

# Minco Exploration plc

## Half-Year Report

for the six months to 30 June 2020



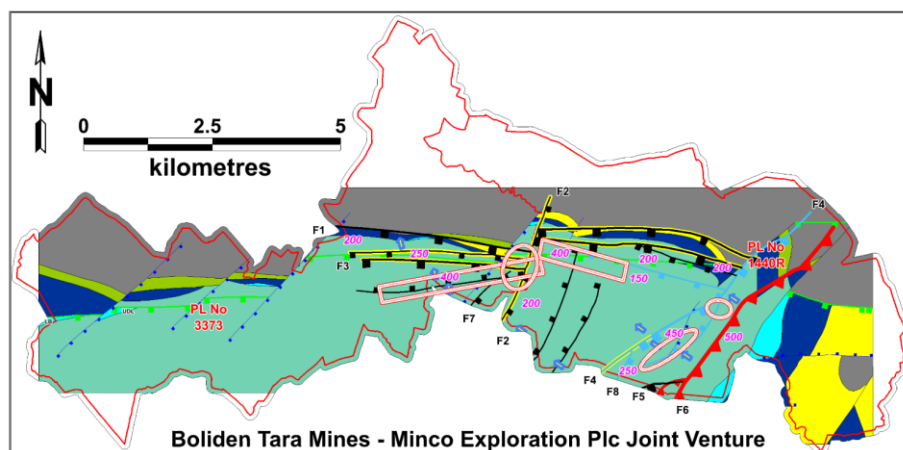


Figure 1 - Geology of Boliden-Minco Navan Licences

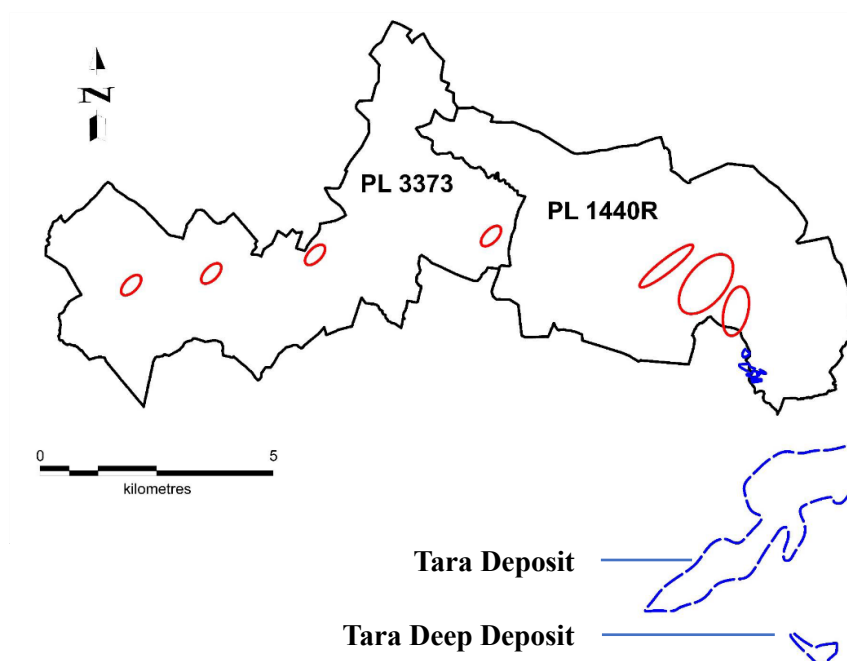


Figure 2 – Minco-Boliden Navan Block (Tatestown and Kells) Showing Target Areas (Red), Tara Deposit outline (Blue) and Tara Deep location (Blue)



Figure 3 - Boliden Tara Mine at Navan

## **HIGHLIGHTS**

- Drill targets selected on Kells and Navan licences
- Interpretation of seismic survey results on Slieve Dart licences, Galway
- €550,000 raised to fund ongoing exploration and working capital

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## **Chairman's Statement and Management Report**

The economic impacts of the COVID-19 pandemic initially had a significant negative effect on demand for metals and on metal prices during the first half of 2020. However, the downturn had been significantly reversed by the end of September and we are witnessing growing strength in the financing markets for mineral projects and for mineral companies.

Minco's planned 2020 exploration programs included drill testing high priority targets, up-grading existing targets, and continuing to develop new targets through field work and data interpretation. The schedule and timelines for these programs has been delayed because of the COVID-19 pandemic and associated restrictions. Nevertheless, Minco has undertaken limited assessment activities that will continue throughout 2020 as the Company works to develop and identify additional targets for exploration for new orebodies in Ireland.

Due to the evolving COVID-19 pandemic, and in compliance with Government guidelines to help limit the spread of the virus, Minco suspended all field activities, but has continued to aggressively advance desk-top studies designed to generate a portfolio of opportunities as soon as restrictions are lifted. The Company continues to monitor government guidelines and hopes to progressively re-launch field program during the remainder of 2020.

The planned listing of the shares of Minco on the Euronext Dublin Stock Exchange has also been delayed by the impacts of COVID-19, nevertheless, subject to market conditions, we plan to proceed with the listing as soon as possible.

Notwithstanding the ongoing COVID-19 pandemic, we still believe that the medium to long term demand for metals is growing, especially in the non-carbon electric economy, that the fundamental outlook for all base metals remains positive and this will be manifested once the inevitable economic stimulus measures and government infrastructure spending kick in.

## **COMPANY OVERVIEW**

Minco Exploration holds Prospecting Licences in the Republic of Ireland which are highly prospective for the discovery of zinc-lead mineralization.

The Licences are operated by its wholly owned subsidiaries, either alone or in joint venture with Boliden - Tara Mines ("Boliden"). Minco (20%) is participating in a joint venture with Boliden (80%) on Licence 1440R (Tatestown), which lies immediately adjacent to Boliden's large 130 million tonnes Tara zinc-lead mine at Navan. Minco is also participating in a joint venture with Boliden on Licence 3373 (Kells), contiguous to the west of Licence 1440R, where Minco can earn up to a 75% interest; and in a joint venture with Boliden on ten Prospecting Licences in County Galway (Slieve Dart) where Minco can earn up to a 50% interest. Minco also holds a 100% interest in two Licences at Moate, County Westmeath.

## **EXPLORATION UPDATE**

### **Tatestown- Navan (20% interest)**

Following review and discussion of targeting options with Boliden, our joint venture partner, a preferred target has been selected and a circa 850m drill test approved. A drill permit application has been lodged with the Exploration and Mining Division (“EMD”) and implementation of the program is scheduled for the fourth quarter of 2020.

### **Kells (25% interest, with option to earn 75%)**

Given the significant advances in the processing and interpretation of seismic data, the historic seismic data for this area was reviewed in conjunction with our joint venture partner, Boliden. This review highlighted a target in the eastern part of the licence where drill testing is warranted. A drill permit application has been lodged with the Exploration and Mining Division (“EMD”) and implementation of the program is scheduled for the fourth quarter of 2020.

### **Slieve Dart (40% interest, with option to earn 50%)**

In late 2019, a 2D seismic acquisition program was undertaken over 21 kilometres, supported in part by the Geological Survey of Ireland. Processing and interpretation of the 2019 seismic survey results have been completed. This has refined our understanding of the potential of the Licences and two of the original twelve licences have been surrendered. The next step will be to drill test along the line of the seismic survey to validate the interpretation. Ongoing geological assessment, in conjunction with our joint venture partner Boliden, continues on target selection with the intention to implement a drilling program in the first half of 2021.

### **Moate Block (100% interest)**

As a result of the work completed to-date, a target for drill testing has been defined to the east of Athlone which is considered analogous to the zinc-lead mineralized zones at the Tynagh and Ballinalack deposits. Due to the COVID-19 restrictions it was not possible to proceed with the planned 2020 drill test which has been deferred, with EMD approval, to 2021.

### **Generative Activities**

**Desk-top Studies:** Historic exploration data hosted on-line by the GSI and EMD is under on-going review. A number of areas have been identified where further exploration is warranted. Once field work can be resumed these areas will be assessed and, if our new understanding of the potential can be validated, applications for Prospecting Licences will be submitted.

## **CORPORATE ACTIVITY**

On 31 December 2019, Buchans Resources Limited distributed to its shareholders 59,868,716 Exchangeable Warrants entitling holders to receive either one share of Minco Exploration or 0.25 additional shares of Buchans, at the shareholder's option. During the six-month period ended 30 June 2020, 5,191,680 Exchangeable Warrants were exercised into Buchans shares and 984,781 warrants were exercised into shares of Minco. Accordingly, at 30 June 2020, Buchans held 53,692,255 shares of the Company for distribution pursuant to the Exchangeable Warrants and 5,191,680 shares of the Company, as investment in associate and not held for distribution.

During the six-month period ended 30 June 2020, Minco Exploration completed a private placement financing through subscriptions for 11,000,000 new ordinary shares at a price of €0.05 per share to raise a total of €550,000 to fund its working capital and planned exploration programs.

The planned listing of the shares of Minco Exploration ("MNX") on the Euronext Dublin Stock Exchange has also been delayed by the impacts of COVID-19, nevertheless, subject to market conditions, we plan to proceed with the listing as soon as possible.

## **OUTLOOK**

While the wide-reaching impact of COVID -19 has slowed us down, we are still looking towards the future and believe that the medium to long term demand for metals is growing, particularly in the non-carbon electric economy and the fundamental outlook for all base metals, including zinc, remains very strong.

Looking to the future, notwithstanding all the COVID-19 relates issues and unexpected delays of the past few months, we have not lost focus on our objectives. We remain very excited about the future prospects for Minco Exploration and its exploration targets.

Mineral exploration is always a high-risk speculative endeavour, but we remain confident in the discovery of new orebodies in Ireland.

**John F. Kearney**  
*Chairman*

**Peter McParland**  
*Chief Executive*

30 September 2020

# Minco Exploration plc

## Half-Year Report - 30 June 2020

### MINCO EXPLORATION PLC

#### CONDENSED CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE INCOME

<i>Unaudited</i>			
Expressed in Euros	30 June 2020	30 June 2019	31 December 2019
	€	€	€
General and administrative expenses:			
Professional fees	27,568	2,081	82,094
Shareholders and investors expense	11,089	-	11,471
Office expenses	2,031	9,169	24,432
Foreign exchange (gain)/loss	398	143	(792)
Management fee	-	53,891	-
Loss before income taxes	41,086	65,284	117,205
Income taxes	-	-	-
Loss for the period and comprehensive income	41,086	65,284	117,205
<b>Earnings/(loss) per share</b>			
Basic and diluted	(0.001)	-	-

### MINCO EXPLORATION PLC

#### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Unaudited</i>			
Expressed in Euros	Notes	30 June 2020	31 December 2019
		<i>Unaudited</i>	<i>Audited</i>
		€	€
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	4	1,043,645	1,030,204
Total non-current assets		1,043,645	1,030,204
<b>Current assets</b>			
Cash and cash equivalents	6	442,550	17,872
Trade and other receivables	5	149,811	44,338
Total current assets		592,360	62,210
<b>Total assets</b>		1,636,006	1,092,414
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	8	3,175,000	2,625,000
Deficit		(1,978,959)	(1,937,873)
Total shareholder's equity		1,196,041	687,127
<b>Current liabilities</b>			
Trade and other payables	7	439,965	405,287
Total current liabilities		439,965	405,287
<b>Total equity and liabilities</b>		1,636,006	1,092,414

# Minco Exploration plc

## Half-Year Report - 30 June 2020

### MINCO EXPLORATION PLC

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Expressed in Euros	Share capital	Deficit	Owner's investment	Total
	€	€	€	€
Balance as at 31 December 2018	-	-	779,332	779,332
Transfers to/from Buchans	-	-	25,000	25,000
Total comprehensive loss for the period	-	(65,284)	-	(65,284)
Balance as at 30 June 2019	-	(65,284)	804,332	739,048
Reorganization (Note 2)	2,625,000	(1,820,668)	(804,332)	-
Total comprehensive loss for the period	-	(51,921)	-	(51,921)
Balance as at 31 December 2019	2,625,000	(1,937,873)	-	687,127
Issue of shares for cash	550,000	-	-	550,000
Total comprehensive loss for the period	-	(41,086)	-	(41,086)
Balance as at 30 June 2020	3,175,000	(1,978,959)	-	1,196,041

### MINCO EXPLORATION PLC

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited

Expressed in Euros	30 June 2020	30 June 2019	31 December 2019
	€	€	
<b>Cash flow from operating activities</b>			
Loss for the period	(41,086)	(65,284)	(117,205)
	(41,086)	(65,284)	(117,205)
<b>Movements in working capital</b>			
(Increase)/decrease in trade and other receivables	(105,472)	24,721	(17,457)
Increase in trade and other payables	34,678	9,749	144,917
Net cash flows used in operating activities	(111,881)	(30,814)	10,255
<b>Cash flows from/used investing activities</b>			
Investment in exploration and evaluation assets	(13,441)	(3,750)	(33,065)
Net cash flows from/(used in) investing activities	(13,441)	(3,750)	(33,065)
<b>Cash flows from financing activities</b>			
Issue of shares	550,000	-	
Increase/(decrease) in advances from owners	-	25,000	25,000
Net cash flows from financing activities	550,000	25,000	25,000
Net increase/(decrease) in cash and cash equivalents	424,678	(9,564)	2,190
Cash and cash equivalents at the beginning of the year	17,872	15,682	15,682
Cash and cash equivalent at the end of the period	442,550	6,118	17,872



# Minco Exploration plc

## Half-Year Report - 30 June 2020

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### 1. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Minco Exploration Plc (“Minco Exploration” or the “Company”) was incorporated in Ireland on 28 May 2019 as a wholly owned subsidiary of Buchans Resources Limited (“Buchans”) to acquire the shares and receivables in subsidiaries from Buchans, its parent company. See Note 2

The financial information for the six months ended 30 June 2020 and the comparative amounts for the six months ended 30 June 2019 are unaudited.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The interim financial statements have been prepared applying the accounting policies and methods of computation used in the preparation of the published consolidated financial statements for the year ended 31 December 2019.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2019, which are available on the Company’s website.

No dividend is proposed in respect of the period.

### 2. GROUP REORGANIZATION

On 28 October 2019, the Company entered into an Arrangement Agreement with Buchans Resources Limited (the Company’s sole shareholder at that time) to effect a Plan of Arrangement involving a group reorganisation whereby Buchans agreed to distribute to its shareholders, pro rata, exchangeable warrants entitling such shareholders to receive shares of the Company or additional shares of Buchans, at their option.

On 31 December 2019, Buchans filed Articles of Arrangement to implement the Plan of Arrangement for the group reorganization and spin-out of subsidiaries, which had been approved by Buchan’s shareholders on 10 December 2019, and by the Ontario Superior Court of Justice on 19 December 2019. Under the Plan of Arrangement, shareholders retained their existing shares of Buchans, and Buchans distributed to its shareholders, pro rata, exchangeable warrants (“Exchangeable Warrants”) entitling shareholders to receive either one share of Minco Exploration or 0.25 additional shares of Buchans, at the shareholder’s option, for each share of Buchans held. Any Exchangeable Warrants which remain unexercised on the expiry date, as defined, will be automatically exchanged for shares of Minco Exploration.

Under the terms of the warrant indenture governing the Exchangeable Warrants, the expiry date is defined as the earlier of December 31, 2020 or, at Buchans’ option, the fifth business day following the effective date a “Liquidity Event”. A Liquidity Event is defined as the completion by Minco Exploration of (i) a distribution to the public of Minco Shares and the concurrent admission to trading of Minco Shares on the Irish Stock Exchange, or (ii) another transaction as a result of which all outstanding Minco Shares, or the securities of another issuer issued in exchange for all such outstanding Minco Shares, are traded on the Irish Stock Exchange or other exchange in the United Kingdom or Europe and are freely tradable.



# Minco Exploration plc

## Half-Year Report - 30 June 2020

### 3. EARNINGS / (LOSS) PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the period available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted loss per share is computed by dividing the loss after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all potential dilutive ordinary shares that were outstanding during the period. Basic and diluted losses per share are the same, as the effect of the outstanding share options is anti-dilutive and is therefore excluded. The computation for basic and diluted loss per share is as follows:

	30 June 2020	30 June 2019
	€	€
<b>Numerator</b>		
Loss for the period	(41,086)	(65,284)
<b>Denominator</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Weighted average number of shares - basic and diluted	65,368,716	-
Basic and diluted (loss) per share	(0.001)	-

### 4. EXPLORATION AND EVALUATION ASSETS

	30 June 2020	Additions	31 December 2019	Additions	31 December 2018
	€	€	€	€	€
Navan	354,158	-	354,158	5,848	348,310
Moate	333,531	-	333,531	82,001	251,530
Kells	125,017	13,441	111,576	30,597	80,979
Slieve Dart	230,939	-	230,939	122,704	108,235
<b>Total</b>	<b>1,043,645</b>	<b>13,441</b>	<b>1,030,204</b>	<b>241,150</b>	<b>789,054</b>

The realisation of the exploration and evaluation assets is dependent on the successful discovery and development of economic mineral deposits, including the ability to raise finance to develop the projects. Should this prove unsuccessful the value included in the statements of financial position for exploration and evaluation assets would be written off. By its nature there is an inherent uncertainty as to the value of the exploration and evaluation assets.

#### Ireland

The Company, through its wholly owned subsidiary, holds indirectly a 20% interest in Prospecting Licence 1440R (Navan/Tatestown), which is being explored under a Joint Venture agreement with Boliden Tara Mines DAC (80%), and which hosts part of the small Tatestown–Scallanstown zinc-lead mineral deposit, located adjacent to Boliden's large Tara zinc-lead mine at Navan, County Meath, about 50 km northwest of Dublin.

The Company, through its wholly owned subsidiary Minco Ireland Limited, has entered into a joint venture agreement with Boliden Tara Mines on PL 3373, at Kells near Navan, County Meath, contiguous to the west with PL 1440R. Under the terms of this agreement, the Company can earn a 75% joint venture interest through expenditures of €250,000 in staged programmes, by March 2024. At 30 June 2020 Minco had earned a 25% joint venture interest. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area.

The Company, through its wholly owned subsidiary Minco Ireland Limited, holds two Prospecting Licences, 1228 and 1229, in County Westmeath, Ireland. Under the terms of these licences, Minco is required to spend a total of €150,000 in staged programmes, by March 1, 2024.

The Company, through its wholly owned subsidiary Minco Ireland Limited, has entered into a joint venture agreement with Boliden Tara Mines on ten licenses at Slieve Dart in County Galway. Minco can earn a 50% interest through expenditure of €385,000 in staged programmes, by 31 July 2024. At 30 June 2020 Minco had earned a 40% joint venture interest. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area.

# Minco Exploration plc

## Half-Year Report - 30 June 2020

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### 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

#### Pennines - UK

The Company, through its wholly owned subsidiary Minco Mining Limited, previously entered into various agreements, licences and options with certain owners of mineral rights in the North Pennines Orefield located in the counties of Cumbria, Northumberland and Durham in northern England.

Due to delayed renegotiation of the underlying contracts and agreements, and as no drilling had been carried out since 2015, an impairment charge in the amount of €1,952,100 was recorded at 31 December 2017 in accordance with the Company's accounting policies. The Company expects to continue with the objective of continuing to evaluate these properties at an appropriate time, subject to the renegotiation and /or renewal of the contracts and agreements.

### 5. TRADE AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	€	€
Trade receivables and prepayments	102,500	-
Value added tax receivable	47,311	44,338
	<b>149,811</b>	<b>44,338</b>

The carrying value of the receivables approximates to their fair value. In the opinion of the Directors, the amounts above are considered to be fully recoverable.

### 6. CASH AND CASH EQUIVALENTS

	30 June 2020	31 December 2019
	€	€
Cash	442,550	17,872
Immediately available without restriction	<b>442,550</b>	<b>17,872</b>

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of investment. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates at floating rates.

### 7. TRADE AND OTHER PAYABLES

	30 June 2020	31 December 2019
	€	€
Trade creditors and accruals	316,256	331,245
Amounts due to related parties	89,031	74,042
	<b>405,287</b>	<b>405,287</b>

It is the Group's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the Group's policy that payment is made as they fall due. The carrying value of the trade creditors and accruals approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The amounts due to related parties are due on demand, unsecured and non-interest bearing.

# Minco Exploration plc

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### 8. SHARE CAPITAL

#### Common shares

##### Authorized

Unlimited number of ordinary shares

Issued	Shares	Amount €
Balance at 31 December 2019	59,868,716	2,625,000
Shares issued for cash	11,000,000	550,000
Balance at 30 June 2020	70,868,716	3,175,000

During the period, the Company completed a private placement of 11,000,000 new ordinary shares at a price of €0.05 per share, to raise a total of €550,000 to fund its working capital and planned exploration programs.

In June 2019, in a group reorganization of Buchans, the Company acquired the shares and receivables in subsidiaries from its parent company, Buchans, in consideration for the issue of 59,868,716 ordinary shares of €0.01 each at a deemed value of €2,625,000. At December 31, 2019, Buchans issued 59,868,716 Exchangeable Warrants entitling holders to receive either one share of the Company or 0.25 additional shares of Buchans, at the shareholder's option. (See Note 2).

During the six-month period ended June 30, 2020, 5,191,680 Exchangeable Warrants were exercised into Buchans shares and 984,781 warrants were exercised into shares of the Company. Accordingly, at June 30, 2020, Buchans held 53,692,255 shares of the Company for distribution pursuant to the Exchangeable Warrants and 5,191,680 shares of the Company, as an investment in associate and not held for distribution.

# Minco Exploration plc

## Company Information

### MAIN OFFICE

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### REGISTRAR

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**Minco Exploration Ordinary Shares**  
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**Buchans Resources Limited - Exchangeable Warrants**  
**(CUSIP #11802F111) (ISIN # CA11802F1119)**

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