to maximise margins in a higher energy cost environment. Whilst throughput will be reduced in the first two years, feasibility study volumes are targeted from year three onwards. Operating efficiencies are forecast to increase from the changes set out above.

QCA
8

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

Aggregates
In December 2021, the Aggregates Division commissioned a Terex® Agg Wash 60 plant to conduct trial production on a temporary basis whilst the main plant installation is undertaken. The Group has been shipping aggregates since early 2021, utilising existing stockpiles that the previous operator had deemed as waste.

During the year to March 2022, the Group sold approximately 90,000 tonnes of aggregate product at an average of 15 exports per day. The trial project was loss making, largely as a result of the low quality feed stock producing low yields and high silt content waste.

The temporary operation has allowed Tungsten West to build market share using available mined waste on site. Once in full scale operation (up to 200 exports per day), the feed will be fresh granite and we will be one of the first mining companies in the world to implement dual production to sell tungsten and tin, together with aggregate products, which would usually be classified as waste during metallurgical mining.

The reduced throughput envisaged for the amended mine plan will generate sufficient feed stock from ore sorter rejects and spiral tails rejects. The new plans for the processing facility will not significantly affect the forecasted volumes of aggregate sales when production recommences.

Fundraising
The successful admission to the AIM market in October 2021 raised £36 million net of fees. The oversubscribed fund raise signalled exciting momentum for the UK mining sector to have a project that is in the advanced stages of development, and a UK mine that will be producing strategically important materials is critical for the technology, decarbonisation and construction sectors, locally and globally.

Further to the decision shortly after the year end to reoptimise plant and reduce the capital expenditure, the conditions precedent for drawdown of the Orion facilities were not met. The Company is in active discussion with debt or other non-equity capital financing partners to secure the funding required for the planned processing plant upgrades.

ESG
The Group continues to undergo environmentally driven modifications and engage in regular and constructive dialogue with both the local community and authorities to ensure all previous concerns have been addressed. All necessary permits required for restart of operations have been reapplied for with the determination of such permits expected by the end of 2022.

We are proud of the creativity and dedication from our project team and partners to be able to deliver an upgrade plan that addresses and solves issues suffered by the previous operators.

We believe in promoting the availability of highly skilled graduate jobs within the mining sector, particularly in Devon, and to achieve this, we have begun attending careers fairs in schools and universities whilst actively working with local tertiary education establishments on research projects. We were pleased to welcome our first graduate placement student from Plymouth University in April 2022 with further students expected throughout the summer.

Most importantly, we are a mining group that listens to our neighbours. During the financial year, the community engagement team remained engaged with our wider stakeholders and local community hosting regular face-to-face local consultations.

Part of our community engagement plan is to ensure there are opportunities to get in touch with us and listen to concerns. Tungsten West has created a regular forum for open and transparent communications with local communities and maintains a community presence at Shaugh Prior, Cornwood and Sparkwell Parish Councils.

Our team
The next 12 months will be a critical period for the Group as we move towards transitioning from a mining development business to a fully operational production business. In preparation for this, the corporate team has expanded to provide additional support in the areas of finance, communications and investor and stakeholder relations.

Looking forward
In the face of an inflationary environment where costs have materially increased, I am glad that we were able to pause development of the Hemerdon Project when we did.

The Tungsten West team have demonstrated immense professionalism and capability in reoptimising the development plan within just three months. I remain convinced of the deep and strategic value of the Hemerdon deposit in light of current geopolitical events where security of supply of critical minerals becomes ever more relevant.

Our new plan reduces capital expenditure, lowers the ongoing operating costs by streamlining processes for greater energy efficiency, and maximises the operating margins. We can do all of this whilst maintaining the optionality to revert to the original plan should conditions allow in the future.

Mr M E Thompson
Director & Executive Vice Chairman

Our mission

Tungsten West aims to be an environmentally and socially responsible UK mining operation. We call our work in this area ESG, which stands for environmental, social and governance.

Putting the environment first

Water samples taken

287

Fully funded restoration bond

£13.2m

Tonnes of waste aggregate sold

90,000

QCA 3

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

As an aspiring player in the sustainability-driven tungsten supply chain, the Group is committed to a vision of a safe and sustainable service delivered throughout the business and its subsidiaries with professionalism, attention to detail and the empowerment of our employees.

We pride ourselves on our respect for the environment, community, health, safety, sustainable working practices, and meeting the needs and expectations of our interested parties.

Our mission is to become a world-leading producer of tungsten, tin and aggregates, committed to adhering to international standards in mining operations, environmental conservation and safe working practices to enable the delivery of excellence and growth for our partner communities, investors, employees and other stakeholders.

United Nations Sustainable Development Goals

Tungsten West has aligned our policies and procedures with the UN Sustainable Development Goals ('SDGs'), which are widely regarded as the leading global standards for being a good corporate citizen.

Whilst we appreciate the value of all 17 SDGs, given that Tungsten West is a junior mining company, we have assessed where we can have the most significant positive impact and have therefore chosen to focus on the nine goals outlined opposite, which align with our known environmental and social impacts.

Using the UN SDGs as an ESG framework

By considering the results of stakeholder analysis and the environmental impacts identified within the project's Environmental and Social Impact Assessment ('ESIA') and Environmental Management System ('EMS'), Tungsten West has developed the following ESG pillars that include themes aligning with the UN SDGs and 11 issues deemed most material to our business.

Our ESG focus areas

Our ESG Pillars	Applicable UN SDGs	Key issues identified
Environmental	6, 9, 13, 14, 15	▪ Sustainable Water Stewardship ▪ Waste Management ▪ Biodiversity ▪ Climate Change
Social	5, 8, 12, 16	▪ Gender Equality ▪ Health, Safety and Wellbeing ▪ Communities and Partnerships ▪ Pioneering Sustainable Critical Metals ▪ Social and Economic
Governance	8, 9, 16	▪ Ethics and Compliance ▪ Enterprise Risk Management and Risk Appetite

ESG Report continued

Consultation responses
396

Gender split
23%
Gender target 30%

Environmental

At Tungsten West, we take our environmental responsibility seriously, and through the introduction of our environmental pillars, it allows us to identify and implement programmes to mitigate any risks associated with these pillars.

Sustainable Water Stewardship

Objective – 100% compliance with all water quality standards and permits

Current ongoing compliance initiatives include our water consumption limits and restoration plan. These are managed under the Hydrology and Optimisation Project and Environmental Development Management Plan.

- Total samples taken across the year: 287.
  - 185 compliance samples.
  - 102 additional samples of local water receptors to enforce best practice.
- 99.46% within permitted pollutant discharge limits (1 exceedance out of 185 compliance samples whereby the exceeded sample was 0.001 over the compliance limit).

Waste Management

Objective: Achieve 60:40 sustainable to recycling ratio at our head office facilities

Our waste management projects aim to limit our product waste sent to the mine waste facility and any operational waste that may end up in landfill. So far our Aggregates West team have processed and sold 90,000 tonnes of aggregates to local and national infrastructure projects. As a by-product of the mining process, our aggregates are a low carbon, highly sustainable product.

Operational waste is minimised by engaging with local scrap metal dealers to remove any waste metal from repairs and maintenance that cannot be recycled. An onsite recycling programme also encourages staff to think about their own personal waste management on a day-to-day work cycle.

Biodiversity

Objective: Maintain, care and ensure no loss of existing trees planted by previous operator and Tungsten West.

A closure plan is being prepared which will represent a formal commitment to decommission and restore the Hemerdon Mine, in accordance with all regulatory requirements and to achieve outcomes agreed through consultation with all appropriate stakeholders.

The Closure Plan will provide the foundation from which Tungsten West will continue to develop the detail and update on an annual basis, throughout the operational phase. This process will facilitate incorporation of any relevant development of environmental monitoring as agreed with the regulatory and community stakeholders.

Climate Change

Objective: Instal sub-metering so we can baseline our office energy consumption

Objective: Baseline our scope 3 emissions for future assessment and target setting

We recognise our responsibility, as a contributor of greenhouse gas emissions, to identify and implement programmes to minimise energy usage where possible. Our Greenhouse Gas Emissions Project looks to address in the short term our onsite energy consumption whilst also looking ahead and forecasting our emissions intensity across all our products, meaning the Group can implement carbon emission reducing strategies when we reach production. Tungsten West plans to instal energy meters throughout the mine site and mineral processing facility which will enable management to analyse energy usage to perform high resolution analysis on energy consumption.

The revised design for the mineral processing facility ('MPF') is focussed heavily on energy efficiency. The drying and roasting process in the MPF is being redesigned to reduce diesel consumption by a forecast 1 million litres per annum on a same throughput basis.

In addition, the volume of waste hauled to the mine waste facility ('MWF') is a key area of focus. This will be reduced by sale of a proportion of waste as aggregates.

Finally, plans to significantly reduce the ROM pad rehandling process will significantly reduce diesel consumption by earth-moving equipment.

Social

Gender Equality

Objective: Increase our gender diversity from 23% to 30%

Gender, diversity and inclusion are important to Tungsten West as diverse societies, communities and teams produce significantly better outcomes for all members. Mining has historically been a male-dominated industry therefore the Company has targeted setting up an open forum for transparent communication at all levels within the business. We hope this can facilitate gender diversity throughout the Company as we work to build a diverse workforce.

Health, Safety and Wellbeing

Objective: 10% reduction in all time incident rate

Objective: 10% increase in near miss reporting frequency rate

Objective: 10% increase in hours of health and safety and emergency response training

The health, safety and wellbeing of our employees is always our number one priority. As the Group continues to grow and mining activity on site increases, we encourage our employees to embrace a strong health and safety culture through first aid training and respecting health and safety procedures on site.

Tungsten West prioritises the physical and mental wellbeing of its employees, and as such has a number of initiatives and schemes to support staff needs led by its dedicated HR resource including an Employee Assistance Programme providing 24/7 access to counselling services and personal growth support, awareness days that seek to tackle issues of importance to staff welfare and staff events designed to bring the team together in a relaxed environment, such as all-staff lunches. Transparent communication with executive management is encouraged. This approach is underpinned by inclusive and supportive HR policies and processes, administered through the latest cloud-based HR systems aimed at promoting continuous professional development in a nurturing environment.

Communities and Partnerships

Objective: 100% of Stage 1 complaints responded to within timescales and 100% of interactions logged and acknowledged

Our ability to operate successfully is dependent on the continued support of our local communities. During this period of mine and plant upgrades, we concentrate our time on developing positive, constructive and professional relationships with our local communities, especially those who live and reside close to the mine site. Many local residents remember the legacy issues under the previous operator, therefore it is critical that we address any concerns ahead of the recommencing of mining operations so the local residents can have the peace of mind that as neighbours, we will operate in a conscientious and respectful manner.

One way we proactively manage these issues is to hold public engagement events in local parish venues. By studying the issues and designing world-class mitigations, we can demonstrate to our local communities how we aim to mitigate noise or light nuisances.

Pioneering Sustainable Critical Metals

Objective: Increase digital followers (social media accounts) by 25% to raise awareness of the importance of sustainable critical metals

As countries continue to come forward with ambitious emission reduction targets, ensuring that critical minerals and materials are available for renewable technologies and electric vehicles is vital. Societies also want to see the positive benefits that arise from mineral extraction and processing, therefore we have a responsibility to ensure our processes always take into account the local environment and communities.

Tungsten West is a proud member of the UK Critical Minerals Association where we look to influence an industry that is in an urgent need of new sources of sustainable critical minerals.

Social and Economic Development

Objective: Invest an agreed amount via a Community Investment Fund

Tungsten West is actively engaged with local education providers and regularly hosts educational site tours for students and other interested stakeholders.

To date, Tungsten West has hosted site visits by Time for Geography, an online educational organisation producing video content to inspire the next generation of geologists and earth scientists, as well as Plymouth University students training to be geography teachers who will write future course content based on the Hemerdon Mine.

A University of Plymouth student completed an eight-week work placement during their final year studying for their MSc in Environmental Consultancy, where they actively supported the work of the ESG team.

Tungsten West has also signed Plymouth's Armed Forces Covenant designed to support veterans and their families into work. As recruitment ramps up, more initiatives will be put into place to support local educational links and employment.

Tungsten West has also recently agreed to develop a Community Investment Fund with the aim of supporting and working with individuals and groups in surrounding communities as part of its 'give back' objective.

Governance

Ethics and Compliance

Objective: Obtain MWF and Mineral Processing Plant Permits

Objective: Retain all required ISO accreditations

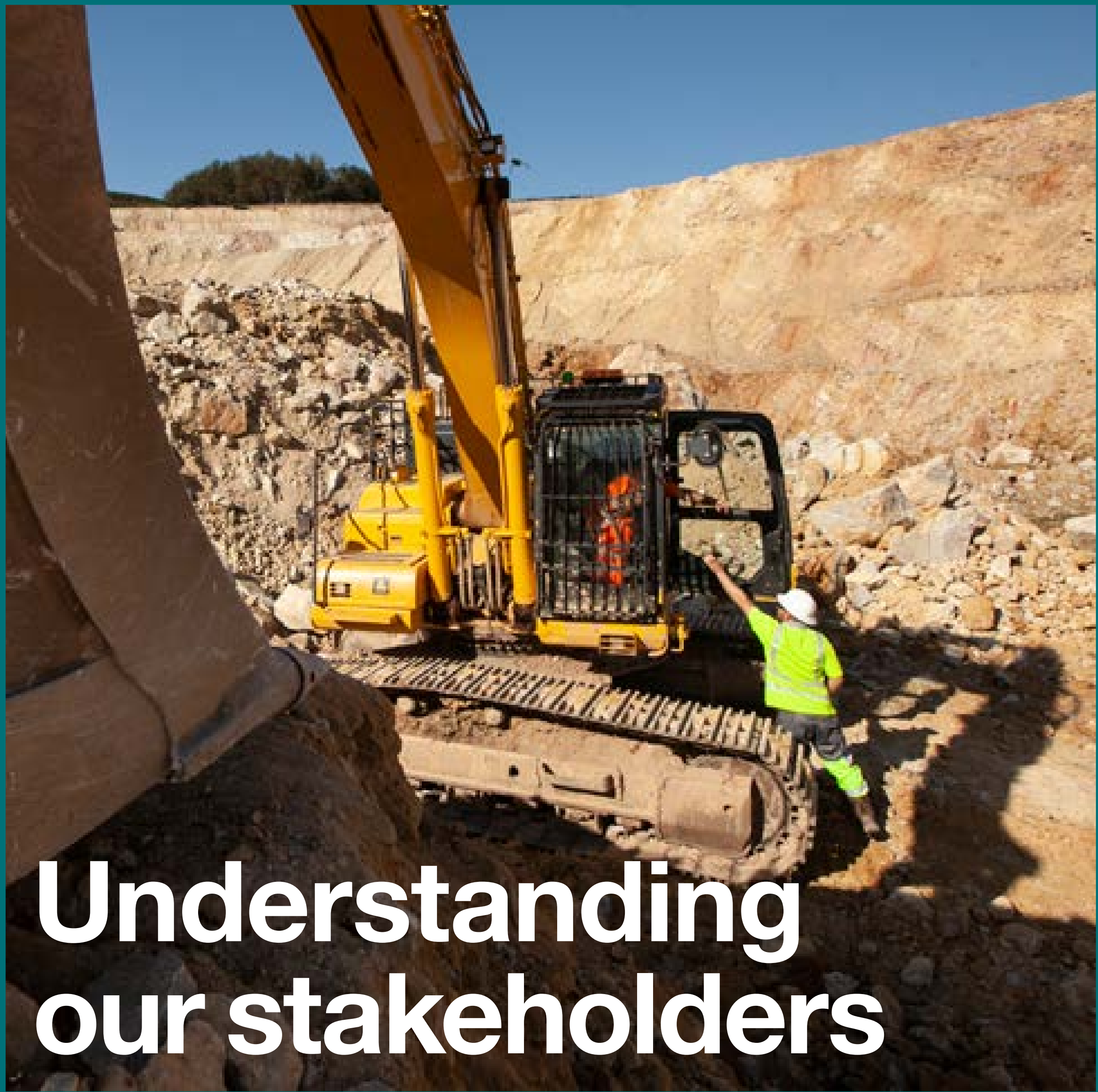
To achieve our mission, Tungsten West looks to maintain the highest levels of ethical standards in our conduct and encourages the same for all our wider stakeholders, whilst working in full compliance with the laws and regulations that impact our operations.

Enterprise Risk Management and Risk Appetite

Objective: Implement and host routine internal risk seminars to educate our employee base on key Company risks

Robust risk management and good corporate governance is the foundation from which we can promote optimal economic, social and environmental outcomes.

All departments are required to maintain risk registers and report to the Risk and Audit Committee any significant changes in risks. Cross-collaboration between departments allows critical analysis of each department's risks to ensure all remain objective to the business as a whole.



Understanding our stakeholders

QCA 4

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

Whilst the availability and speed of information was considered critical by most of our stakeholder groups, it was important that the updated plan was developed in a robust and diligent manner.

Section 172 statement

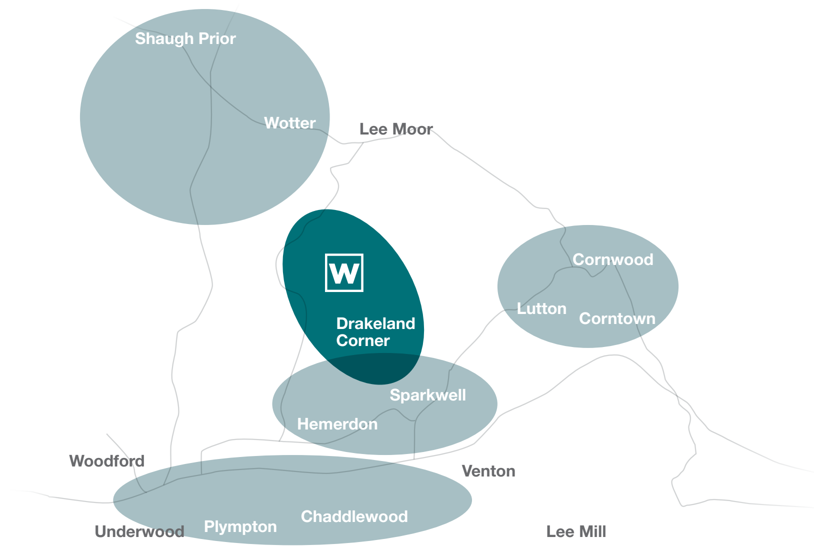
All members of the Board of Directors understand the duties of directors under Section 172 of the Companies Act 2006.

All Directors act in a manner, they consider in good faith, to promote the success of the Company for the benefit of all stakeholders and in doing so consider:

- The likely consequence of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly between members of the Company.

Tungsten West's purpose is to restart the world-class Hemerdon Tungsten-Tin Mine to provide essential strategic metals, doing so in a profitable, safe and sustainable manner. By promoting this approach, we look to create value throughout our stakeholder base.

Throughout the financial year we have engaged with all our key stakeholders which has allowed us to understand their views and consider how we can address their needs in order to align these with our strategy and core goals.



The key stakeholder zones are as follows

- Hemerdon and Sparkwell
- Cornwood and Lutton
- Shaugh Prior and Wotter
- Plympton – Chaddlewood and St Mary Wards
- Wider Plymouth

The zones above align with the known political structures – council parishes and wards.

They take into account impacts and aspects including: noise, vibration, air quality, water management, biodiversity and transport routes.

Project restart and re-design

The decision to pause operations while the business plan was redeveloped has had a significant impact on all our stakeholders. During the process, the board carefully considered the needs of its shareholders, employees, suppliers and other key stakeholders. Whilst the availability and speed of information was considered critical by most of our stakeholder groups, it was important that the updated plan was developed in a robust and diligent manner to ensure management could arrive at the most optimal solution to drive the business forward.

During this process, all shareholders were kept informed of the project through public announcements that were made both at the start and end of the reforecast period through the Regulatory News Service and via an investor webinar following the restart announcement.

Suppliers were informed immediately following the announcement to pause the project. The group carefully managed its long lead capital items that were either already in production or transit through arranging temporary storage facilities for larger items of capex or negotiating new payment structures to help with cashflow. The Group honoured all its legal obligations with existing contracts and did not default on any payment terms as it recognised that having effective supplier relationships will be critical to the restart plans.

Employees were informed through face-to-face meetings and e-newsletters circulated by the Managing Director with the purpose of delivering project updates that were critical to the restart of the development plan. Further briefings delivered to teams by Heads of Department facilitated an effective base for the sharing of knowledge throughout the business. The Group acknowledged that this was a difficult period for all employees and held an informal social event which gave employees an opportunity to raise any issues or concerns in a relaxed environment.

The surrounding communities and local elected officials were kept informed through monthly briefings both via email and face-to-face at Council meetings, which served to reiterate and ensure the news circulated through official announcements was understood amongst community stakeholders. Please see discussion elsewhere in the report for the details of the change in business plan.

Stakeholder Engagement
continued

The following table displays who our key stakeholders are and how we engaged with them during the financial year.

Stakeholder	How we engage	Key topics raised	Outcomes
Employees Our workforce is an adaptable and dedicated group of individuals, recruited mainly from the local area, together with experts in their field from many different countries across the globe. Their continued commitment to the Company means they are our most important asset and therefore we aim to provide a safe and engaging working environment.	▪ An open door approach is maintained between all employees and senior management and the Board. ▪ Notice boards. ▪ Health and safety toolbox talks. ▪ Employee focus groups.	▪ Clear and regular communication throughout the business on project updates. ▪ Sharing of new hire details and more comprehensive introduction to the Company.	▪ Introduced monthly newsletters and 'town hall' meetings to provide project updates to the Company. ▪ All new joiners receive a corporate induction and are invited on a mine and processing plant tour which aims to provide a comprehensive summary of the site geology and processing infrastructure.
Shareholders Following the admission to AIM in October 2021, the Company welcomed a wide range of new shareholders from financial institutions to retail investors. The support of our shareholders and access to long-term capital is vital so we can build a long-term viable mining company that seeks to deliver sustainable shareholder value.	▪ The senior management team issues regular updates via RNS and presentations. ▪ Regular calls with our institutional equity shareholders. ▪ We have ongoing dialogue with retail shareholders via our website, with blog posts and messaging functions, and presentations available on the internet. ▪ The CEO and Managing Director attended the Investing In Africa Mining Conferences to meet with mining investors from around the globe. ▪ The Company has an established social media presence with the intention to provide regular updates on the Company and its progress. ▪ Numerous shareholders have visited the site and met with management.	▪ Regular project updates. ▪ Financial performance. ▪ Change management. ▪ ESG work.	▪ Successful AIM listing. ▪ Continued regular RNS releases to keep shareholders informed. ▪ Continued growth of social media audiences, achieving good engagement levels.
Local communities We require the support and understanding of our local communities that surround the mine site to maintain our ability to operate effectively and respectfully. Community engagement allows us to make better informed decisions to ensure the long-term success of the mine.	▪ Our Head of Communications and Stakeholder Engagement engages with local communities on the issues that are important to them including attending in-person or providing written monthly updates to surrounding parish, district and city councils. ▪ The Company hosts a Mine Local Liaison Group meeting to provide regular updates to elected officials from surrounding community councils. ▪ Hosting of educational visits; graduate work placements to support local university students. ▪ Sourcing goods and services from local suppliers where possible.	▪ Low frequency and audible noise once in production. ▪ Traffic congestion and HGV route through local community. ▪ Road safety. ▪ Dust and air quality.	▪ Consultation and public meetings in local parish halls were organised to provide updates and take on feedback regarding the aggregates operations. This led to the Company reducing its planned HGV movements from 300 exports per day to 200. ▪ 2.5km of deer fencing and 448 trees planted following community feedback about the lack of growth of trees around the mine site due to deer predation.
Regulators Building trust and partnership with regulators is important to ensure we remain compliant with our permit and planning obligations. As a mining company, we must respect the Hemerdon landscape. We have a duty to mine in a responsible manner that protects the environment.	▪ Engage with the Devon County Council and the EA over our compliance obligations in relation to the mine site and future plans. ▪ Monitoring and reporting performance against compliance obligations for water discharge. ▪ Host the Technical Liaison Group to provide quarterly updates to regulators. ▪ Working with national government to promote the UK mining industry, alongside partners in the Critical Minerals Association, and providing a supply of an important mineral to support critical industries.	▪ Future project plans. ▪ Permit applications. ▪ Planning applications. ▪ Performance against compliance obligations. ▪ Complaints and public interaction.	▪ Continued to maintain ISO14001 Environmental Management System. ▪ Regular meetings and calls have developed good working relationships. ▪ Transparent and open communication with regulators established.
Suppliers The Company will be reliant on third party service providers and suppliers to provide equipment, services, infrastructure and raw materials required for the Company's business and operations. We aim to establish long-term partnerships through a network of specialised partners within the mining industry.	▪ Sharing with our suppliers our procurement process. ▪ Remain active with supplier tendering to ensure our costs are reasonable. ▪ Member of several trade bodies such as the Chamber of Commerce and the Critical Minerals Association.	▪ Health and safety for on-site contractors.	▪ All staff and contractors are now provided with an on-site induction to ensure health and safety procedures are strictly followed.

Financial Review

Letter from our CFO

Nigel Widdowson
Chief Financial Officer

2022 marked another year where the Group advanced its plans on the rebuild phase and most importantly, completed the successful AIM admission and capital raise.

As the Group is still in the development phase, it is not expected to report profits until ramp-up of production is underway post commissioning of the processing plant in 2023. Until then, the Board continues to monitor KPIs intrinsic to the project development.

KPI	2022	2021
Cash and cash equivalents	£28.8m	£3.5m
Investment raised (net of issue costs)	£41.2m	£7.0m
Asset under construction costs capitalised	£3.9m	£Nil
LTI and MTI incidents	Nil	Nil

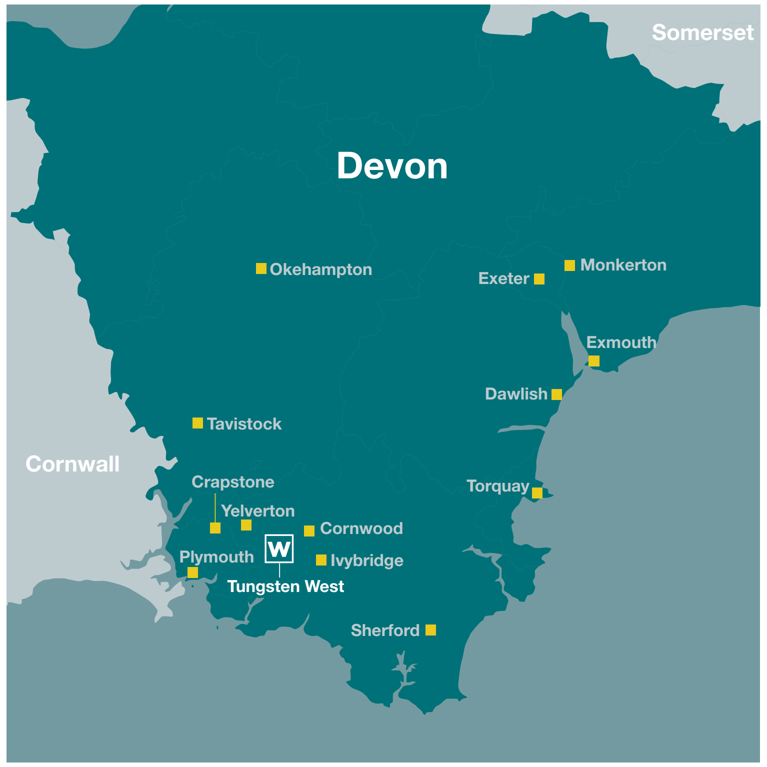
Overall, the Group made a loss of £13.0 million (2021: 8.0 million) which was in line with expectations as the Group ramped up headcount and increased its corporate activities. As a result, administrative expenses also increased during the year to £8 million (2021: £3.7 million).

Despite still being in the development phase of the mine, the Group generated £0.7 million (£0.04 million) of revenue, made up of primarily aggregates sales. In the final reported quarter, indirect sales were made to a mix of 51 customers through our sale and distribution partnership with GRS (Roadstone) Ltd. This shows a promising start to our aggregates business as we aim to gain market share and introduce a range of high quality product lines to our local and national customers.

Despite promising sales, our aggregates division incurred an overall gross loss on sales of £1.2 million (2021: £0.02 million). This was due to inefficiencies of operating at small scale, rising operating costs, and the Group experiencing slower than expected ramp up of our temporary aggregates processing plants. In addition the materials being processed in the trial were of an inferior quality to the granite waste that will be produced from the MPF, which resulted in low yields, and increased cost of removing unsellable silt waste.

However, the operating loss should not distract attention from the positive feedback we have had on our aggregates products. The trial operation is playing an important role in building our Aggregates West brand as we aim to maintain long-lasting relationships with our local and national customers.

51 customers predominantly based in the South West



It is also positive to see the impact our products are having on the local economy. A significant amount of our products were distributed within Devon which is helping towards lowering the carbon footprint of construction and infrastructure projects in the local area.

Besides our aggregates sales, the business continued to sell LIMS (low intensity magnetic separation) waste left on site by the former operator, realising revenue of £0.2 million (2021: £0.01 million).

As part of the AIM admission process, in October 2021, the 8% Convertible Loan taken out to acquire the project was converted into Ordinary Shares. The net finance costs have reduced during the year to £0.8 million (2021: £1.1 million).

During the year, the Group engaged with tax consultants who undertook an R&D review, investigating whether our research projects could qualify for R&D tax credits and after the year-end, a credit of £0.5 million was received in respect of three projects. At the reporting date, the Group has opted not to recognise the tax credit, given this is the first R&D tax claim.

The Group held cash and cash equivalents of £28.8 million (2021: £3.5 million). The increase is due to the net proceeds of £36 million received following the AIM listing in October 2021.

The Group has capitalised all costs to Asset Under Construction that relate to the ongoing project to upgrade the processing plant and mine site. At the year-end, total capitalised costs have increased to £3.9 million (2021: £Nil). Included in this is £1.0 million capitalised labour costs.

Funding

Tungsten West plc completed a successful admission to the AIM market of the London Stock Exchange in October 2021, issuing 65,000,000 new Ordinary Shares of £0.01 each at 60p per share, raising new funds of £39 million. Fees incurred on the AIM admission process were, in aggregate, £3.1 million, resulting in net proceeds of £36 million.

In addition, shareholders subscribed to 442,222 warrants over Ordinary Shares of £0.01p at prices ranging from 0.25p to 0.45p per share, raising new funds of £131,000.

Whilst the Group agreed a financing package worth $49 million with Orion Resource Partners, the Group has not reached financial close to draw down the funding. The Group is currently in discussions with financing partners to provide the additional capital required to execute the project.

Subsequent events

Since the publication of the Project's Bankable Feasibility Study ('BFS'), there has been significant and rapid inflation across key input costs for the Hemerdon project. These include steel, cement, ammonium nitrate (explosives), electricity, gas and diesel.

The March 2021 Bankable Feasibility Study was prepared using assumptions that are now widely different from prevailing market conditions and therefore it was decided post year end that this is unlikely to remain the optimal development strategy for the asset should current market conditions persist in the medium term and the tungsten price does not react to a level greater than it has.

The management team tracks key commodity and input prices closely and updates assumptions in the business plan forecast routinely, or when there is a material shift in key assumptions.

Post year end, the Board was presented with a revised financial plan, factoring in all the proposed changes to the mine plan, plant upgrades capex and revised operating costs that have materially changed since the BFS and IPO. The forecast is subject to sensitivity analysis and scenario stress testing to ensure all upside and downside scenarios are considered. The key inputs that were considered for stress testing were FX, commodity prices, mining start date, fuel and energy prices and project cost overruns.

In view of this, the Board has given approval to proceed with the revised project plans with immediate effect. The Group will require additional financing to execute the proposed project upgrade.

Management and the Board have also considered a forecast for a scenario whereby it did not raise the required financing and remained in a position of operational readiness. They have concluded that the Company would still be able to remain in operation for the foreseeable future as a going concern, and will be able to realise its assets and discharge its liabilities in the normal course of operations.

Nigel Widdowson
Chief Financial Officer

Operating within the mining and exploration industry presents the Group with a variety of risks that are either within or beyond the control of the Group.

Identifying and managing our risks

The Board, the Audit and Risk Management Committee and Executive Management have implemented a system whereby they can manage the Group risks and implement control procedures to minimise or remove any adverse impact they may have on operational performance and profitability.

Emerging Risks

Alongside principal risks, the Board looks to tackle emerging risks to ensure the Group can remain resilient and survive in uncertain times. The Covid-19 pandemic continues to present direct risks associated with it such as supply chain and workforce issues and threats to the health and wellbeing of the Group's personnel.

The Group has also seen an increase in costs because of the rise in UK inflation and instability in the UK economy. The Group expects to undertake significant mine and plant upgrades during this period of higher inflation and therefore the Board is actively managing costs and engaging with suppliers to obtain the most competitive quotes available to the Group.

Risk Appetite

The Group's appetite to risk has changed to reflect volatility in energy prices and global geopolitical events. The Group continues to focus on risks associated with the completion of the mine and plant upgrades which are considered critical to the restart of mining operations.

QCA
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Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Principal Risks and Uncertainties
continued

Principal risks

Outlined to the right are the principal risk factors that the Board feels may affect performance and economic return. The risks detailed below are not exhaustive, and further risks and uncertainties may exist which are currently unidentified or considered to be immaterial.

Risk		Impact	Mitigation
Development Risk	**The site and plant enhancements at the Hemerdon Mine may be subject to unexpected cost overruns and delays.**	Whilst best estimates are used to prepare capital project budgets, any unexpected problems will increase costs, delay revenues, and erode cash reserves and project returns.	Management and the Board regularly review and update forecasts whilst comparing budgets against project expenditure to date. The Group also ensures there is access to a sufficient buffer of capital to absorb overruns and opex until project profitability. In a scenario where the Group anticipates unacceptable cost increase, the Group will seek alternative measures to reduce costs or delay operational readiness and hiring.
Operating Cost Risk	**The Group is exposed to inflationary pressures that impact the core materials required for the operations, mainly being reagents, energy and diesel costs.**	Whilst best estimates are used to prepare operating cost budgets, recent events have shown the impact of an inflationary environment on operating costs.	Management regularly update forecasts and apply sensitivity analysis whilst comparing budgets against expenditure to date. The project team have reviewed the processing facility restart plan to ensure the most profitable and cost efficient processes are being utilised to minimise consumption on costly materials.
Foreign Exchange Risk	**The Group has exposure to foreign currency risk as its tungsten and tin revenues are predominantly in USD.**	As the Group's operating costs are predominantly in Pound Sterling and the reporting currency is also in Pound Sterling, a weakened US Dollar would impact project returns. Fluctuations in exchange rates also introduce volatility in the Group's financial results that are not necessarily related to the Group's underlying operations.	The Group has a hedging policy approved by the Board and lenders if they were to use hedging products to protect the FX exposure.
Volatility of Commodity Prices	**Fluctuations in tungsten, tin and aggregates prices which are beyond the Group's control.**	Off-take agreements are linked to market prices which are subject to fluctuations out of the Group's control. A fall in commodity prices will adversely impact revenues and margins.	The Board and management regularly monitor commodity prices so they can adapt and scale back projects if they anticipate lower returns.
Reserve Estimates	**The Group's reported reserves of tungsten, tin and aggregates are only estimates and there is no certainty that the estimated resources will be mined.**	Any material reductions in the estimates could have a material adverse effect on the Group's future profitability and project returns.	The mine's reserves have been prepared by a team of independent qualified specialists. Ongoing estimates will be complemented by an experienced onsite team of geoscientists and engineers.
Key Personnel Risk	**The Group's ability to compete in the competitive mineral resource sector depends upon its ability to attract and retain highly qualified management, operational and technical personnel.**	The loss of key management and/or technical personnel could delay the development of the Group's assets and negatively impact the ability of the Group to compete in the tin/tungsten resource sector and therefore have an adverse effect on the project's profitability.	To date, the Group has been successful in recruiting and retaining high quality staff. The Board and Human Resources monitor employee attrition closely and have put together an attractive employment package to secure and retain the best personnel.
Safety and Wellbeing	**There is an inherent risk in the mining industry that accidents will occur as a result of a failure in adhering to health and safety procedures.**	Accidents can result in serious or fatal injuries which will impact the trust our employees and contractors have to operate safely on site. A severe failure in health and safety will have an overall impact throughout the business including financial penalties, project delays, recruitment and negative employee morale.	Build awareness of health and safety throughout the business with regular health and safety training and updates. Undertake rigorous risk assessments for all construction and mining activities. Ensure all our health and safety standards and procedures adhere to ISO 45001.
Key Contractors and Suppliers	**The Group has a reliance on key contractors and suppliers due to the specific nature of the plant upgrades.**	If the Group experiences any difficulties in retaining suitably qualified contractors, this will have a material impact on plant upgrades and an increase in costs to secure replacement contractors. This will cause delays in project timelines and erode project profitability.	The Group's contractors are permanently based on site therefore the Group can have real time communication and updates on project readiness. All key materials and machinery are purchased ahead of time to ensure they are immediately available for installation.
Environmental and Social Responsibilities	**The Group's operations are subject to various laws and regulations relating to the protection of the environment and the local community. Before mining can recommence, the Group must reapply for a number of operating permits of which there can be no guarantee that these applications will be successful.**	A delay or failure to obtain or retain the necessary environmental and social licences will have an adverse effect on the Group's revenues and profitability.	The Group continues to improve its communication and transparency on its environmental and social responsibilities. Included within this Annual Report is the Group's first Sustainability Report which addresses in detail its approach to good ESG governance. The Group also continues to engage with local authorities and communities. The Group enforces strong ESG principles across its operations which are regularly reviewed by the Board and ESG Manager.

QCA
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Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Principal Risks and Uncertainties
continued

Risk		Impact	Mitigation
Permitting Risk	**The Group requires various permits and planning permission to operate.**	Delays in any permits being granted to the Group will delay the restart of mining operations which will impact profitability and decrease the cash headroom the Group has available.	Plan and implement formal stakeholder engagement to address complaints and issues that were raised and experienced, particularly by directly affected neighbours. Ongoing discussions with the permitting authorities (MPA and EA) and stakeholders, to agree modifications to the design of the MWF and MPF.
Data Security/ Market Abuse	**Employees throughout the business have access to sensitive, non-public information, and there is a risk that a) employees abuse their position and share this information outside of the business and b) the breach of non-public information leads to market abuse.**	There is a reputational risk to the business if the Company cannot protect market-sensitive information. Fines and sanctions if employees are found to be abusing their position and sharing non-public information.	Keep sensitive information within senior management groups and restrict access to data where required. Secure physical data within the office to reduce accidental sharing of information. Provide training and support to staff to ensure there is Company-wide awareness of market abuse. Automate processes where possible to reduce the manual handling of sensitive data.
Access to Capital	**There is a risk of withdrawal or no access to finance required to complete the project.**	If project returns prove unattractive to investors, there could be insufficient capital available to complete the project and restart production.	Adapt our business model to keep operations insulated from inflationary pressures and provide attractive returns to investors. Routinely report to lenders and key investors and remain engaged on key issues or concerns they may have. Engage with professional advisers on any issues that could cause withdrawal of facilities. Monitor forecasts to anticipate potential covenant breaches.
Plant Viability	**There is a risk that the plant cannot produce a competitively priced product and the quality of product expected from our off-takers.**	Poor quality product would result in a lower payability and therefore reduced operating margins. Plant downtime may be required to address deficiencies in the processing steps.	Operator training and experience will improve and maintain required performance of the processing facility. Ore storage between unit operations will allow longer running times and improved stability performance. Ensure availability of trained personnel.
Geopolitical Risk	**There is a risk that geopolitical events outside the company's control could materially impact the business plan.**	Failure to react to geopolitical events may result in unnecessary cost absorptions, access to key materials and skilled labour.	Monitor price changes in key materials such as energy, fuel and reagents. Consider price fixing if there is anticipation of volatile prices due to geopolitical risk. Engage with advisers on foreign currency strategy. Consider hedging products to manage risk.
Covid-19 Risk	**There is a risk that the current Covid-19 pandemic is prolonged, either through subsequent waves or if additional variants emerge.**	An outbreak of a new variant could cause shortage of personnel and/or shut down operations, adversely affecting operating performance and production efficiency.	The Board continues to monitor and adapt in response to the pandemic and introduce proportionate health and safety measures when required.
Unstable Economy Risk	**There is a risk that the UK and the wider global economy enters recession, putting economic pressure on demand and pricing, key contractors, off-takers and the business.**	Unstable economy puts pressure on businesses as they have to absorb losses through reduced revenues and increased costs. There is a risk that our key contractors and off-takers do not survive through the current economic environment and therefore cause the Group to have to secure new contractors and off-takers which would result in higher costs and lower revenues as businesses try and secure more aggressive costing terms.	Management and the Board regularly review the implications of macroeconomic conditions. The Group also ensures there is access to a sufficient buffer of capital to absorb overruns until the project is profitable. In a scenario where the Group anticipates unacceptable cost increase, the Group will seek alternative measures to reduce costs or delay operational readiness and hiring.

QCA
4
Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Board of Directors

Robert Norman Ashley

Independent Non-Executive Chairman

Robert joined the Company in September 2021 as the Independent Non-Executive Chairman. Robert's career has seen him hold several senior and executive roles in finance and banking, including AIM-listed companies.

His focus as Chairman is to ensure effective oversight of the Company's strategy and key issues by the Board of Directors as well as maintaining efficient communications with shareholders.

Mark Edward Thompson

Executive Vice Chairman

Mark co-founded the Company in 2019 and is an experienced investor, trader, and executive in the natural resources sector with a background managing large portfolios of risk within the alternative assets space, investing in mining companies, providing strategic advice, and holding senior executive positions.

Mark holds the position of Executive Vice Chairman of the Company and his focus is coordinating the executive committee and supporting the Chairman to ensure effective governance of the Company's strategy and key issues by the Board of Directors.

Maximillian (Max) Campbell Denning

Chief Executive Officer (In office until July 2022)

Max co-founded the Company in 2019 and has strong experience of Financial, Operational and Project start-ups as well as international experience in Africa, Southern America, and Europe, mainly in Mining and Finance. As part of his role as Chief Executive Officer of the Company, Max led the purchase of the Hemerdon Mine out of receivership.

Anthony Nigel Widdowson

Chief Financial Officer

Nigel was appointed to the Board of the Company in July 2021 as Chief Financial Officer. He has over 20 years' experience as a CFO within SMEs, VC/PE backed and leveraged businesses across a variety of sectors including natural resources, construction, leisure and technology.

His focus as CFO is to oversee all financial aspects of the Company as well as internal auditing to ensure continued good management and profitability of the Company.

The Honourable Francis Patrick Harcourt Vanden-Bempde Johnstone

Non-Executive Director

Francis joined the Company as a Non-Executive Director in May 2019 as part of his role as an Investment Adviser to Baker Steel Resources Trust Ltd, one of the Founder Shareholders.

Francis represents Baker Steel Resources Trust Ltd as a significant shareholder and acts as a Non-Independent Non-Executive Director.

Richard (Rick) William Macfarlane Maxey

Non-Executive Director

Richard joined the Company as a Non-Executive Director in December 2020 and informally represents the Company's shareholders Henry Maxey and Eden Rock. Richard acts as a Non-Independent Non-Executive Director.

Grace Elanor Stevens

Independent Non-Executive Director

Grace joined the Company in September 2021 as a Non-Executive Director and the Chair of the Audit and Risk Management Committee. Grace has worked for ten years at Legal & General Group (L&G) where she has been the Chief Taxation Officer since 2015.

Her focus is as Chair of the Audit and Risk Management Committee, who assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls.

David Connal Cather

Senior Independent Non-Executive Director

David joined the Company in September 2021 as a Non-Executive Director. David has participated in numerous acquisitions and IPOs of mining companies on various stock exchanges and has significant expertise in mine development. He is currently Non-Executive Chairman of Metals Exploration plc, an Independent Director of JSC AK Altynalmas, a Kazakhstan-listed emerging mid-tier gold producer and of Galantas Gold Corporation, a dual-listed (AIM:TSX.V) Northern Irish underground gold developer.

David is Chair of the Remuneration Committee and the Technical Committee.

Corporate Governance Statement

Our Approach

Tungsten West recognises the importance of robust corporate governance and accountability to all its stakeholders. By promoting sound governance, the risks set out on pages 40 to 45 can be mitigated and improved performance can be promoted, therefore, the Group view this as an important factor in reaching its medium to long-term goals.

On 21 October 2021, Tungsten West plc listed on the London Alternative Investment Market ('AIM'). AIM Rule 26 requires quoted companies to adopt a recognised corporate governance code and Tungsten West has therefore chosen to adopt the Quoted Companies Alliance's ('QCA') Corporate Governance Code for Small and Mid-sized Quoted Companies.

Our QCA Code disclosures within this Annual Report are summarised in the table opposite.

Principle		Disclosure within this report
QCA 1	Establish a strategy and business model which promote long-term value for shareholders.	See Our Purpose, Values and Culture – **page 2 to 3.**
QCA 2	Seek to understand and meet shareholder needs and expectations.	See Our Governance Structure – **page 50.**
QCA 3	Take into account wider stakeholder and social responsibilities and their implications for long-term success.	See ESG Report, Stakeholder Engagement and Our Governance Structure – **page 30, 34 & 50.**
QCA 4	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	See Principal Risk and Uncertainties – **page 40 to 45.**
QCA 5	Maintain the Board as a well-functioning, balanced team led by the Chair.	See Board Composition – **page 46 to 50.**
QCA 6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	See Board Composition – **page 46 to 50.**
QCA 7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	See Our Governance Structure – **page 50.**
QCA 8	Promote a corporate culture that is based on ethical values and behaviours.	See Our Governance Structure – **page 50.**
QCA 9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	See Our Governance Structure – **page 50.**
QCA 10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	See Our Governance Structure – **page 50.**

Board Composition

The Board has a wide and diverse range of experience, and each Director brings a wealth of knowledge and expertise to the Group. The majority of the Board have worked within the mining industry and complementary fields including capital markets, project execution and financial, risk and control.

Each Director maintains their skillset through a combination of continual professional development and attendance of relevant industry conferences. All our Directors will retire on rotation at regular intervals in line with the Company's Articles of Association.

The following table highlights each Director's core competencies relevant to the successful development of the Group.

Key Strengths

	Mining and Mineral Extraction	Project Execution	Financial, Risk and Control	Corporate Governance	ESG	Capital Markets
Francis Johnstone	x	x	x	x		x
Richard M Maxey			x	x		x
Max Denning (In office until July 2022)	x	x	x		x	x
Mark Thompson	x	x	x	x		x
Nigel Widdowson	x	x	x	x		x
Robert Ashley	x	x		x		x
David Cather	x	x			x	x
Grace Stevens			x	x	x	

The Board and Culture

For the Group to deliver on its strategy and to maximise shareholder value, the Board believes it must instil a corporate culture based on ethical values and behaviours that align with its strategic objectives. The Board is therefore responsible for delivering this message down and throughout the business, ensuring the whole Company respects and applies such behaviours in their day-to-day work.

Besides setting and delivering on the strategy of the Group, the Board is responsible for making key decisions on financial planning and on an annual basis, will approve the Group budget.

The Board members have a wide range of experience in financial planning and forecasting, therefore can draw upon their experiences to suitably challenge and critique the forecasts.

The Board typically convenes at least eight times a year. During 2020, 2021 and at present, the ongoing Covid-19 pandemic has presented restrictions on meeting face to face, meaning Board meetings are typically held via video-conference. The Vice Chairman and CFO carry out their day-to-day duties at the Hemerdon Mine, meaning they can remain close to the project and immediately react to any risks that threaten the success of the project.

A total of 20 Board meetings were held during the 2022 financial year. Due to the bespoke nature of the mine and plant upgrade, senior technical and operations management are invited to attend Board meetings to provide updates on the project.

The Board considers that there is an appropriate balance between the Executives and Non-Executives (both independent and non-independent) and that no individual or small group dominates the Board's decision making. The Group is committed to aligning with globally recognised standards, such as the UN Sustainable Development Goals, for diversity both at Board level and across the organisation.

Attendance at Board Meetings

The attendance of Board and Committee members who served during the year at the scheduled meetings and calls is shown below:

	Board	Audit & Risk	Remuneration
Stephen Fabian	7/8	2/2	
Francis Johnstone	20/20	4/4	
Richard M Maxey	19/20	2/2	1/1
Max Denning	20/20		
Mark Thompson	19/20		
Nigel Widdowson	13/14		
Robert Ashley	11/11		1/1
David Cather	11/11	2/2	1/1
Grace Stevens	11/11	2/2	

Corporate Governance Statement continued

Our Governance Structure

The Board is supported by three Committees, specifically the Audit & Risk, Remuneration and Technical Committees. In view of the size of the Company, the Board will not at this time establish a nominations committee. However, the Board will consider the principles of the QCA Code on nomination and succession matters.

Our governance arrangements are summarised below:

Tungsten West plc Board

The Board of Tungsten West is responsible for setting the vision and strategy for the Group to deliver value to all stakeholders by effectively putting in place its business model.

Audit & Risk Committee

The Audit and Risk Management Committee comprises three independent Non-Executive Directors led by Grace Stevens, who acts as Chair, David Cather and Francis Johnstone.

The Audit and Risk Management Committee assists the Board in reviewing the effectiveness of internal control and the integrity of financial information reported to shareholders.

Remuneration Committee

The Remuneration Committee is led by David Cather, who acts as Chair, Robert Ashley and Richard Maxey.

The Remuneration Committee's main function includes formulating and agreeing with the Board the framework for the remuneration of the Executive Directors and overseeing the remuneration of senior management. The Committee also approves awards under the Company's short and long-term incentive plans.

Technical Committee

The Technical Committee comprises David Cather, who acts as Chair, and Mark Thompson.

The Technical Committee's main functions include reviewing and monitoring the standards and procedures adopted for its operations to ensure they meet legal requirements, under both local jurisdiction and international standards.

Board Changes

As part of the ongoing planning for the Board, there were a number of Board changes during the period as the Group strengthened its executive and non-executive management in advance of the Company's AIM admission. In July 2021, Nigel Widdowson was appointed to the Board as Chief Financial Officer. Robert Ashley was appointed Chairman of the Board in September 2021. At the same time, Grace Stevens was appointed to the Board and Chair of the Audit & Risk Committee. David Cather was appointed to the Board and Chair of the Technical Committee and Chair of the Remuneration Committee.

Stephen Fabian stepped down from the Board in September 2021 and Max Denning in July 2022. The Board would like to thank them for all their hard work in the foundation of the Company and its formative years.

Evaluation Board Performance

The Chairman is responsible for reviewing Board performance whilst the Remuneration Committee is responsible for ensuring executive remuneration is benchmarked against competitors and motivates the executive team to tackle challenges ahead.

Support to Directors

The Board has the full support of the Company Secretary who acts as secretary to the Board and its Committees. The Board also retains the services of external advisers who are on hand to all Board members to provide advice and support where required.

The Board receives regular and timely information on the Group's operational and financial performance in order to perform their functions. Relevant and detailed information is circulated to all Directors ahead of Board and Committee meetings.

Shareholder Engagement

The Board maintains a clear and transparent dialogue with the shareholders of the Company. With institutional investors, engagement is led through the Non-Executive Directors and the CFO whilst the Company aims to take on feedback from the wider shareholder and stakeholder base through the Company's Annual General Meeting and local feedback sessions with community stakeholders.

Approved and authorised by the Board on 5 August 2022

Signed on their behalf by

Mr M E Thompson
Director & Executive Vice Chairman

Directors' Report

The Directors of Tungsten West plc present their report and the consolidated financial statements for the year ended 31 March 2022.

Principal Activities

The Principal activity of the Group (Tungsten West and its subsidiaries) is the mining of tungsten and tin and the processing of secondary aggregates at the Hemerdon Mine, Devon, UK.

Review of Business

A review of the current and future development of the Group's business is given in the Strategic Report on pages 26 to 29.

Financial Risk Management

The Group is exposed through its operations to the following financial risks:

- Commodity price risk
- Foreign currency risk
- Credit risk
- Interest rate risk
- Liquidity risk
- Inflation risk

The Group undertakes certain policies and procedures to mitigate these risks as much as is practicable, including purchasing in advance foreign currency when exchange rates are favourable, using creditworthy financial institutions and using short-term deposits to manage interest rate and liquidity risks.

As the Group transitions to production, it will continually review these risk mitigation policies to any potential exposure to commodity prices and increase exposure to foreign exchange risks.

The Group is also exposed to financial risks that arise from its operations; these along with management's policies surrounding financial risk management are explained in note 3 to the financial statements.

Financial Review

Please see the CFO's report for a comprehensive financial review.

Dividends

The Directors do not recommend payment of a dividend (2021: £Nil).

Going Concern

The Group is still in the pre-production phase of operations and meets its day to day working capital requirements by utilising cash reserves from investment made in the Group. In October 2021, the Group raised £36 million by way of an initial public offering and at the year-end, had £28.8 million in cash reserves and £20 million at the date of signing.

For the Group to be able to execute its estimated capex spend of £26.0 million to £36.0 million, it still requires additional funding and is in discussions with financing partners to provide the additional capital.

Until the additional capital is secured, the Group will begin to proceed with detailed engineering design and will commence construction by utilising cash reserves. The board will not commit to significant further capital expenditure until the full finance package is in place to complete the rebuild.

Management has prepared a number of different forecasts to model all anticipated potential outcomes as follows:

- Model 1 – Capital build basis
  This scenario models management's intended plan of the expected future outflows required to complete the capital build once finance is secured. Sensitivity analysis has been applied in terms of when the project would restart, availability of additional capital and the cashflow demands for each scenario.

  As the terms of any finance package have not yet been agreed the model does not include costs of finance. Management are satisfied there is sufficient headroom to service the projected cost of debt when this is agreed. As negotiations with finance providers proceed the model will be updated with the anticipated finance costs to ensure that a sufficient level of liquidity is maintained.

  Management is confident that the project finance can be secured to complete the capital build under the updated business plan. Management acknowledge that the group could fall-back to a more modest business plan in the short term to maintain cash reserves if the economic environment were to deteriorate.
- Model 2 – Operational readiness basis
  This forecast models the scenario where project finance is not agreed in sufficient time to progress with the intended plan. The Group would continue in operation and will be able to realise its assets and discharge its liabilities as they fall due in the normal course of operations, including any committed expenditure that is required to meet its contractual capital and financial commitments. No further capital expenditure would be committed but activity and staffing levels would be maintained so that project restart could be recommenced as soon as finance is secured. The group retains sufficient cash at the current time to operate under Model 2 for at least eighteen months.

Directors' Report continued

- Model 3 – Care and maintenance basis
  Whilst management consider this to be the least likely and desired option for all stakeholders groups, it has prepared a forecast on a care and maintenance basis to cover this unlikely scenario.

  This forecast models the scenario where project finance is not agreed. The Group would reduce its operations but continue to discharge its liabilities as they fall due in the normal course of operations, including any committed expenditure that is required to meet its contractual capital and financial commitments. No further capital expenditure would be committed but operational expenditure would be reduced to essential care and maintenance activities only. Management would continue to develop a plan to recommence development of the site when finance could be secured. The group retains sufficient cash at the current time to operate under Model 3 for at least three years.

  The Directors consider the Group would be able to remain in operation under any of these 3 models above and accordingly continue to adopt the going concern basis in preparing the consolidated financial information.

Share Capital
Details of the authorised and issued share capital are shown in note 27.

Directors and Directors' Interests
The Directors who served during the year, together with their beneficial interest in shares of the Company as of 31 March 2022 are as follows:

	31 March 2022		31 March 2021	
	Shares	Options	Shares	Options
Stephen Fabian (Resigned 7 September 2021)	**3,199,319**	**4,971,586**	3,165,569	1,740,750
Francis Johnstone	**–**	**–**	–	–
Richard M Maxey*	**16,434,593**	**–**	10,411,393	–
Maximillian (Max) Denning**	**12,649,819**	**5,371,586**	4,921,819	1,740,750
Mark Thompson***	**4,317,238**	**4,971,586**	4,250,571	1,740,750
Anthony (Nigel) Widdowson (Appointed 21 July 2021)	**–**	**300,000**	–	–
Robert Ashley (Appointed 7 September 2021)	**–**	**–**	–	–
David Cather (Appointed 7 September 2021)	**–**	**–**	–	–
Grace Stevens (Appointed 7 September 2021)	**–**	**–**	–	–

* Held by Richard Maxey's brother, Henry Maxey.
** Held by Max Denning and his mother and father, Sarah Veronica Denning and Mark Edward Denning.
*** Held by Mark Thompson and his wife, Nicola Zoe Haylings.

Directors' Statement as to Disclosure of Information to Auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

Directors' Indemnity Insurance
The Group provided Directors' and Officers' liability insurance for both the current and prior period.

Political Donations
During the year the Group did not make any political donations.

Future Developments
Details on future developments can be found on pages 26 to 29 in the Strategic Report.

Research and Development
The Group is currently engaged in research and development activities to increase operational efficiencies and address issues presented under the previous operator. Details on such activities can be found on pages 18 to 21 in the Strategic Report.

Events after the Reporting Date
The events after the reporting date are set out in note 35 to the Financial Statements.

Auditors
The auditor, PKF Francis Clark, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. PKF Francis Clark has signified its willingness to continue in office as auditor.

Approved and authorised by the Board on 5 August 2022

Mr M E Thompson
Director & Executive Vice Chairman

Tungsten West plc Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report
to the members of Tungsten West plc

Opinion

We have audited the financial statements of Tungsten West plc (the "Group") for the year ended 31 March 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

An Overview of the Scope of our Audit

We planned and performed our audit by obtaining an understanding of the Group and its environment, including the accounting processes and controls, and the industry in which it operates. The Group comprises the following components (all 100% subsidiaries based in the UK):

- Tungsten West plc ("Parent company")
- Tungsten West Services Limited
- Drakelands Restoration Limited
- Aggregates West Limited

All components were subject to full scope audits carried out by the group audit team. Our audit work at the component level is executed at levels of materiality appropriate for such components, which range from 5% to 94% of Group materiality.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (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 MATTER	RESPONSE AND CONCLUSION
Management override of controls **During the year the Group raised significant further shareholder investment to fund the rebuild of the processing plant. There is a significant risk of management bias to manipulate results in order to secure the shareholder investment during the year and/or potentially further finance in the future.**	Our audit work included: • Consideration of the appropriateness of journal entries made during the year, and those posted to adjust the management accounts to produce the final accounts. • Challenge of the assumptions underlying material provisions at the balance sheet date to ensure that they are included on a consistent basis with IFRS. • Review of accounting estimates for potential biases. • Review of the disclosure of the results to check that they are fair and balanced. As a result of the procedures performed, we are satisfied that there is no evidence of material management override of controls.

KEY AUDIT MATTER	RESPONSE AND CONCLUSION
Impairment of property, plant and equipment and intangible assets **Due to cost inflation management have made a significant change to the future forecast operational plan for the extraction plant which will impact the timing and amount of future cash flows to be received. This event causes a risk that the property, plant and equipment or intangible assets held on the group balance sheet could be impaired.**	Our audit work included: • Inspection and review of the updated business plan. • Discussions and enquiries with management. • Identification of changes between the original and updated business plans. • Physical inspection of the property, plant and equipment within the processing plant. • Challenge of the reasonableness of assumptions underlying management's new plan and the calculation of value in use. • Assessment and challenge of management's sensitivity analysis. • Review of the disclosures regarding impairment considerations made by management together with the status of the revised plans. As a result of the procedures performed, we are satisfied that no further material impairment to the carrying value of either property, plant and equipment or intangible assets is required.
Restoration provision **The group holds a restoration provision as a result of the contractual obligation to restore the mining site back to its original state once mining ceases. The provision is equal to the expected outflows that will be incurred at the end of the mine's useful life discounted to present value. This is a significant accounting estimate with a number of uncertain underlying assumptions such as discount rate, life of mine and the estimate of restoration costs.**	Our audit work included: • Assessment and challenge of the key assumptions applied by management. Cross-checking consistency of assumptions with business forecasts. • Inspection of third party estimates of the expected restoration costs. • Reperformance of management's calculation. • Assessment of the accuracy and completeness of accounts disclosure in the light of the above. As a result of the procedures performed, we are satisfied that the restoration provision is accounted for and disclosed correctly.
Founder share options **During the year the founder shareholders, to preserve rights established in the original shareholder agreement, were issued founder options which vest on set milestones for the group. These are complex instruments which require significant judgement to determine the correct accounting treatment.**	Our audit work included: • Inspected the underlying agreements to determine how the options should be treated under IFRS. In particular assessed whether the terms of the option agreements met the fixed for fixed test and whether the options were awarded in consideration for shareholders investing in the group. • For options accounted for under IFRS 2 review of the calculation produced by management and critical assessment of the reasonableness of underlying assumptions such as market value of underlying shares, time to exercise and risk free rate. • Developed our own estimate of fair value and compared to management's figure. • Assessed the accuracy and completeness of accounts disclosure in the light of the above. As a result of the procedures performed, we are satisfied that the Founder share options are accounted for and disclosed correctly.
Capitalisation of costs **The Group's primary focus at the current time is the renovation and commissioning of the extraction plant and has capitalised significant associated costs within property plant and equipment under IAS16.** **The risk is that costs are capitalised that are not directly attributable to the project and will not result in future economic benefits flowing to the Group. This is a key area of judgement.**	Our audit work included: • Inspecting documentation relating to a sample of fixed asset additions. • Recalculation of a sample of capitalised staff costs with reference to payroll records. • Discussions with project staff directly to determine if costs capitalised were directly attributable. • Assessment and challenge of the key assumptions applied by management, in particular surrounding staff utilisation rates and how the criteria of IAS16 have been met. • Review of the disclosures made of the nature of the costs capitalised. As a result of the procedures performed, we are satisfied that property, plant and equipment has been recognised in line with IAS16.

Independent Auditor's Report continued
to the members of Tungsten West plc

Our Application of Materiality
Misstatements, including omissions, are considered to be material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We use quantitative thresholds of materiality, together with qualitative assessments in planning the scope of our audit, determining the nature, timing and extent of our audit procedures and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

MATERIALITY MEASURE	GROUP
Overall materiality	£596,000
Performance materiality	£387,000
Basis for determination	Overall materiality was set as 1% of the Group's gross assets. As the Group is not currently making commercial Tungsten sales, the investor value will centre on the assets under the control of the Group (freehold property, leasehold property, the processing plant and machinery and the mining licence enabling rights and access to the Tungsten in the Drakelands mine). Consequently we have deemed it appropriate to set Group materiality on a gross assets basis. Performance materiality is set as 65% of overall materiality based on our assessment of inherent risk.
Threshold used for communicating unadjusted differences	£17,900

Range of materiality for the 4 components subject to full scope audits: £30,000 - £560,000 and used a mix of Gross assets and Profit before tax to determine materiality depending on the nature of the components' operations.

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

- Review and challenge of management's assessment of going concern (including assessment at the planning stage of the audit process). As the project requires further finance to complete the plant rebuild, we focussed on the forecasts provided by management on an operational readiness basis or care and maintenance basis. In these forecasts further capital expenditure is curtailed until project finance has been secured. Our work included assessing the amount of cash outflows in the supporting forecast models, with reference to historical actual results and sensitivities applied. We also checked the integrity and mathematical accuracy of the models used.
- Assessment of the consistency of management's forecasts with known committed future expenditure.
- Consideration of the going concern related disclosures in the financial statements to ensure they are appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information
The 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the 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 their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement set out on page 53, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

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

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

We obtained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates. We considered those laws and regulations that have a direct impact on the preparation of the financial statements, including, but not limited to the reporting framework (IFRS and Companies Act 2006) and the relevant tax compliance regulations in the UK. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty, including compliance with the Health and Safety at Work etc Act 1974 and the ongoing monitoring requirements imposed by the UK Environment Agency under the Environment Act 1995.

As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue operating and the risk of material misstatement to the accounts. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Reviewed legal and professional costs to identify legal costs in respect of non compliance;
- Discussions and enquiries with management whether there have been any known instances, allegations or suspicions of fraud or non compliance with laws and regulations;
- Review of board minutes or correspondence with regulators where available including the UK Environment Agency.

Independent Auditor's Report continued
to the members of Tungsten West plc

Auditor's Responsibilities for the audit of the financial statements continued

We evaluated 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 fraudulent financial reporting. Our procedures involved the following:

- Review of nominal journal entries for reasonableness;
- Review of significant accounting estimates for bias, in particular the key accounting estimates set out in note 2.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an audit 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.

PKF Francis Clark

Duncan Leslie
(Senior Statutory Auditor)

PKF Francis Clark
North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Date: 5 August 2022

Consolidated Statement of Comprehensive Income
Year ended 31 March 2022

	Note	2022 £	Restated 2021 £
Revenue	5	**673,509**	40,170
Cost of sales		**(4,028,123)**	(3,202,134)
Gross loss		**(3,354,614)**	(3,161,964)
Administrative expenses		**(7,998,774)**	(3,736,495)
Other operating income	6	**4,237**	3,612
Other gains/(losses)	7	**(846,373)**	(24,301)
Operating loss	8	**(12,195,524)**	(6,919,148)
Finance income		**120,002**	112,005
Finance costs		**(913,466)**	(1,174,640)
Net finance cost	9	**(793,464)**	(1,062,635)
Loss before tax		**(12,988,988)**	(7,981,783)
Income tax credit	13	**–**	–
Loss for the year		**(12,988,988)**	(7,981,783)
Total comprehensive loss		**(12,988,988)**	(7,981,783)
Profit/(loss) attributable to:			
Owners of the Company		**(12,988,988)**	(7,981,783)

		Pence	Pence
Basic and diluted loss per share	14	**(0.11)**	(0.14)

The above results were derived from continuing operations.

Consolidated Statement of Financial Position
As at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
Assets			
Non-current assets			
Property, plant and equipment	15	**8,469,610**	4,367,271
Right-of-use assets	16	**1,743,736**	1,611,788
Intangible assets	17	**4,993,254**	4,919,853
Deferred tax assets	13	**1,397,789**	1,067,978
Escrow funds receivable	19	**8,370,024**	10,058,470
		24,974,413	22,025,360
Current assets			
Trade and other receivables	20	**3,827,509**	544,297
Inventories	22	**156,944**	–
Cash and cash equivalents	21	**28,755,388**	3,499,580
		32,739,841	4,043,877
Total assets		**57,714,254**	26,069,237
Equity and liabilities			
Equity			
Share capital	27	**1,793,682**	6,856
Share premium		**51,610,414**	12,327,484
Share option reserve		**241,861**	67,840
Warrant reserve		**1,408,730**	754,586
Retained earnings		**(14,187,446)**	(11,413,116)
Equity attributable to owners of the Company		**40,867,241**	1,743,650
Non-current liabilities			
Loans and borrowings	24	**1,440,630**	11,728,780
Provisions	25	**9,526,485**	9,964,824
Deferred tax liabilities	13	**1,397,789**	1,067,978
		12,364,904	22,761,582
Current liabilities			
Trade and other payables	23	**4,289,623**	1,487,721
Loans and borrowings	24	**192,486**	76,284
		4,482,109	1,564,005
Total liabilities		**16,847,013**	24,325,587
Total equity and liabilities		**57,714,254**	26,069,237

The financial statements were approved by the Board on 5 August 2022 and signed on its behalf by:

Mr M E Thompson
Director & Executive Vice Chairman

Company Registration Number: 11310159

Consolidated Statement of Changes in Equity
Year ended 31 March 2022

	Share capital £	Share premium £	Share option reserve £	Warrant reserve £	Retained earnings £	Total £
At 1 April 2021	6,856	12,327,484	67,840	754,586	(11,413,116)	1,743,650
Loss for the year	–	–	–	–	(12,988,988)	(12,988,988)
Total comprehensive income	–	–	–	–	(12,988,988)	(12,988,988)
Capital reduction of share premium account	–	(10,000,000)	–	–	10,000,000	–
Issue of bonus shares	752,513	(752,513)	–	–	–	–
Conversion of convertible debt	359,352	10,421,208	–	–	–	10,780,560
New share capital subscribed	674,961	40,310,822	–	–	–	40,985,783
Issue of warrants	–	(696,587)	–	785,144	–	88,557
Exercise of warrants	–	–	–	(131,000)	131,000	–
Issue of share options	–	–	298,878	–	–	298,878
Forfeiture of share options	–	–	(41,199)	–	–	(41,199)
Exercise of share options	–	–	(83,658)	–	83,658	–
At 31 March 2022	**1,793,682**	**51,610,414**	**241,861**	**1,408,730**	**(14,187,446)**	**40,867,241**
At 1 April 2020	5,139	5,991,124	4,896	61,000	(3,431,333)	2,630,826
Loss for the year	–	–	–	–	(7,981,783)	(7,981,783)
Total comprehensive income	–	–	–	–	(7,981,783)	(7,981,783)
New share capital subscribed	1,717	7,029,946	–	–	–	7,031,663
Warrant issue	–	(693,586)	–	693,586	–	–
Issue of share options	–	–	62,944	–	–	62,944
At 31 March 2021	6,856	12,327,484	67,840	754,586	(11,413,116)	1,743,650

Consolidated Statement of Cash Flows
Year ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss for the year		**(12,988,988)**	(7,981,783)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	8	**209,233**	170,506
Impairment of property, plant and equipment	8	**–**	79,478
Fair value losses on escrow account		**1,783,221**	–
Fair value gains on restoration provision		**(786,849)**	–
Finance income	9	**(120,002)**	(112,005)
Finance costs	9	**913,466**	1,174,640
Share-based payment transactions		**174,021**	62,944
Founder incentives		**(149,999)**	–
Income tax expense	13	**–**	–
		(10,965,897)	(6,606,220)
Working capital adjustments			
(Increase) in trade and other receivables	20	**(3,283,213)**	(147,786)
Increase in trade and other payables	23	**2,952,165**	759,352
(Increase)/decrease in inventories		**(156,944)**	–
Net cash outflow from operating activities		**(11,453,889)**	(5,994,654)
Cash flows from investing activities			
Interest received	9	**1,134**	2,707
Acquisitions of property, plant and equipment	15	**(4,203,803)**	(135,437)
Acquisitions of intangibles		**(80,000)**	–
Net cash outflows from investing activities		**(4,282,669)**	(132,730)
Cash flows from financing activities			
Interest paid	9	**(4,955)**	(66,591)
Proceeds from issue of Ordinary Shares, net of issue costs		**41,021,204**	7,031,663
Proceeds from the exercise of warrants		**126,577**	–
Proceeds from the exercise of share options		**3,472**	–
Payments to lease liabilities		**(153,932)**	(59,987)
Net cash inflows from financing activities		**40,992,366**	6,905,085
Net increase in cash and cash equivalents		**25,255,808**	777,701
Cash and cash equivalents at 1 April		**3,499,580**	2,721,879
Cash and cash equivalents at 31 March		**28,755,388**	3,499,580

Notes to the Consolidated Financial Statements
Year ended 31 March 2022

1 General information

Tungsten West plc ('the Company') is a public limited company, incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:	The principal place of business is:
Shakespeare Martineau LLP 6th Floor 60 Gracechurch Street London EC3V 0HR United Kingdom	Hemerdon Mine Drakelands Plympton Devon PL7 5BS United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The Group financial statements have been prepared in accordance with International Accounting Standards as adopted in the United Kingdom ('UK adopted IAS') and those parts of the Companies Act 2006 that are applicable to companies which apply UK adopted IAS. The Group previously applied EU adopted IFRS however there are no adjustments required on transition to UK adopted IAS.

The financial statements are presented in Sterling, which is the functional currency of the Group and Company.

Going concern

The Group is still in the pre-production phase of operations and meets its day to day working capital requirements by utilising cash reserves from investment made in the Group. In October 2021, the Group raised £36 million by way of an initial public offering and at the year-end, had £28.8 million in cash reserves and £20 million at the date of signing.

For the Group to be able to execute its estimated capex spend of £26.0 million to £36.0 million, it still requires additional funding and is in discussions with financing partners to provide the additional capital.

Until the additional capital is secured, the Group will begin to proceed with detailed engineering design and will commence construction by utilising cash reserves. The board will not commit to significant further capital expenditure until the full finance package is in place to complete the rebuild.

Management has prepared a number of different forecasts to model all anticipated potential outcomes as follows.

- Model 1 – Capital build basis
  This scenario models management's intended plan of the expected future outflows required to complete the capital build once finance is secured. Sensitivity analysis has been applied in terms of when the project would restart, availability of additional capital and the cashflow demands for each scenario.

  As the terms of any finance package have not yet been agreed the model does not include costs of finance. Management are satisfied there is sufficient headroom to service the projected cost of debt when this is agreed. As negotiations with finance providers proceed the model will be updated with the anticipated finance costs to ensure that a sufficient level of liquidity is maintained.

  Management is confident that the project finance can be secured to complete the capital build under the updated business plan. Management acknowledge that the group could fall-back to a more modest business plan in the short term to maintain cash reserves if the economic environment were to deteriorate.

- Model 2 – Operational readiness basis
  This forecast models the scenario where project finance is not agreed in sufficient time to progress with the intended plan. The Group would continue in operation and will be able to realise its assets and discharge its liabilities as they fall due in the normal course of operations, including any committed expenditure that is required to meet its contractual capital and financial commitments. No further capital expenditure would be committed but activity and staffing levels would be maintained so that project restart could be recommenced as soon as finance is secured. The group retains sufficient cash at the current time to operate under Model 2 for at least eighteen months.

- Model 3 – Care and maintenance basis
  Whilst management consider this to be the least likely and desired option for all stakeholders groups, it has prepared a forecast on a care and maintenance basis to cover this unlikely scenario.

  This forecast models the scenario where project finance is not agreed. The Group would reduce its operations but continue to discharge its liabilities as they fall due in the normal course of operations, including any committed expenditure that is required to meet its contractual capital and financial commitments. No further capital expenditure would be committed but operational expenditure would be reduced to essential care and maintenance activities only. Management would continue to develop a plan to recommence development of the site when finance could be secured. The group retains sufficient cash at the current time to operate under Model 3 for at least three years.

The directors have reviewed the three models detailed above. As a result, they consider that the group will be able to operate as a going concern for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the consolidated financial information.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2022.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries of the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed as at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, including deferred tax if required. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Notes to the Consolidated Financial Statements continued
Year ended 31 March 2022

2 Accounting policies continued

Changes in accounting policy
None of the standards, interpretations and amendments effective for the first time from 1 April 2021 have had a material effect on the financial statements.

Restated profit and loss
For comparability with current year recognition, management have reclassified staff costs from cost of sales to administrative expenses in the year ended 31 March 2021. Amounts reclassified include £1,049,347 of gross wages, £116,656 of employer's national insurance contributions and £58,681 of employer's pension contributions.

Revenue recognition
In the year revenue has mainly related to the sale of aggregates produced from the mining waste from previous mining operations. This is recognised upon pick up by customers at the fair value of consideration receivable at that date. The Group has not yet commenced commercial sales of tungsten and tin.

Tax
Income tax expense consists of the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported for accounting purposes because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for tax matters that are uncertain if it is considered probable that there will be a future outflow of funds to a tax authority. The provision is measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The Group intends to submit research and development tax credit claims. The Group accounts for a claim at the point it considers the claim to be unchallenged by HMRC.

Property, plant and equipment
Land and buildings are stated at the cost less any depreciation or impairment losses subsequently accumulated (cost model). Land and buildings have been uplifted to fair value on consolidation.

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

The asset under construction relates to costs incurred to upgrade the mineral processing facility and in accordance with IAS 16, have capitalised costs if it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and assets under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land	None
Building	2% Straight Line
Furniture, fittings and equipment	5% – 20% Straight Line
Plant, machinery and other property	20% Straight Line
Motor vehicles	33% Straight Line
Computer equipment	33% Straight Line

Goodwill
Goodwill is recognised at cost and reviewed for impairment annually.

Intangible assets
Contractual mining rights as set out in the mining lease are recognised as a separate intangible asset on consolidation under IFRS 3.

The mining rights are subject to amortisation over the useful life of the mine which is 23 years. Amortisation will be charged from the date the mine is brought into use.

Software is amortised on a straight-line basis using a rate of 33%.

Right-of-use assets
Right-of-use assets consist of a lease for the Hemerdon Mine and three property leases under IFRS 16. These assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

Research and development activities
All research costs are expensed. Costs related to the development of products are capitalised when they meet the following conditions:
(i) It is technically feasible to complete the development so that the product will be available for use or sale.
(ii) It is intended to use or sell the product being developed.
(iii) The Group is able to use or sell the product being developed.
(iv) It can be demonstrated that the product will generate probable future economic benefits.
(v) Adequate technical, financial and other resources exist so that product development can be completed and the product subsequently used or sold.
(vi) Expenditure attributable to the development can be reliably measured.

All other development expenditure is recognised as an expense in the period in which it is incurred.

Capitalised development costs are stated at cost less accumulated amortisation and accumulated impairment losses (cost model). Amortisation is recognised using the straight-line basis and results in the carrying amount being expensed in profit or loss over the estimated useful lives which range from 5 to 15 years.

Exploration for and evaluation of mineral resources
Costs relating to the exploration for and evaluation on mineral resources are expensed.

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

Trade receivables
Trade and other receivables where payment is due within one year do not constitute a financing transaction and are recorded at the undiscounted amount expected to be received, less attributable transaction costs. Any subsequent impairment is recognised as an expense in profit or loss.

All trade and other receivables are subsequently measured at amortised cost, net of impairment.

Escrow funds
These funds are held with a third party to be released to the Group as it settles its obligation to restore the mining site once operations cease. The debtor has been discounted to present value assuming the funds will be receivable in 24 years' time which assumes one year of set up and a 23-year useful life of mining operations.

Trade payables
Trade and other payables are initially recognised at fair value less attributable transaction costs. They are subsequently measured at amortised cost.

Convertible debt
The redemption of convertible debt does not give rise to a fixed number of shares on conversion and so is recognised as a liability with no equity element initially recorded at the amount of proceeds received. Interest compounds annually at a rate of 8% but shall not be payable until the maturity date.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

This includes a provision for the obligation to restore the mining site once mining ceases.

Leases
At inception of the contract, the Group assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all material lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Short-term or low-value leases, in accordance with the available exemption in IFRS 16, are not capitalised on the statement of financial position and instead recognised as an expense, on a straight-line or other systematic basis.

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. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share options
Share options granted to shareholders classified as equity instruments are accounted for at the fair value of cash received or receivable. Share options granted to shareholders which represent a future obligation for the Company outside of its control are recognised as a financial liability at fair value through profit and loss.

Share options granted to employees are fair valued at the date of grant with the cost recognised over the vesting period. If the employee is employed in a subsidiary company, the cost is added to the investment value, in the financial statements of the parent, and the expense recognised in staff costs in the statements of the subsidiary.

Warrants issued in return for a service are classified as equity instruments and measured at the fair value of the service received. Where the service received relates to the issue of shares the cost is debited against the proceeds received in share premium.

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 into 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.

Financial instruments
Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and the mining restoration provision.

The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Notes to the Consolidated Financial Statements continued
Year ended 31 March 2022

2 Accounting policies continued
Financial instruments continued
Initial recognition continued
All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ('FVTPL') are recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e., the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the marketplace.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

In particular the Group has recognised a financial liability arising from the founder share incentives at fair value. Subsequent movements in fair value are recognised through profit or loss.

Derecognition
Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Significant accounting estimates and judgements
The preparation of the financial statements requires management to make estimates and judgements that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and judgements is principally limited to the determination of provisions for impairment and the valuation of financial instruments as explained in more detail below:

Significant accounting judgements
Impairment of non-current assets

To consider the impairment of the Group's non-current assets, management have calculated a value in use of the Group's cash-generating unit which comprises the Hemerdon Mine. This was determined using a discounted cashflow approach, supported by project cashflow forecasts prepared by management.

The previous model under the Bankable Feasibility Study ('BFS') has been adapted to reflect the changes in inputs and assumptions as a result of the project re-evaluation. The inputs and key assumptions that were used in the determination of value in use were discount rate, metal prices, metal recoveries and foreign exchange.

Discounted cashflows are based on future forecasts which reflect uncertainty. Therefore, management have prepared a sensitised discounted cashflow calculation. The underlying assumptions that were stress tested include the discount rate, FX and metal prices and recoveries.

Management were satisfied in the recoverability of the Group's assets and no impairment was required.

Capitalisation of research and development costs

The Directors have reviewed any costs relating to evaluating the technical feasibility of processing the extracted tungsten ore and have expensed these costs in line with the current policy. The Directors have also reviewed research and development costs and concluded that these costs fail to meet the criteria set out in IAS 38 for the capitalisation of development costs as the Directors still consider that they are in the research phase. The Group will commence capitalisation of development costs at the point when available finance has been secured to complete the project in accordance with IAS 38. Development costs that are capitalised in accordance with the requirements of IFRS are not treated, for dividend purposes, as a realised loss. The group has currently capitalised no research and development costs in accordance with IAS 38. The Group has only capitalised costs associated with the tangible improvement and installation of property, plant and equipment under IAS 16.

Capitalisation of asset under construction costs

The Directors have reviewed any costs relating to the upgrade of the mineral processing facility in accordance with IAS 16 and have capitalised costs if it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. At the year end, £3.9 million (2021: £Nil) of costs have been capitalised.

Founder options

The Directors consider the non-EMI portion of the founder options meet the definition of equity in the financial statements of the Group on the basis that the 'fixed for fixed' condition is met and that they were awarded to shareholders relating to investing in the share capital of the Group. The accounting treatment has been applied in accordance with IAS 32, which requires initial recognition at fair value less costs. As there was no consideration received at inception, the value of the options is £Nil. When exercised the shares are recognised at option price.

Key sources of estimation uncertainty
Restoration provision

The restoration provision is the contractual obligation to restore the mining site back to its original state once mining ceases. The provision is equal to the expected outflows that will be incurred at the end of the mine's useful life discounted to present value. As the restoration work will predominantly be completed at the end of the mine's useful life, these calculations are subject to a high degree of estimation uncertainty. The key assumptions that would lead to significant changes in the provision are the discount rate, useful life of the mine and the estimate of the restoration costs.

A 1% change in the discount rate on the Group's restoration estimates would result in an impact of £1.9 million (2021: £1.8 million) on the restoration provision. A 5% change in cost on the Group's restoration estimates would result in an impact of £0.5 million (2021: £0.5 million) on the provision for restoration.

More information on the restoration provision is disclosed in note 25.

Escrow account
These are funds being held under escrow with a third party and will be released back to the Company on the cessation of mining once restoration works have been completed.

The key assumptions that would lead to significant changes in the escrow account fair value are the discount rate and the useful life of the mine.

A 1% change in the discount rate on the Group's escrow account estimate would result in an impact of £1.7 million (2021: £1.9 million) on the escrow account valuation. A one-year change in useful mining life would result in an impact of £0.1 million (2021: £0.1 million) on the escrow account valuation.

More information on the escrow account is disclosed in note 19.

Discount rates
The Group has had to assess reasonable discount rates based on market factors to use under IFRS. These discount rates have been used on the right-of-use assets, escrow funds and the restoration provision. The discount rate on the right-of-use asset is the rate for an equivalent debt instrument. The escrow funds are discounted at the yield on an equivalent long-term UK government bond. The restoration provision is discounted at the risk-free rate plus a premium based on the specific risk associated with this liability.

The UK risk-free rate increased over the financial year to 2.0% (2021: 1.1%).

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

Credit risk
In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties (banks and debtors) and it obtains sufficient collateral, where appropriate, to mitigate the risk of financial loss from defaults. The most significant credit risk relates to customers that may default in making payments for goods they have purchased.

To date the Group has only made a small number of sales and therefore the credit risk exposure has been low.

Liquidity risk
The Directors regularly monitor forecast and actual cash flows and to match the maturity profiles of financial assets and liabilities to ensure proper liquidity risk management for the day-to-day working capital requirements.

In the view of the Directors, the key risk to liquidity is raising the additional capital required to meet its estimated capex spend. The Group's continued future operations depend on the ability to raise sufficient capital through the issue of debt. At present the Group does not have sufficient capital to fund its estimated capex spend therefore there is a liquidity risk which would result in the Group having to pause its future operations were it to not raise the necessary capital. At present, the Group is in discussions with financing partners to provide this additional capital.

Market risk
Interest rate risk
The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The interest rates and terms of repayment are disclosed in note 24 to the financial statements. The Company's policy is to obtain the most favourable interest rates available for all liabilities. Except as outlined above, the Group has no significant interest-bearing assets and liabilities.

Foreign exchange risk
The Group in the future will also be exposed to exchange rate risk on the basis that tungsten prices are principally denominated in USD. The Group will seek to manage this risk through the supply contracts it agrees with future customers.

The Group does not use any derivative instruments to reduce its economic exposure to changes in interest rates or foreign currency exchange rates at the current time.

Price risk
The Group is exposed to the price fluctuation of its primary products being tungsten and tin. Given the Group is currently in the development phase and is not yet producing any revenue, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors monitor this risk on an ongoing basis and will review this as the Group moves towards production.

Inflation Risk
The Group is exposed to inflationary pressures that impact the core materials required for the operations, mainly being reagents, power and diesel costs. The Directors monitor this risk on an ongoing basis and will review this as the group moves towards production.

4 Operating segments
The Chief Economic Decision Maker of the Group is the Board of Directors which considers that the Group is comprised of one operating segment representing the Group's mining activities at the Hemerdon Mine.

All operations and assets are located in the United Kingdom and all revenues are originated in the United Kingdom.

Revenue from customers accounting for 10% or more of Group revenue was as follows:

	2022 £	2021 £
Customer A	**384,000**	–
Customer B	**83,000**	–
Customer C	**144,000**	–

5 Revenue from contracts with customers
The analysis of the Group's revenue for the year from continuing operations is as follows:

	2022 £	2021 £
Tungsten	**232,940**	13,220
Aggregates	**440,569**	26,950
Sale of goods	**673,509**	40,170

Notes to the Consolidated Financial Statements continued
Year ended 31 March 2022

6 Other income
The analysis of the Group's other operating income for the year is as follows:

	2022 £	2021 £
Sale of scrap metal	**4,327**	–
Sublease rental income	**–**	3,612

7 Other gains and losses
The analysis of the Group's other gains and losses for the year is as follows:

	2022 £	2021 £
Gain on restoration provision due to change in discount rate	**786,849**	–
Loss on escrow account due to change in discount rate	**(1,783,221)**	–
Gains/(losses) on founder share incentives	**149,999**	(24,301)
Other gains and losses	**(846,373)**	(24,301)

See note 19 and note 25 for further details on other gains and losses on the restoration provision and the escrow account.

8 Operating profit
Arrived at after charging/(crediting):

	2022 £	2021 £
Depreciation of property, plant and equipment	**101,464**	82,729
Depreciation of right-of-use assets	**101,169**	87,777
Impairment of property, plant and equipment	**–**	79,478
Amortisation of intangibles	**6,599**	–
Staff costs	**2,465,924**	1,831,050

9 Finance income and costs

	2022 £	2021 £
Finance income		
Interest income on the escrow funds receivable	**94,775**	112,005
Other interest income	**1,134**	–
Foreign exchange gains	**24,093**	–
	120,002	112,005
Finance costs		
Interest expense on other financing liabilities	**(556,558)**	(830,431)
Interest cost on the restoration provision	**(348,507)**	(344,209)
Other interest	**(1,133)**	–
Bank charges	**(3,823)**	–
Foreign exchange losses	**(3,445)**	–
Total finance costs	**(913,466)**	(1,174,640)
Net finance costs	**(793,464)**	(1,062,635)

10 Staff costs
The aggregate payroll costs (including Directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	**2,114,626**	1,649,726
Social security costs	**234,915**	118,725
Pension costs, defined contribution scheme	**116,383**	62,599
	2,465,924	1,831,050

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

	2022 No.	2021 No.
Project, maintenance, administration and support	**52**	29
Directors	**6**	5
	58	34

11 Directors' remuneration
The Directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	**524,125**	332,000
Pension contribution	**13,974**	–
Benefits in kind	**7,483**	–
Total cash remuneration	**545,582**	332,000
Share-based payment	**182,997**	–
Total remuneration	**728,579**	332,000

Included in the remuneration above was £Nil (2021: £Nil) paid in shares rather than cash.

Remuneration by each Director is as follows:

	2022 Salary £	2022 Pension £	2022 Benefits £	2022 Share-based payment £
Francis Johnstone	**24,000**	**–**	**–**	**–**
Stephen Fabian	**18,000**	**–**	**–**	**–**
Richard M Maxey	**24,000**	**–**	**–**	**–**
Max Denning**	**170,000**	**8,500**	**6,256**	**163,046**
Mark Thompson	**132,500**	**–**	**–**	**–**
Nigel Widdowson	**97,115**	**4,856**	**1,227**	**19,951**
Robert Ashley	**23,333**	**–**	**–**	**–**
David Cather	**17,013**	**73**	**–**	**–**
Grace Stevens	**18,164**	**545**	**–**	**–**
	524,125	**13,974**	**7,483**	**182,997**

** Denotes the highest paid Director.

Directors' interests in share options and warrants are disclosed in the Directors' Report.

The share-based payment is an IFRS 2 cost charged for options issued. No cash benefit is received by the Directors. No Director exercised any options during the year. Please see note 28 for more information.

	2021 Salary £	2021 Pension £	2021 Benefits £	2021 Share-based payment £
Francis Johnstone	36,000	–	–	–
Stephen Fabian	20,000	–	–	–
Richard M Maxey	6,000	–	–	–
Max Denning	120,000	–	–	–
Mark Thompson**	150,000	–	–	–
Nigel Widdowson	–	–	–	–
Robert Ashley	–	–	–	–
David Cather	–	–	–	–
Grace Stevens	–	–	–	–
	332,000	–	–	–

** Denotes the highest paid Director.

Directors' interests in share options and warrants are disclosed in the Directors' Report.

12 Auditors' remuneration

	2022 £	2021 £
Audit of these financial statements	**54,000**	19,700
Other fees to auditors		
Audit-related assurance services	**85,000**	14,300
Auditors' remuneration – accounts preparation	**10,500**	6,000
	95,500	20,300

All accounts preparation services were provided prior to the Group listing on AIM in October 2021.

13 Income tax
Tax charged/(credited) in the income statement:

	2022 £	2021 £
Deferred taxation		
Arising from origination and reversal of temporary differences	**–**	–

The tax on profit for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £	2021 £
Loss before tax	**(12,988,988)**	(7,981,783)
Corporation tax at standard rate	**(2,467,908)**	(1,516,539)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	**90,608**	48,964
Income not taxable	**(24,709)**	–
Decrease/(increase) from tax losses for which no deferred tax asset was recognised	**2,402,009**	1,467,575
Total tax credit	**–**	–

Deferred tax
Group

	2022 Intangibles £	2022 Tangibles £	2022 Losses £	2022 Other £	2022 Total £
At 1 April 2021	**730,423**	**337,554**	**(1,020,857)**	**(47,120)**	**–**
Charged to profit and loss	**230,660**	**99,152**	**(376,932)**	**47,120**	**–**
At 31 March 2022	**961,083**	**436,706**	**(1,397,789)**	**–**	**–**

The net deferred tax of £Nil is made up of a liability of £1,397,789 and asset of £1,397,789. The unrecognised deferred tax asset for carried forward losses at 31 March 2022 was £3,653,030.

The rate used for the deferred tax is 25% (2021: 19%) as the rate was substantively enacted in May 2021.

	2021 Intangibles £	2021 Tangibles £	2021 Losses £	2021 Other £	2021 Total £
At 1 April 2020	730,423	343,211	(1,026,514)	(47,120)	–
Charged to profit and loss	–	(5,657)	5,657	–	–
At 31 March 2021	730,423	337,554	(1,020,857)	(47,120)	–

The net deferred tax of £Nil is made up of a liability of £1,067,977 and asset of £1,067,977. The unrecognised deferred tax asset for carried forward losses at 31 March 2021 was £1,466,154.

14 Basic and diluted loss per share
Basic and diluted loss per share is calculated as follows:

	2022 £	2021 £
Loss for the year	**(12,988,988)**	(7,981,783)
Weighted average number of shares in issue	**119,017,666**	55,993,256
Basic and diluted loss per share	**(0.11)**	(0.14)

The calculation of the loss per share has been retrospectively restated for each period presented to reflect the bonus issue of shares and share consolidation which took place on 22 July 2021 (see note 27).

The diluted loss per share calculations exclude the effects of share options, warrants and convertible debt on the basis that such future potential share transactions are anti-dilutive. Information on share options and warrants is disclosed in note 28.

Shares issued subsequent to the end of the year are disclosed in note 35.

Notes to the Consolidated Financial Statements continued
Year ended 31 March 2022

15 Property, plant and equipment
Group

	Land and buildings £	Furniture, fittings and equipment £	Computer equipment £	Motor vehicles £	Other property, plant and equipment £	Asset under construction £	Total £
Cost or valuation							
At 1 April 2020	4,416,300	–	–	–	–	–	4,416,300
Additions	–	34,289	–	8,740	92,408	–	135,437
At 31 March 2021	4,416,300	34,289	–	8,740	92,408	–	4,551,737
Additions	30,450	25,279	171,420	–	72,106	3,904,548	4,203,803
Reclassifications	–	(32,241)	–	–	32,241	–	–
At 31 March 2022	**4,446,750**	**27,327**	**171,420**	**8,740**	**196,755**	**3,904,548**	**8,755,540**
Depreciation							
At 1 April 2020	22,259	–	–	–	–	–	22,259
Charge for the year	66,776	1,516	–	2,163	12,274	–	82,729
Impairment	79,478	–	–	–	–	–	79,478
At 31 March 2021	168,513	1,516	–	2,163	12,274	–	184,466
Charge for the year	67,284	1,271	9,932	2,884	20,093	–	101,464
Reclassifications	–	(1,209)	–	–	1,209	–	–
At 31 March 2022	**235,797**	**1,578**	**9,932**	**5,047**	**33,576**	**–**	**285,930**
Carrying amount							
At 31 March 2022	**4,210,953**	**25,749**	**161,488**	**3,693**	**163,179**	**3,904,548**	**8,469,610**
At 31 March 2021	4,247,787	32,773	–	6,577	80,134	–	4,367,271
At 1 April 2020	4,394,041	–	–	–	–	–	4,394,041

Included within the net book value of land and buildings above is £4,210,953 (2021: £4,247,787) in respect of freehold land and buildings.

Impairment
Land and buildings

The amount of impairment loss included in profit and loss is £nil (2021: £79,478).

16 Leases

	Property £	Total £
Cost or valuation		
At 1 April 2020	1,667,951	1,667,951
Additions	54,116	54,116
At 31 March 2021	1,722,067	1,722,067
At 1 April 2021	1,722,067	1,722,067
Additions	233,117	233,117
At 31 March 2022	**1,955,184**	**1,955,184**
Depreciation		
At 1 April 2020	22,502	22,502
Charge for the year	87,777	87,777
At 31 March 2021	110,279	110,279
At 1 April 2021	110,279	110,279
Charge for the year	101,169	101,169
At 31 March 2022	**211,448**	**211,448**
Carrying amount		
At 31 March 2022	**1,743,736**	**1,743,736**
At 31 March 2021	1,611,788	1,611,788

Depreciation on right-of-use assets charged through the profit and loss totals £101,169 (2021: £87,777). Interest expense on lease liabilities charged through the profit and loss totals £87,838 (2021: £86,520).

Lease liabilities

	2022 Future lease payments £	2022 Discount £	2022 Lease liability £
Within one year	**282,507**	**(90,021)**	**192,486**
In two to five years	**457,214**	**(313,511)**	**143,703**
In over five years	**2,568,335**	**(1,271,408)**	**1,296,927**
	3,308,056	**(1,674,940)**	**1,633,116**

	2021 Future lease payments £	2021 Discount £	2021 Lease liability £
Within one year	148,231	(71,947)	76,284
In two to five years	442,680	(321,759)	120,921
In over five years	2,665,907	(1,369,888)	1,296,019
	3,256,818	(1,763,594)	1,493,224

The lease liabilities are presented as follows:

	31 March 2022 £	31 March 2021 £
Current liabilities	**192,486**	76,284
Non-current liabilities	**1,440,630**	1,416,940
	1,633,116	1,493,224

17 Intangible assets
Group

	Goodwill £	Mining rights £	Software £	Total £
Cost				
At 1 April 2020	1,075,520	3,844,333	–	4,919,853
At 1 April 2021	1,075,520	3,844,333	–	4,919,853
Additions	–	–	80,000	80,000
At 31 March 2022	**1,075,520**	**3,844,333**	**80,000**	**4,999,853**
Amortisation				
At 1 April 2020	–	–	–	–
At 1 April 2021	–	–	–	–
Amortisation charged to the profit and loss	–	–	6,599	6,599
At 31 March 2022	**–**	**–**	**6,599**	**6,599**
Carrying amount				
At 31 March 2022	**1,075,520**	**3,844,333**	**73,401**	**4,993,254**
At 31 March 2021	1,075,520	3,844,333	–	4,919,853
At 31 March 2020	1,075,520	3,844,333	–	4,919,853

The carrying amount of intangible assets which is considered as having an indefinite useful life is £1,075,520. The whole balance is attributable to goodwill.

The carrying amount of the mining rights is £3.844 million (2021: £3.844 million). The mining rights will begin to be amortised when mining operations restart.

Software amortisation of £6,599 (2021: £Nil) has been charged to the profit and loss.

Impairment
The value in use of the Group's cash-generating unit which comprises the Hemerdon Mine was determined using a discounted cash flow approach, supported by project cashflow forecasts prepared by management. The previous model under the Bankable Feasibility Study has been adapted to reflect the changes in inputs and assumptions as a result of the project re-evaluation. The following inputs and key assumptions were used in the determination of value in use:

	2022	2021
Discount rate	**5%**	5%
Expected duration of mining activities	**23 years**	23 years
Tungsten grade	**0.19 – 0.20**	0.19 – 0.20
Tungsten metal price	**$340**	$275 – £330
Foreign exchange rate	**1.22**	1.38

Management have prepared a sensitised NPV calculation which under the updated project plans, calculated a value in excess of the carrying amount of the Group's assets. The underlying assumptions that were stress tested include the discount rate, FX and metal price. Management were satisfied in the recoverability of the Group's assets and no impairment was required.

18 Investments
Group subsidiaries

Details of the Group subsidiaries as at 31 March 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2022	2021
Drakelands Restoration Limited*	Mining of tungsten and tin	Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London, United Kingdom EC3V 0HR England and Wales	**100%**	100%
Tungsten West Services Limited*	Provision of services to the Group	Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London, United Kingdom EC3V 0HR England and Wales	**100%**	100%
Aggregates West Limited*	Sales of aggregates	Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London, United Kingdom EC3V 0HR England and Wales	**100%**	100%

* Indicates direct investment of Tungsten West plc in the subsidiary.

19 Escrow funds

	31 March 2022 £	31 March 2021 £
Non-current financial assets		
Escrow funds	**8,370,024**	10,058,470

These are funds being held under escrow with a third party which will be released back to the Group on the cessation of mining once restoration works have been completed. The funds have been discounted to present value over the expected useful life of the mine plus two years' start up. During the year, the discount rate was revised to 2.0% (2021: 1.1%) resulting in a loss of £1,783,221 (2021: £Nil). The actual funds held in the escrow account at year end were £13,203,139 (2021: £13,201,256).

Notes to the Consolidated Financial Statements continued
Year ended 31 March 2022

20 Trade and other receivables

	31 March 2022 £	31 March 2021 £
Trade receivables	**153,390**	34,675
Deposits	**2,340,738**	–
Prepayments	**1,018,274**	15,841
Other receivables	**315,107**	493,781
	3,827,509	544,297

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The carrying amount of trade and other receivables approximates the fair value.

As the Group is in the early phases of operations and making a few minor sales, bad debt is being considered on a customer-by-customer basis. No irrecoverable debts were identified as at year end.

21 Cash and cash equivalents

	31 March 2022 £	31 March 2021 £
Cash at bank	**28,755,388**	3,499,580

22 Inventories

	31 March 2022 £	31 March 2021 £
Inventories	**156,944**	–

23 Trade and other payables

	31 March 2022 £	31 March 2021 £
Trade payables	**694,320**	491,871
Accrued expenses	**3,383,300**	295,020
Social security and other taxes	**147,927**	58,220
Outstanding defined contribution pension costs	**30,960**	12,611
Other payables	**33,116**	629,999
	4,289,623	1,487,721

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 45 days (2021: 45 days). No interest is charged on overdue amounts.

The carrying amount of trade and other payables approximates the fair value.

24 Loans and borrowings

	31 March 2022 £	31 March 2021 £
Non-current loans and borrowings		
Lease liabilities	**1,440,630**	1,416,940
Convertible debt	**–**	10,311,840
	1,440,630	11,728,780

	31 March 2022 £	31 March 2021 £
Current loans and borrowings		
Lease liabilities	**192,486**	76,284

Convertible bonds

The Convertible Loan Notes were converted in full, at the Company's election, on admission to AIM. The Convertible Loan Notes were converted into Ordinary Shares as determined by dividing the prevailing principal amount of the Convertible Loan Notes, which was £10,044,000, together with any accrued (but unpaid) interest thereon, which at the date of conversion was £736,560, by the effective conversion price, which is 30p.

Movement in liability

	31 March 2022 £	31 March 2021 £
Brought forward	**10,311,840**	9,548,000
Interest expense	**468,720**	763,840
Converted to equity shares	**(10,780,560)**	–
	–	10,311,840

25 Provisions
Group

	Restoration provision £	Total £
At 1 April 2021	9,964,824	9,964,824
Change in inflation and discount rate	(786,849)	(786,849)
Increase/(decrease) due to passage of time or unwinding of discount	348,510	348,510
At 31 March 2022	**9,526,485**	**9,526,485**
Non-current liabilities	**9,526,485**	**9,526,485**

This provision is for the obligation to restore the mine to its original state once mining operations cease, discounted back to present value based on the estimated life of the mine. Prior to discounting the Directors estimate the provision at current costs to be £13,201,256 (2021: £13,201,256).

The provision has been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The ultimate costs to restore the mine are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates.

Management has considered these risks and used a discount rate of 4% (2021: 3.5%), an inflation rate of 2.5–7% (2021: 2%) and an estimated mining period of one year set up and 23 years mining (2021: 25 years). At the reporting date these assumptions represent management's best estimate of the present value of the future restoration costs.

26 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 £116,383 (2021: £62,599).

Contributions totalling £30,960 (2021: £12,611) were payable to the scheme at the end of the year and are included in creditors.

27 Share capital
Allotted, called up and fully paid shares

	31 March 2022 No.	31 March 2022 £	31 March 2021 No.	31 March 2021 £
Ordinary Shares of £0.0001 each	**–**	**–**	68,560,000	6,856
Ordinary Shares of £0.01 each	**179,368,215**	**1,793,682**	–	–

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All Ordinary Shares rank equally with regard to the Company's residual assets.

A reconciliation of the number of shares outstanding at the end of each year is presented as follows:

	31 March 2022 £	31 March 2021 £
Number of shares brought forward	**68,560,000**	51,390,000
Issue of shares to 22 July 2021	**7,349,832**	17,170,000
Capitalisation of share premium account (bonus issue)	**7,525,125,729**	–
Effect of share consolidation (see above)	**(7,525,024,190)**	–
	76,011,371	68,560,000
Issue of shares on admission to AIM	**65,125,000**	–
Conversion of convertible debt	**35,935,200**	–
Options exercised	**197,200**	–
Warrants exercised	**442,244**	–
Founder options exercised	**1,657,200**	–
	179,368,215	68,560,000

During the year ended 31 March 2022, the share capital of the Company was restructured. The following share transactions took place:

- The Company issued 7,349,832 Ordinary Shares of £0.0001 each for considerations ranging from £0.45 to £0.60 per share.
- On 22 July 2021 a bonus issue of shares from the share premium account created 7,525,125,729 Ordinary Shares of £0.0001 each.
- On 22 July 2021 a share capital consolidation took place whereby each one hundred Ordinary Shares of £0.0001 each were consolidated into one Ordinary Share of £0.01 each.

During the year ended 31 March 2021 the Company issued 17,170,000 Ordinary Shares of £0.0001 each for considerations ranging from £0.25 to £0.45 per share.

28 Share-based payments
Warrants
Details and movements

Warrants have been issued to certain shareholders and intermediaries as commission for introducing capital to the Company.

Warrants can be exercised at any point before the expiry date for a fixed number of shares.

The movements in the number of warrants during the year were as follows:

	31 March 2022 No.	31 March 2021 No.
Outstanding, start of year	**2,310,681**	220,000
Granted during the year	**2,226,760**	2,090,681
Exercised during the year	**(442,222)**	–
Outstanding, end of year	**4,095,219**	2,310,681

The warrants have been valued using the Black Scholes model as management have judged it not possible to reliably estimate the fair value of service received. Inputs to the pricing model were as follows:

Date of grant	2022
Share price at date of grant	£0.45 – £0.60
Exercise price	£0.01 – £0.60
Risk-free interest rate	1.5%
Expected life of warrants	2 years
Volatility	33%

The exercise price of warrants outstanding at 31 March 2022 ranged between £0.01 and £0.60 and their remaining contractual life was 1 month to 21 months.

The exercise price of warrants outstanding at 31 March 2021 ranged between £0.25 and £0.56 and their contractual life was 9 months to 24 months.

Notes to the Consolidated Financial Statements continued
Year ended 31 March 2022

28 Share-based payments continued
Founder share incentives
Details and movements
The founder shareholders have a right to receive shares at a nominal value once certain milestones are hit.

The movements in the number of share options during the year were as follows:

	31 March 2022 No.	31 March 2021 No.
Outstanding, start of year	**6,963,000**	5,139,000
Granted during the year	**671,137**	1,824,000
Terminated on admission to AIM	**(7,634,137)**	–
Replacement share awards following admission to AIM	**19,886,344**	–
Exercised during the year	**(1,657,196)**	–
Outstanding, end of year	**18,229,148**	6,963,000

Upon admission to AIM, the original founder agreement was terminated and the Company granted replacement founder options to the founder shareholders with effect from admission.

The founder options meet the definition of equity in the financial statements of the Company on the basis that the 'fixed for fixed' condition is met. No consideration was received for the founder options at grant date, therefore no accounting for the issue of the equity instruments is required under IFRS. On exercise, the shares are recognised at the fair value of consideration received, being the option price of £0.01.

Part of one of the founders' option agreement were share options issued in their capacity as a Director and were dependent on their continuing employment, and therefore 243,333 options have been accounted for under IFRS 2. This resulted in a charge to the income statement of £143,603 and these options were fully vested in the year.

EMI share options
Details and movements
Share options have been issued to key employees as an incentive to stay with the Company. These options can be exercised within four years following the grant date once the option has vested.

The movements in the number of share options during the year were as follows:

	31 March 2022 No.	31 March 2021 No.
Outstanding, start of year	**1,233,333**	833,333
Granted during the year	**1,097,228**	400,000
Exercised/(lapsed) during the year	**(647,226)**	–
Outstanding, end of year	**1,683,335**	1,233,333

Share options have been valued using the Black Scholes model. Inputs to the pricing model were as follows:

Date of grant	2022
Share price at date of grant	£0.45 – £0.60
Exercise price	£0.01 – £0.45
Risk-free interest rate	1.5%
Expected life of options	4 years
Volatility	33%

Volatility has been estimated based upon observable market volatilities of similar entities.

The exercise price of share options outstanding at 31 March 2022 ranged between £0.01 and £0.45 (2021: £0.0001 and £0.30) and their remaining contractual life was 22 months to 39 months (2021: four years).

	31 March 2022		31 March 2021	
	Average Exercise Price	Options	Average Exercise Price	Options
Outstanding, start of year	**0.23**	**1,233,333**	0.30	833,333
Granted during the year	**0.43**	**1,097,228**	0.08	400,000
Exercised/(lapsed) during the year	**(0.21)**	**(647,226)**	–	–
Outstanding, end of year	**0.36**	**1,683,335**	0.23	1,233,333

29 Commitments
Capital commitments
As at 31 March 2022 the Group had contracted to purchase plant and machinery amounting to £7,208,997 (2021: £815,195). An amount of £123,320 (2021: £123,320) is contingent on the commencement of mining operations.

Other financial commitments
The total amount of other financial commitments not provided in the financial statements was £11,329,000 (2021: £12,329,000) payable on the commencement of mining operations and represented contractual amounts due to the mining contractor and further committed payments to the funds held in the escrow account under the escrow agreement. Included within other financial commitments is £5,000,000 which is considered to be payable between one to five years after mining operations commence.

30 Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	At 1 April 2021 £	Financing cash flows £	New finance leases £	Other changes £	Converted to equity £	At 31 March 2022 £
Long-term borrowings	**10,311,840**	**–**	**–**	**468,720**	**(10,780,560)**	**–**
Lease liabilities	**1,493,224**	**(153,932)**	**205,987**	**87,837**	**–**	**1,633,116**
	11,805,064	**(153,932)**	**205,987**	**556,557**	**(10,780,560)**	**1,633,116**

			Non-cash changes		
	At 1 April 2020 £	Financing cash flows £	New finance leases £	Other changes £	At 31 March 2021 £
Long-term borrowings	9,548,000	–	–	763,840	10,311,840
Lease liabilities	1,498,876	(59,987)	54,335	–	1,493,224
	11,046,876	(59,987)	54,335	763,840	11,805,064

31 Classification of financial and non-financial assets and liabilities
The classification of financial assets and liabilities by accounting categorisation for the period ending 31 March 2022 was as follows:

	2022 Financial assets at amortised cost £	2021 Financial assets at amortised cost £	2022 Financial assets at FVTPL £	2021 Financial assets at FVTPL £
Assets				
Non-current assets				
Escrow funds receivable	**–**	–	**8,370,024**	10,058,470
Current assets				
Trade and other receivables	**2,809,335**	528,456	**–**	–
Cash and cash equivalents	**28,755,388**	3,499,580	**–**	–
	31,564,723	4,028,036	**8,370,024**	10,058,470

	2022 Financial liabilities at amortised cost £	2021 Financial liabilities at amortised cost £	2022 Financial liabilities at FVTPL £	2021 Financial liabilities at FVTPL £
Liabilities				
Non-current liabilities				
Loans and borrowings	**(1,440,630)**	(11,729,780)	**–**	–
Current liabilities				
Trade and other payables	**(4,289,573)**	(1,337,722)	**–**	(149,999)
Loans and borrowings	**(192,486)**	(76,284)	**–**	–
	(5,922,689)	(13,143,786)	**–**	(149,999)

Notes to the Consolidated Financial Statements continued
Year ended 31 March 2022

32 Financial risk review

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

Credit risk
In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties (banks and debtors) and it obtains sufficient collateral, where appropriate, to mitigate the risk of financial loss from defaults. The most significant credit risk relates to customers that may default in making payments for goods they have purchased.

To date the Group has only made a small number of sales and therefore the credit risk exposure has been low.

Liquidity risk
The Directors regularly monitor forecast and actual cash flows and match the maturity profiles of financial assets and liabilities to ensure proper liquidity risk management and to maintain adequate reserves, and borrowing facilities. In the view of the Directors, the key risk to liquidity is in meeting short-term cash flow needs. All amounts repayable on demand or within three months are covered by the Company's cash and accounts receivable balances, which gives the Directors confidence that funds will be available to settle liabilities as they fall due.

Market risk
The Group has no significant interest-bearing assets and liabilities. The Group in the future will also be exposed to exchange rate risk on the basis that tungsten prices are principally denominated in USD. The Company will seek to manage this risk through the supply contracts it agrees with future customers.

The Group does not use any derivative instruments to reduce its economic exposure to changes in interest rates or foreign currency exchange rates at the current time.

The Group may require future borrowings to support its mineral processing facility upgrades and therefore has an exposure to future interest rate rises.

33 Related party transactions
During the year one Director received a commission payment of £52,500 (2021: £79,000) from a third party in connection with raising additional share capital for Tungsten West plc. In addition, one Director received a beneficial interest in 58,333 warrants at 60p (2021: 22,222 warrants at 45p) granted during the year to a third party in relation to raising additional share capital for Tungsten West plc.

Convertible bonds
During the year, the convertible bonds and accrued interest that were issued to family members of two of the Directors were converted into 12,751,200 Ordinary Shares. £166,320 of interest accrued on these bonds during the year and interest due on these bonds at year end was £Nil (2021: £359,040).

Key management personnel
Key management personnel are deemed to be the Directors. Their remuneration can be seen in note 11.

34 Application of new and revised UK adopted International Financial Reporting Standards (UK-adopted IFRS)

New and amended Standards and Interpretations applied
None of the new or amended IFRS Standards had an effect on the financial statements.

New and revised Standards and Interpretations in issue but not yet effective
At the date of authorisation of these financial statements, the Company has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

Standard or Interpretation	Effective for annual periods commencing on or after
Narrow scope amendments to IFRS 3, IAS 16 and IAS 37	1 January 2022
Annual improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023

None of the above amendments are anticipated to have a material impact on future financial statements.

35 Post balance sheet events
On 21 April 2022, the Group decided to pause development to reoptimise the project.

On 19 July 2022, after a three-month technical and commercial review of the assumptions that underlaid the BFS, the Board gave its approval to proceed with detailed engineering design and to commence construction of the Hemerdon Project with immediate effect.

The reoptimisation of the project could result in certain planned equipment initially ordered under the BFS plans being no longer required, the most material being equipment ordered for the ore-sorting process. The Group expects to resell any surplus machinery or keep as spare for future operations. The value of this committed capital expenditure is estimated at £1.6 million and is included within note 29, with a capital commitment balance of £7.2 million.

For information on updated project plans, please see page 27 of the Vice Chairman's Report.

Independent Auditor's Report
to the members of Tungsten West plc

Report on the parent company financial statements

Opinion
We have audited the financial statements of Tungsten West plc (the "parent company") for the year ended 31 March 2022, which comprise the Company Statement of Financial Position, Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed (as set out in the group audit report), we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (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.

The key audit matters identified for the company related to the management override of controls and the accounting of founder share options. Further detailed work in respect of these matters are set out in our group audit report.

Our application of materiality
Misstatements, including omissions, are considered to be material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We use quantitative thresholds of materiality, together with qualitative assessments in planning the scope of our audit, determining the nature, timing and extent of our audit procedures and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the company financial statements should be based on gross assets as it is a holding company. Overall company materiality was set at £560,000, performance materiality of £364,000 and individual errors above £16,800 were reported to the audit committee.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 53, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

We obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates. We considered those laws and regulations that have a direct impact on the preparation of the financial statements, including, but not limited to the reporting framework (IFRS and Companies Act 2006) and the relevant tax compliance regulations in the UK. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty, including compliance with the Health and Safety at Work etc Act 1974 and the ongoing monitoring requirements imposed by the UK Environment Agency under the Environment Act 1995.

As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue operating and the risk of material misstatement to the accounts. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Reviewed legal and professional costs to identify legal costs in respect of non compliance;
- Discussions and enquiries with management whether there have been any known instances, allegations or suspicions of fraud or non compliance with laws and regulations;
- Review of board minutes or correspondence with regulators where available including the UK Environment Agency.

We evaluated 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 fraudulent financial reporting. Our procedures involved the following:

- Review of nominal journal entries for reasonableness;
- Review of significant accounting estimates for bias, in particular the key accounting estimates.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for. This description forms part of our auditor's report.

Use of our Report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an audit 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.

PKF Francis Clark

Duncan Leslie
(Senior Statutory Auditor)

PKF Francis Clark
North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Date: 5 August 2022

Company Statement of Financial Position
As at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	40	**30,751**	32,773
Right-of-use assets	41	**18,112**	45,146
Investments in subsidiary undertakings	42	**4,494,718**	4,256,990
		4,543,581	4,334,909
Current assets			
Debtors	43	**24,983,228**	9,625,120
Cash at bank and in hand	44	**26,441,636**	3,270,809
		51,424,864	12,895,929
Current liabilities			
Creditors – amounts falling due under one year	45	**(645,574)**	(812,719)
Net current assets		**50,779,290**	12,083,210
Total assets less current liabilities		**55,322,871**	16,418,119
Creditors – amounts falling due after more than one year	46	**–**	(10,330,563)
Net assets		**55,322,871**	6,087,556
Equity and liabilities			
Equity			
Share capital	47	**1,793,682**	6,856
Share premium		**51,610,414**	12,327,484
Share option reserve		**241,861**	67,840
Warrant reserve		**1,408,730**	754,586
Retained earnings		**268,184**	(7,069,210)
Shareholders' funds		**55,322,871**	6,087,556

The Company made a loss for the financial year of £2,877,264 (2021: £2,753,414).

The Company accounts were approved by the Board on 5 August 2022 and signed on its behalf by:

Mr M E Thompson
Director & Executive Vice Chairman

Company Registration Number: 11310159

Company Statement of Changes in Equity
Year ended 31 March 2022

	Share capital £	Share premium £	Share option reserve £	Warrant reserve £	Retained earnings £	Total £
At 1 April 2021	6,856	12,327,484	67,840	754,586	(7,069,210)	6,087,556
Loss for the year	–	–	–	–	(2,877,264)	(2,877,264)
Total comprehensive income	–	–	–	–	(2,877,264)	(2,877,264)
Capital reduction of share premium account	–	(10,000,000)	–	–	10,000,000	–
Issue of bonus shares	752,513	(752,513)	–	–	–	–
Conversion of convertible debt	359,352	10,421,208	–	–	–	10,780,560
New share capital subscribed	674,961	40,310,822	–	–	–	40,985,783
Issue of warrants	–	(696,587)	–	785,144	–	88,557
Exercise of warrants	–	–	–	(131,000)	131,000	–
Issue of share options	–	–	298,878	–	–	298,878
Forfeiture of share options	–	–	(41,199)	–	–	(41,199)
Exercise of share options	–	–	(83,658)	–	83,658	–
At 31 March 2022	**1,793,682**	**51,610,414**	**241,861**	**1,408,730**	**268,184**	**55,322,871**
At 1 April 2020	5,139	5,991,124	4,896	61,000	(4,315,796)	1,746,363
Loss for the year	–	–	–	–	(2,753,414)	(2,753,414)
Total comprehensive income	–	–	–	–	(2,753,414)	(2,753,414)
New share capital subscribed	1,717	7,029,946	–	–	–	7,031,663
Warrant issue	–	(693,586)	–	693,586	–	–
Issue of share options	–	–	62,944	–	–	62,944
At 31 March 2021	6,856	12,327,484	67,840	754,586	(7,069,210)	6,087,556

Notes to the Company Financial Statements
Year ended 31 March 2022

36 General information

Tungsten West plc ('the Company') is a public limited Company, incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:	The principal place of business is:
Shakespeare Martineau LLP 6th Floor 60 Gracechurch Street London EC3V 0HR United Kingdom	Hemerdon Mine Drakelands Plympton Devon PL7 5BS United Kingdom

37 Accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework ('FRS 101'). This is the first time that the Company has applied FRS 101 having previously applied IFRS as adopted for use in the European Union. There were no changes to accounting policies on the application of FRS 101 for the first time and therefore there were no restatements of previously reported amounts.

No profit and loss account is presented for Tungsten West plc, as permitted by section 408 of the Companies Act 2006.

The financial statements are presented in Sterling, which is the functional currency of the Company.

Reduced disclosures applied

In preparing the Company financial statements the Company has applied the following disclosure exemptions allowed under FRS 101, therefore the following are omitted:

- A Company statement of cash flows as required by IAS 1 and IAS 7.
- Financial instruments disclosures under IFRS 7.
- Fair value disclosure under IFRS 13.
- Related party disclosures with wholly owned subsidiaries of the Group.
- Reconciliations of share capital movements required by IAS 1.
- Comparative information for property, plant and equipment.
- Disclosing information on leases required by IFRS 16 in a single note.

A copy of the Group's financial statements can be obtained on the Company website, Companies House or following inquiry at the Company's registered office.

Going concern

The Company subsidiaries are still in the pre-production phase of operations so the Company meets its day-to-day working capital requirements by utilising cash reserves from investment made in the Company. In October 2021, the Company raised £39 million by way of an initial public offering and at the year-end, had £26 million in cash reserves.

Although the Company's subsidiaries are not generating significant revenues and an operating loss has been reported in the Company, the Directors consider that the Company has sufficient funds to undertake its operating activities for a period of at least 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing financial information.

Please see going concern accounting policy in group accounts for further details on group position.

Summary of significant accounting policies and key accounting estimates

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

Property, plant and equipment

Land and buildings are stated at the cost less any depreciation or impairment losses subsequently accumulated (cost model). Land and buildings have been uplifted to fair value on consolidation.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	5% – 20% Straight Line
Plant and machinery	20% Straight Line
Motor vehicles	33% Straight Line

Right-of-use assets

Right-of-use assets consist of property leases recognised under IFRS 16. These assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

Investments

Fixed asset investments are measured at cost less impairment.

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. Cash and cash equivalents are either due on demand or have maturities of three months or less from inception.

Convertible debt

The redemption of convertible debt does not give rise to a fixed number of shares on conversion and so is recognised as a liability with no equity element initially recorded at the amount of proceeds received. Interest compounds annually at a rate of 8% but shall not be payable until the maturity date.

Leases

At inception of the contract, the Company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all material lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding fixtures, furniture and fittings, prepayments, and deferred tax liabilities.

The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ('FVTPL') are recognised on the trade date, i.e., the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e., the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the marketplace.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

In particular the Company has recognised a financial liability arising from the founder share incentives at fair value. Subsequent movements in fair value are recognised through profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when: the contractual rights to the cash flows from the financial asset expire; it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition off a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

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. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share options and warrants

Share options granted to shareholders classified as equity instruments are accounted for at the fair value of cash received or receivable. Share options granted to shareholders which represent a future obligation for the Company outside of its control are recognised as a financial liability at fair value through profit and loss.

Share options granted to employees are fair valued at the date of grant with the cost recognised over the vesting period. If the employee is employed in a subsidiary company the cost is added to the investment value, in the financial statements of the parent, and the expense recognised in staff costs in the statements of the subsidiary.

Warrants issued in return for a service are classified as equity instruments and measured at the fair value of the service received. Where the service received relates to the issue of shares the cost is debited against the proceeds received in share premium.

Tax

Income tax expense consists of the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported for accounting purposes because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for tax matters that are uncertain if it is considered probable that there will be a future outflow of funds to a tax authority. The provision is measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The Group intends to submit research and development tax credit claims. The Group accounts for a claim at the point it considers the claim to be unchallenged by HMRC.

Notes to the Company Financial Statements continued
Year ended 31 March 2022

38 Company staff costs
The aggregate payroll costs (including Directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	**204,948**	473,777
Social security costs	**19,507**	188
Pension costs, defined contribution scheme	**4,242**	–
	228,697	473,965

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

	2022 No.	2021 No.
Administration and support	**0**	0
Management	**4**	1
	4	1

Remuneration of the Directors is disclosed in note 11 to the Consolidated Financial Statements.

39 Deferred tax
The unrecognised deferred tax asset for carried forward losses as at 31 March 2022 was £1,522,297 (2021: £524,190).

40 Tangible fixed assets

	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost			
At 1 April 2021	34,289	–	34,289
Additions	–	–	–
Reclassification	(32,241)	32,241	–
At 31 March 2022	**2,048**	**32,241**	**34,289**
Depreciation			
At 1 April 2021	1,516	–	1,516
Charge for the year	410	1,612	2,022
Reclassification	(1,209)	1,209	–
At 31 March 2022	**717**	**2,821**	**3,538**
Carrying amount			
At 31 March 2022	**1,331**	**29,420**	**30,751**
At 31 March 2021	32,773	–	32,773

41 Right-of-use assets
Company

	Property £	Total £
Cost or valuation		
At 1 April 2021	54,116	54,116
Additions	–	–
At 31 March 2022	**54,116**	**54,116**
Depreciation		
At 1 April 2021	8,970	8,970
Charge for the year	27,034	27,034
At 31 March 2022	**36,004**	**36,004**
Carrying amount		
At 31 March 2022	**18,112**	**18,112**
At 31 March 2021	45,146	45,146

Depreciation on right-of-use assets charged through the profit and loss totals £27,034 (2021: £8,970). Interest expense on lease liabilities charged through the profit and loss totals £1,916 (2021: £650).

42 Investment in subsidiary undertakings
Summary of the Company investments

	31 March 2022 £	31 March 2021 £
Investments in subsidiaries	**4,494,718**	4,256,990
Subsidiaries		
Cost		
Opening cost	**4,256,990**	4,194,046
Additions	**237,728**	62,944
Closing cost	**4,494,718**	4,256,990

Additions in the current year relate to further investment in subsidiaries as a result of share options in the Company granted to employees of those subsidiaries.

Information on the Company's subsidiary undertakings is disclosed in note 18 to the Consolidated Financial Statements.

43 Trade and other receivables

	31 March 2022 £	31 March 2021 £
Trade receivables	**–**	9,601
Receivables from subsidiaries	**24,562,146**	9,539,430
Prepayments	**282,337**	8,791
Other receivables	**138,745**	67,298
	24,983,228	9,625,120

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The carrying amount of trade and other receivables approximates the fair value.

As the Group is in the early phases of operations and making a few minor sales, bad debt is being considered on a customer-by-customer basis. No irrecoverable debts were identified as at year end.

44 Cash at bank and in hand

	31 March 2022 £	31 March 2021 £
Cash at bank	**26,441,636**	3,270,809

45 Creditors – amounts falling due under one year

	31 March 2022 £	31 March 2021 £
Trade creditors	**143,107**	87,500
Accrued expenses	**466,782**	65,577
Social security and other taxes	**14,966**	1,858
Other payables	**2,096**	630,002
Lease liabilities	**18,623**	27,782
	645,574	812,719

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 45 days (2021: 45 days). No interest is charged on overdue amounts.

The carrying amount of trade and other payables approximates the fair value.

46 Creditors – amounts falling due after more than one year

	31 March 2022 £	31 March 2021 £
Non-current loans and borrowings		
Lease liabilities	**–**	18,623
Convertible debt	**–**	10,311,840
Other borrowings	**–**	100
	–	10,330,563

Lease liabilities

	2022			2021		
	Future lease payments £	Discount £	Lease liability £	Future lease payments £	Discount £	Lease liability £
Within one year	**18,800**	**(177)**	**18,623**	28,200	(418)	27,782
In two to five years	**–**	**–**	**–**	18,800	(177)	18,623
	18,800	**(177)**	**18,623**	47,000	(595)	46,405

Lease liabilities are presented as follows:

	31 March 2022 £	31 March 2021 £
Current liabilities	**18,623**	27,782
Non-current liabilities	**–**	18,623
	18,623	46,405

Convertible bonds
The Convertible Loan Notes were converted in full, at the Company's election, on admission to AIM. The Convertible Loan Notes were converted into Ordinary Shares as determined by dividing the prevailing principal amount of the Convertible Loan Notes, which was £10,044,000, together with any accrued (but unpaid) interest thereon, which at the date of conversion was £736,560, by the effective conversion price, which was 30p.

Movement in liability

	31 March 2022 £	31 March 2021 £
Brought forward	**10,311,840**	9,548,000
Interest accrued	**468,720**	763,840
Converted to equity shares	**(10,780,560)**	–
	–	10,311,840

47 Share capital
Allotted, called up and fully paid shares

	31 March 2022		31 March 2021	
	No.	£	No.	£
Ordinary Shares of £0.0001 each	**–**	**–**	68,560,000	6,856
Ordinary Shares of £0.01 each	**179,368,215**	**1,793,682**	–	–

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All Ordinary Shares rank equally with regard to the Company's residual assets.

Further information on share capital is disclosed in note 27 to the Consolidated Financial Statements.

48 Share-based payments
Information on share-based payments is disclosed in note 28 to the Consolidated Financial Statements.

49 Commitments
During a previous financial year the Company signed a contract to pay £200,000 (2021: £200,000) compensation to a third party once mining operations commenced.

50 Related party transactions
Information on related party transactions is disclosed in note 33 to the Consolidated Financial Statements.

51 Post balance sheet events
Information on post balance sheet events is disclosed in note 35 to the Consolidated Financial Statements.

Tungsten West plc

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