

Minco Exploration plc

Annual Report & Accounts 2020



Minco Exploration plc

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About Minco

Minco Exploration traces its roots in Ireland back to 1966 as Minco Ireland Limited, which has been actively involved in mineral exploration in Ireland for over fifty years, and is the successor to Irish Base Metals Limited and Gortdrum Mines Ireland Limited, both subsidiaries of Northgate Exploration Limited, which discovered and developed the Tynagh Mine in Co. Galway that operated from 1965 to 1981; and the Gortdrum Mine in Co. Tipperary that operated from 1967 to 1975. This led to the discovery of the world class Tara Mine at Navan in Co. Meath in 1970, which continues in operation today.

From 1997 until 2017, Minco Ireland was a wholly owned subsidiary of Minco plc, an Irish public company with its shares traded on the AIM market of the London Stock Exchange.

In 1996, Minco Ireland identified the geological potential of the "Pallas Green Trend" in Counties Limerick and Tipperary, attracting Noranda Inc., then one of Canada's leading mining companies, (subsequently acquired by Xstrata plc) as a joint venture partner in 1998. This led to the discovery of the Pallas Green deposit in Limerick in 2002. The Pallas Green deposit now exceeds 40 million tonnes and is the second largest mineral deposit ever discovered in Ireland. Minco Ireland later sold its 24% joint venture interest in Pallas Green to Xstrata (Glencore) for US\$19.5 million in 2011.

As the successor to the mineral properties of Ennex International plc, a subsidiary of Northgate which discovered the Curraghinalt gold deposit in Northern Ireland in 1984, Minco plc held a 2% NSR on Curraghinalt gold deposit, which was sold to Dalradian Resources Inc. in 2017 at an attributed value of CDN\$29 million when Minco plc was acquired by Dalradian Resources Inc. Most of the consideration was distributed to Minco plc shareholders who also received shares in Buchans Resources Limited in a spin-out of Minco plc's other assets.

In December 2019, Buchans Resources reorganized its mineral assets and investments and distributed to its shareholders exchangeable warrants entitling shareholders to receive shares of Minco Exploration. During 2020, 50,604,564 warrants were exchanged into Minco Exploration shares and the holders automatically became direct shareholders in Minco Exploration.

This Annual Report and Accounts is available for inspection and/or download on the Company's website at www.MincoExploration.com and is available for inspection at the Company's office at Coolfore Road QME, Ardraccan, Navan, Ireland and its registered office at 17 Pembroke Street Upper, Dublin 2, Ireland.

Chairman's Letter to Shareholders

As we reflect and report on 2020, which saw the re-launch of Minco Exploration plc in mineral exploration in Ireland, we see a year dominated worldwide by the COVID-19 pandemic, with unprecedented challenges to health, the economy and normal living but, paradoxically and perhaps coincidentally, a period of strong demand for metals and minerals leading to a very positive outlook for metal prices.

In Minco Exploration, COVID-19 slowed us down, causing postponement in the listing of our shares on a stock exchange, and travel and movement restrictions delayed our planned drilling programs. Nevertheless, steady, if slow, progress was made in advancing our various exploration projects in Ireland.

The economic impacts of the COVID-19 pandemic initially had a 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 subsequently saw growing strength in the commodities markets, with increasing demand for minerals.

The bright spot, and it is very bright, is in the positive outlook for most minerals, including the base metals zinc, lead and copper for which Minco Exploration is exploring in Ireland, and the increasing recognition of the importance of minerals in today's modern society.

Although the COVID-19 pandemic brought great volatility to financial and commodity markets, metal prices experienced notable growth over the past year, initially on the back of strong demand from China, and more recently other large economies, supplemented by some significant supply disruptions. As the world recovers from the pandemic, trillions of dollars are being invested to rebuild infrastructure and to transition to a green economy. Governments around the world are launching stimulus programs focused on infrastructure and environmental components. The United States stimulus programs of almost \$4 trillion, and other government stimulus and recovery programs around the world including in Europe, are focusing on clean energy as part of decarbonization strategies and driving demand for clean energy metals.

Minerals are the Key to a Sustainable Future

This positive outlook for metals has resulted in some market participants suggesting it represents the start of a new commodities super cycle. Perhaps the principal reason is the awaking recognition that metals and minerals are essential for addressing climate change and adapting to a green economy.

The European Union, recognising the strategic issue that most metals used in Europe are imported from other places and that the EU is largely dependent on raw materials from countries with lower environmental and social standards, has established the Raw Material Alliance to strengthen the EU's ability to meet increasing demand, especially for critical minerals, in connection with electric vehicles, energy transmission and storage and renewable energy. Sustainable supply of raw materials is a strategic security question for Europe to deliver the ambitious goals outlined in the EU Green Deal.

"Mineral resources are the lifeblood of our modern society and the key to a more sustainable future. Today, we are in the middle of disruptive innovation in emerging green energy, e-mobility and clean technology, triggered by pressing societal challenges. The growing need for carbon-neutral technology creates a strong demand for minerals, metals and advanced materials. The estimated demand for critical raw materials vital for a green and digital transition in Europe will dramatically multiply in the coming years." The European Association of Mining Industries, Metal Ores & Industrial Minerals, the recognised representative of the European metals and minerals mining industry.

In September 2020, the European Commission presented an Action Plan on Critical Raw Materials to develop resilient value chains for EU industrial ecosystems and to secure Europe's green and digital transition. It aims to reduce dependency on third countries by strengthening domestic sourcing as well as improving resource efficiency and circularity while promoting responsible sourcing worldwide. *Action Plan on Critical Raw Materials: Critical Raw Materials Resilience, European Commission Communication, 3 Sept. 2020.*

In its May 2021 report, *The Role of Critical Minerals in Clean Energy Transitions*, the International Energy Agency (IEA) states that the rapid deployment of clean energy technologies as part of energy transitions implies a significant increase in demand for minerals. The IEA report suggests that an energy system powered by clean energy technologies differs profoundly from one fuelled by traditional hydrocarbon resources. It concludes that solar photovoltaic plants, wind farms, and EVs generally require more minerals to build than their fossil fuel-based counterparts. According to the IEA, a typical electric car requires six times the mineral inputs of a conventional car and an onshore wind plant requires nine times more mineral resources than a gas-fired plant.

"I believe that the reasons to explore sustainable mining in the EU are not only of economic and geopolitical nature. We also have a moral obligation. If we do not have an open debate about sustainable mining in Europe, without taboos, we will continue in a situation where we import raw materials from mines far away from our homes and conveniently close our eyes on how they were sourced. It is high time that we are honest and take more responsibility ourselves. We need to work together and develop a European approach (to mining) with high environmental and social standards which is backed by stakeholders." European Commissioner for Internal Market, Thierry Breton, 17th June, 2021.

Focus on exploration

Recognizing the projected strong demand for minerals to fight climate change and transition to a green economy, Minco Exploration's mission is the discovery of world class mineral deposits to create value for shareholders and the development of mines in an environmentally, socially, and ethically responsible manner for the benefit of all stakeholders.

Minco Exploration, through its subsidiary Minco Ireland Limited, is actively exploring for zinc and lead in the Irish Midlands Orefield and holds interests in Prospecting Licences in Counties Meath, Westmeath, and Galway.

Minco Exploration'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 were delayed because of the COVID-19 pandemic and associated restrictions. In compliance with Government guidelines to help limit the spread of the virus, Minco suspended all field activities, but has undertaken limited assessment activities and continued to aggressively advance desk-top studies designed to generate a portfolio of opportunities and identify and develop additional targets for exploration for new orebodies in Ireland.

Minco Exploration holds some of the most prospective ground in Ireland, in joint venture with Boliden Tara Mines, immediately adjacent to Boliden's world class Tara Mine at Navan, County Meath. Despite the operational challenges posed by COVID-19, two deep holes were drilled on these licences, one on PL 1440R, which started in late 2020 and continued through the first months of 2021, and another on PL 3373 in the spring of 2021.

Minco is also in a joint venture with Boliden Tara Mines on a large package of prospecting licences in the Slieve Dart area of County Galway. In late 2019, a 2D seismic acquisition program was undertaken over 21 kilometres, supported in part by the Geological Survey of Ireland, the results of which were studied and interpreted throughout 2020. Drilling to validate the interpretation of the seismic survey and to test selected structural – stratigraphic targets is planned, subject to permit approval, in the second half of 2021 or the first half of 2022. Further details on these exploration activities will be found in the Review of Operation section of this Annual Report.

A Positive Outlook

Amidst the ongoing COVID 19 pandemic, Minco Exploration is continuing to operate in a socially responsible manner, ensuring the safety of all our personnel, stakeholders, and community. The Directors recognise the importance of environmental, social and governance responsibilities. Further details of these initiatives will be found in the Corporate Governance and Social Responsibility section of this Annual Report.

Notwithstanding the challenges and the initial negative impact associated with the global pandemic, I believe we have maintained focus on our objectives for the discovery of new mines in Ireland. I believe this approach will generate the best long-term returns for shareholders. 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 remains very strong. We remain very positive about the future prospects for Minco Exploration and its exploration targets.

In closing, I want to thank our small team of Directors, geologists, support staff, as well as our consultants and advisors, in Minco for their work and contribution throughout 2020 and to date, and thank all Minco Exploration shareholders for their continued support.

John F. Kearney

John F. Kearney
Chairman of the Board
30 June 2021

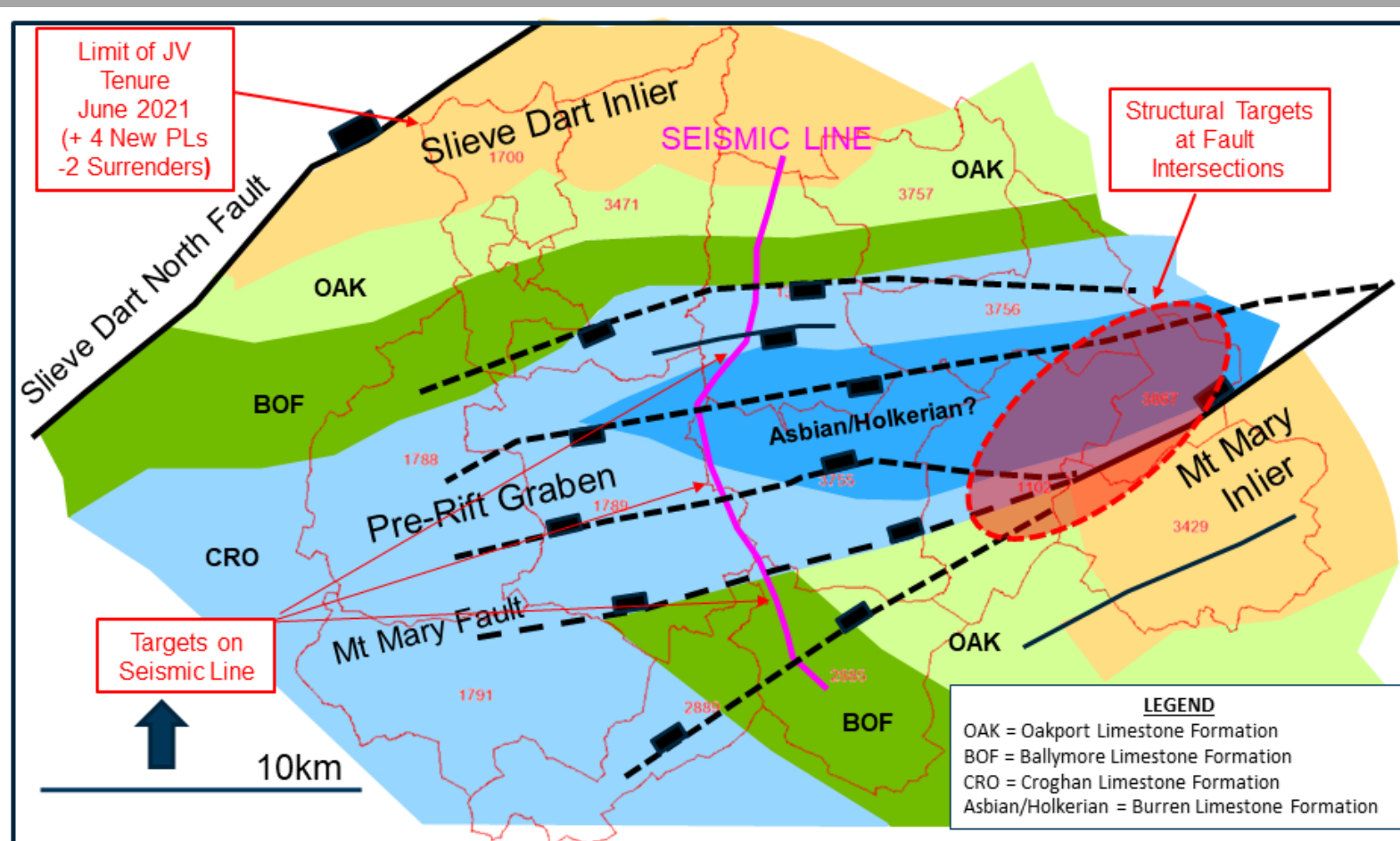


Figure showing JV tenure in relation to recent seismic lines and re-interpreted Geology and fault locations (D.Coller).

Figure 1 - Plan of the Slieve Dart Block showing PLs, the seismic line and proposed holes, the location of Peter Tyler's proposed south dipping fault and PL3742; also the location of the Glenamaddy intrusive..

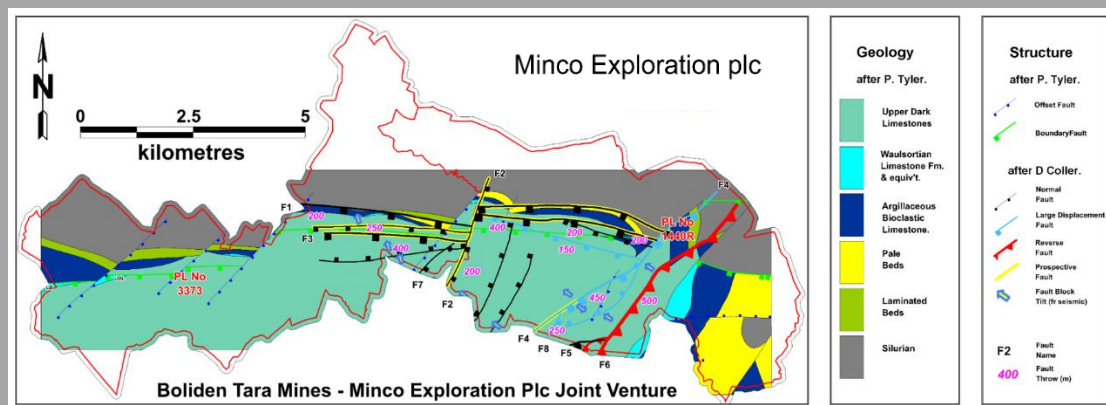


Figure 2 Location of PLs 1440R and PL3373 and locations of next drill holes.

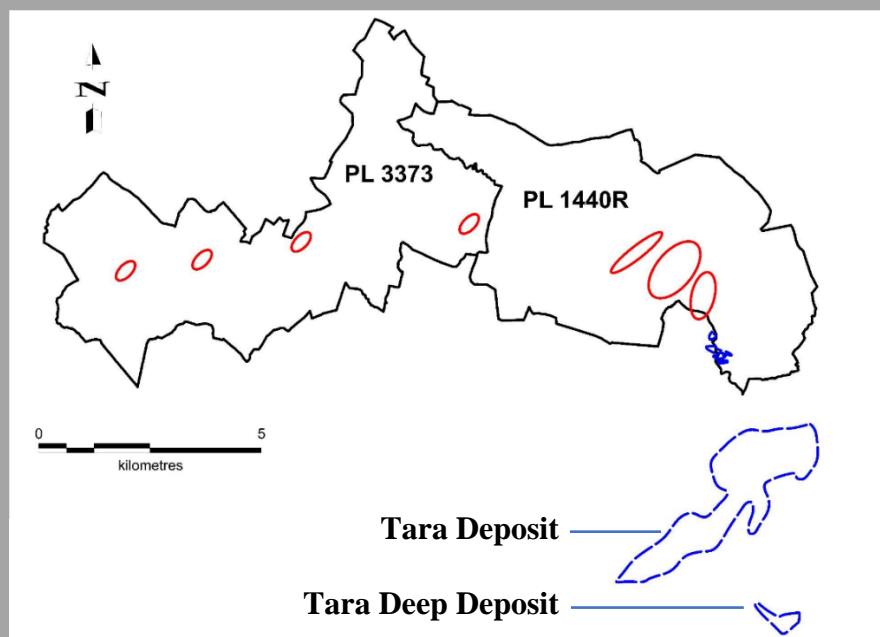


Figure 3 – Minco-Boliden Navan Block (Tatestown and Kells) Showing Target Areas (Red). Tara Deposit outline (Blue) and Tara Deep location (Blue)

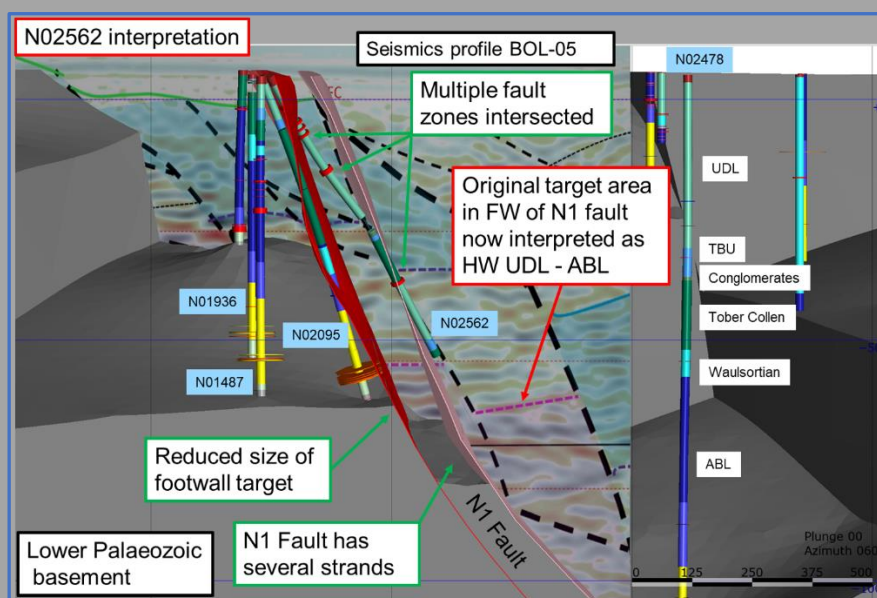


Figure 4 Section through Donaghpatrick target showing recent drill hole N02562 as of 2/2/2021.

Review of Operations

Minco Exploration plc (“**Minco Exploration**”, “**Minco**”, or the “**Company**”) holds, indirectly through its subsidiaries, interests in Prospecting Licences (“PLs”) in Ireland that are prospective for zinc-lead mineralization. Minco explores these licences, either alone or in joint venture with **Boliden Tara Mines Limited** (“**Boliden**”).

In addition, Minco has applications, either on its own behalf or in conjunction with **Boliden**, over a number of other prospecting licences in Ireland.

The licences held by Minco are considered prospective exploration areas for “Irish Type” carbonate hosted zinc-lead mineralization and quality target areas have been identified through field work, reinterpretation of historical exploration data and application of geological concepts. *“The Lower Carboniferous carbonate rocks of the Irish Midlands host one of the great orefields of the world. Since 1960, 14 significant (resource >1Mt) zinc-lead deposits have been discovered, including the world class orebody at Navan (>100Mt).”* Minerals Ireland - Exploration and Mining Division- Department of Communications, Climate Action and Environment -www.minerals.ie.

During 2020, travel and access restrictions resulting from the COVID pandemic seriously disrupted field programs. However, notwithstanding the lock downs, drilling was conducted on two of the projects – Tatestown and Kells, during time windows when restrictions were eased, including during the first half of 2021.

Joint Venture with Boliden on PL 1440R (Tatestown) Navan, County Meath

Minco, through its wholly owned subsidiary Westland Exploration, holds a 20% interest in PL 1440R (Tatestown), which is being explored under a Joint Venture with **Boliden** (80%). The licence hosts part of the Tatestown–Scallanstown zinc-lead deposit. PL 1440R is located immediately adjacent to **Boliden’s** Tara underground zinc-lead mine at Navan, County Meath.

In 2020 **Boliden’s** Tara Mine produced 2.3 million tonnes of zinc-lead ore and is the biggest zinc mine in Europe and one of the largest globally. Exploration by **Boliden** has continued to extend the life-of-mine through the delineation of new resources proximal to the existing workings and at the Tara Deep zone to the south-east. Boliden reported that exploration at the Tara Deep mineralization continued during 2020 with drilling from the surface, while drifting is underway toward Tara Deep at a depth of around 1000 meters. Boliden reported that drilling from the surface has been successful, and Tara Deep is now estimated to include 26 million tonnes of inferred Mineral Resources, compared with 22 million tonnes in 2019, which has also contributed to an increase in Tara’s total Mineral Resource of 4.7 million tonnes (16%).

Historic exploration within PL 1440R has confirmed that the footprint of the Tara Mine mineralizing system extends into this area. A historical resource of 2.4 million tonnes averaging 7.31% zinc plus lead has been estimated for the Tatestown–Scallanstown deposit. This satellite deposit is situated 1.5 km to the north-west of the Tara Mine and is located along the east-west trending Tatestown Fault.

Several other similar, but untested, structural – stratigraphic settings are known within the licence. It is intended that these targets be systematically drill tested. Given the proximity to the Tara Mine operations and infrastructure the economic threshold for discovery is significantly less than in a greenfield setting.

In 2020, one of these targets in the **Donaghpatrick** area was tested. In this area the target stratigraphy is located within a faulted terrace in the footwall of the N1 Fault. The drill hole NO2562 intersected the fault zone earlier than anticipated from the seismic interpretation. It is now interpreted that the fault is down-throwing the prospective Pale Beds to an estimated 1,400 metres and fragmenting the target into a number of discontinuous slices. It is considered that these individual slices do not having economic tonnage potential.

The northern portion of PL 1440R remains essentially unexplored, with four, widely spaced intercepts of pervasive low-grade zinc – lead mineralization. A second east-west fault, parallel to the Tatestown Fault, is indicated by this drilling suggesting potential for higher grades and widths similar to those adjacent to the Tatestown Fault.

Minco will continue to contribute to the systematic drill testing of targets in this area to maintain its 20% interest in this licence.

Joint Venture with Boliden on PL 3373 (Kells) County Meath

Minco, through its wholly owned subsidiary Minco Ireland Limited, has entered into a joint venture with **Boliden** on PL 3373, contiguous to the west of PL 1440R. The licence, located approximately 10 km northwest of the Tara Mine, covers an area of approximately 30 km² and constitutes the north-western quadrant of a contiguous block of ground currently being explored by **Boliden** alone.

Under terms of this agreement, Minco can earn a 75% interest through expenditure of €250,000, in staged programmes, by March 1, 2024. At December 31, 2020 Minco had incurred cumulative expenditure of €120,000 and earned a 25% joint venture interest in the licence. Boliden has the right of off-take to purchase or toll-process all ore that may be produced from the licence area.

Historic exploration on PL 3373 has focused on the search for zinc-lead mineralization within the same rocks that host the ore at the Tara Mine. Four structurally defined untested drill targets have been identified. The four drill target areas are located eight to fifteen kilometres west of the Tara Mine, at estimated depths of 550 to 800 m below surface.

The **Kilmainham** target area, which is situated in the eastern part of the licence, closest to the Tara Mine, is defined by the intersection of the prospective strata, at 600 – 650 m depth, with a major east-west trending fault bounding the southern margin of the Longford-Down Massif, and by an off-setting north-easterly trending fault structure. The drill test of this target was delayed until 2021 due to COVID restrictions and was completed in the second quarter of 2021. The hole intersected the prospective Pale Beds at 540 m and went through a fault contact into Lower Palaeozoic rocks at 590 m. This hole is a 1,300m north-west step-out from DDH 1498 which intersected 6.1m @ 1.37% Zn, 0.05% Pb at depth of 842.3m, within a wider, lower-grade interval from 836.3 – 866.5m. The results confirmed the structural – stratigraphic interpretation but did not intersect mineralisation of interest. Minor moderate coarse-grained galena in calcite veining was noted within ABL at 373 – 374m. The Micrite Unit is well developed, but not mineralised.

It is anticipated that as a result of this program Minco's interest in the licence will increase to 50%.

The other three targets, located further to the west within the licence, will now be reassessed in the light of this new data and a drilling program will be designed to continue with the systematic exploration of the area during the 2022 – 2024 licence renewal period.

Joint Venture with Boliden on Slieve Dart Licences, County Galway

Minco, through its wholly owned subsidiary Minco Ireland Limited, is participating in a joint venture agreement with **Boliden** on ten prospecting licences in the Slieve Dart area of County Galway. Minco Ireland can earn a 50% interest through expenditure of €385,000 in staged programmes, by 31 July 2022. As of December 31, 2020, Minco has incurred cumulative expenditures of €270,939 (2019 - €230,939) with respect to the licences and earned an undivided 40% joint venture interest in the licences. **Boliden** has the right of off-take to purchase or toll-process on all ore that may be produced from the licence area.

In late 2019 a 2D seismic acquisition program was undertaken over a length of 21 kilometres, supported in part by the Geological Survey of Ireland. Processing and interpretation of the results was undertaken during 2020. This refined the understanding of the potential of the licences and allowed two licences to be surrendered. In addition, a review of the geophysics was completed with a view to better modelling of the depth to granite in the area.

Historic exploration has detected widespread, significant, mineralization at shallow depth in the northern part of the block. This mineralization is interpreted to represent distal mineralization related to a much larger mineralizing system controlled by major basement structures known to be present in the southern part of the block.

These structures have been interpreted from the results of the 2019 2D seismic traverse and reprocessing of a TELLUS regional airborne survey data. It is interpreted that these faults acted as the main conduits for mineralizing hydrothermal fluids transporting metal to sites of deposition within rocks similar to those hosting the zinc-lead ore at the Tara and Tynagh mines.

Drilling to validate the interpretation of the seismic survey and to test selected structural – stratigraphic targets is planned, subject to permit approval, in the second half of 2021 or the first half of 2022.

Exploration at Moate, County Westmeath

Minco has interest in two licences, PLs 1228 and 1229, that cover a surface area of 65.67 km², at Moate in County Westmeath. These are centred on a specific geological target identified by Minco, with potential for zinc-lead mineralization of Tynagh Mine type.

Minco's Moate licences are located along the "Tynagh-Ballinalack Trend" approximately mid-way between the former Tynagh Mine, located 50 km to the southwest, and the similar styled Ballinalack deposit, situated 35 km to the northeast. The Tynagh Mine operated successfully from 1965 to 1981 producing 9 million tonnes of ore, from open pit and underground, at average grades of approximately 7% lead, 5.5% zinc, 0.5% copper and 2.6 ounces of silver per tonne.

Minco's studies of previous drilling have outlined a geological setting believed to mirror that of the former Tynagh Mine and the smaller Ballinalack deposit.

A target has been defined east of Athlone, at a depth of 450 metres below surface. Testing of this target has been delayed due to COVID restrictions. However, with the easing of those restrictions, it is now intended to make application for a drilling permit with implementation, subject to approval, during the second half of 2021.

Metal Prices

Over the second half of 2020 and the first half of 2021, base metal prices posted strong gains, driven by infrastructure demand, supply disruptions and inventory depletion. The COVID-19 pandemic led initially to a decrease in metal demand in China during the first quarter, but demand rebounded strongly in the second half of 2020 as incentive measures in the country kick-started industrial activity. Steel production rose, and the demand for zinc metal increased from the end of the first quarter of 2020 through the rest of the year. Because China accounts for more than half of global base metal demand and a significant share of global metal supply, economic developments in China will continue to be the major factor in metal markets and prices over the long term.

The copper price more than doubled from its COVID-19 low point in March 2020, zinc by 58% and lead by 30%. Zinc prices on the London Metals Exchange (LME) averaged US\$1.03 per pound for 2020 (US\$2,246 per tonne), but ended the year at US\$1.24 per pound, while a build-up in inventories has held the price in check through the first half of 2021. Base metals are needed for electrification and adaptation to climate change, copper for power generation, transmission and energy storage; lead for energy storage, and zinc for extending the lifespan of products. It is expected that the post-pandemic global stimulus plans, and the objective to achieve climate neutrality by 2050, will provide long term demand for critical and strategic minerals and support for metal prices, including, importantly for Minco, lead and zinc.

EXPLORATION AND EVALUATION ASSETS

The table below shows Minco's investment in exploration and evaluation assets for the past five years.

	31 December 2020	Additions	31 December 2019	Additions	31 December 2018	Additions	31 December 2017
	€	€	€	€	€	€	€
Navan	394,158	40,000	354,158	5,848	348,310	6,717	341,593
Moate	333,531	-	333,531	82,001	251,530	13,247	238,283
Kells	121,576	10,000	111,576	30,597	80,979	80,979	-
Slieve Dart	270,939	40,000	230,939	122,704	108,235	108,235	-
Total	1,120,204	90,000	1,030,204	241,150	789,054	209,178	579,876

All exploration and evaluation assets are carried at cost, less any applicable impairment provision. The Directors reviewed the exploration and evaluation assets as at 31 December 2020 and are satisfied that the exploration projects have potential to achieve mine production and no impairment provision has been recognised.

The realisation of the exploration and evaluation assets is dependent on the successful development of economic resources, including the ability to raise finance to develop the projects. Should this prove unsuccessful the value included in the balance sheet would be written off. The Directors are aware that by its nature there is an inherent uncertainty as to the value of the asset.



Figure 5 - Moate Property Drilling Programme

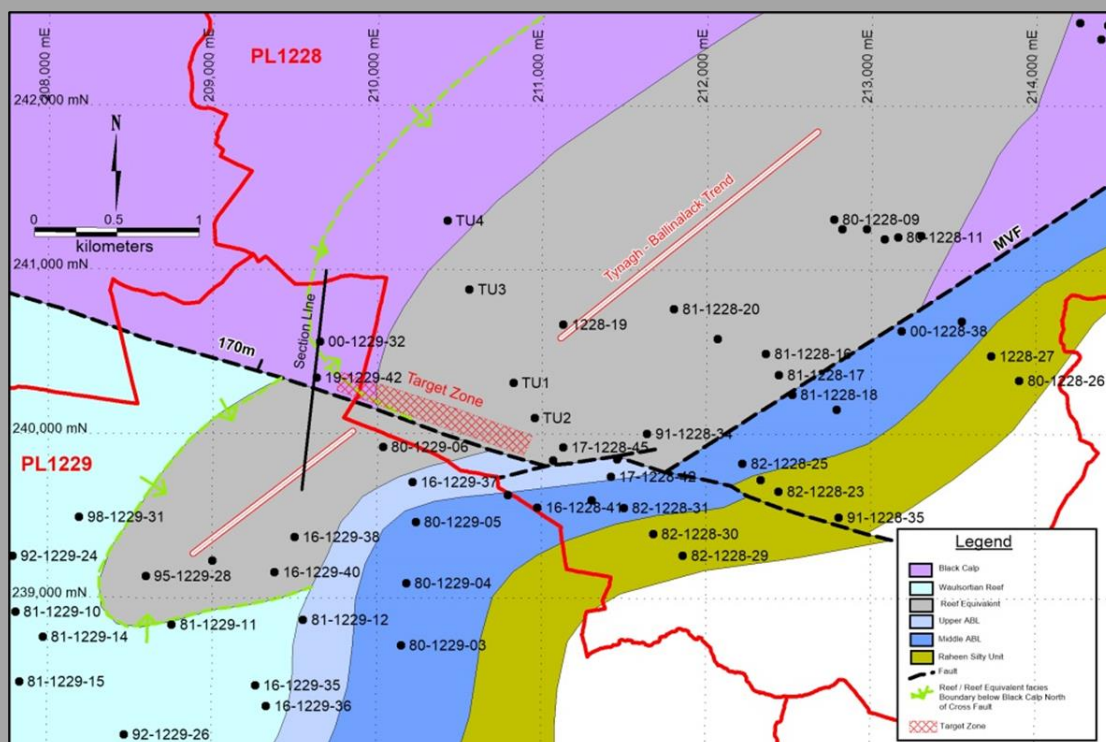


Figure 6 - Plan of the Moate Property showing PLs, the Tynagh-Ballinacree Trend and area of planned Q4 2021 drilling programme to test the Fardrum target to the east of Athlone.

Directors' Report

The Directors present their report and the audited consolidated financial statements of Minco Exploration plc, for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

Minco Exploration plc, ("**Minco Exploration**", "**Minco**", or the "**Company**" and together with its subsidiaries the "**Group**") is an exploration and development group focused on exploring for minerals in Ireland and the United Kingdom.

Minco Exploration was incorporated in Ireland on 28 May 2019 as a wholly owned subsidiary of Buchans Resources Limited ("**Buchans**") to serve as a holding company for its subsidiary companies which own various mineral exploration and development assets in Ireland and the United Kingdom.

In December 2019, Buchans implemented a Plan of Arrangement for a group reorganization that involved, among other things, a pro-rata distribution of Exchangeable Warrants to Buchans shareholders that entitled them to receive at their option either shares in Minco Exploration or additional shares of Buchans. During the year 2020, 1,039,844 Exchangeable Warrants were exchanged into Minco shares, and upon expiry of the Warrants on 31 December 2020, the remaining 49,564,720 warrants were automatically exchanged into shares of Minco Exploration and the holders became shareholders in the Company. During the year 2020, 9,079,000 Exchangeable Warrants were exchanged into Buchans shares and accordingly, at 31 December 2020, Buchans held 9,264,152 shares of the Company.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Minco Exploration, together with its subsidiaries Norsub Limited, Minco Ireland Limited, Minco Mining Limited, and Westland Exploration Limited (the "**Minco Subsidiaries**"), has interests in exploration and evaluation properties located in geologically prospective areas of Ireland. The Minco Subsidiaries had been subsidiaries of Minco plc prior to 30 August 2017 (See Note 2 to Consolidated Financial Statements) and have been carrying on the business of exploring and evaluation of mineral properties in Ireland since 1995. Substantially all of the Group's efforts are devoted to exploring its mineral properties.

The Company's exploration activities have been adversely affected by the effects of the global spread of the contagious coronavirus disease, causing the worldwide outbreak of COVID-19 respiratory illness which was declared a pandemic by the World Health Organization on March 11, 2020. The Company has followed the instructions and advice of government and health authorities, as well as industry-wide best practice guidelines, and has limited travel and field activities to help control the spread of COVID-19. Planned field work and drill programs were postponed or delayed and the planned listing of the Company's shares on the Euronext Dublin Stock Exchange was deferred.

Further information on the activities of the Group during the year and the outlook for future developments in the business of the Company is contained in the Chairman's Letter and in the Review of Operations.

FINANCIAL RESULTS AND DIVIDENDS

The statement of income for the period ended 31 December 2020 and the statement of financial position as at 31 December 2020 are included in the audited consolidated financial statements. The Company recorded no revenue in the year ended 31 December 2020. The consolidated net loss for the year ended 31 December 2020 was €124,365. No dividends are proposed.

During the year 2020 the Group invested €90,000 on exploration of its mineral properties.

During 2020, Minco Exploration 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. At 31 December 2020, Minco Exploration held €298,988 in cash and cash equivalents and had no long-term or current debt other than routine accounts payable.

At 31 December 2020, Minco Exploration held mineral properties with a book value of €1,120,204. The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale at this time. Information on Going Concern is disclosed in Note 4 to the financial statements.

DIRECTORS' COMPLIANCE STATEMENT

The Directors acknowledge, in accordance with Section 225(2)(a) of the *Companies Act 2014* (the "Act"), that they are responsible for securing the Company's compliance with "relevant obligations" (Companies Act, market abuse, prospectus and tax laws) specified in the Act and confirm that:

- the Company has drawn up a statement setting out the Company's policies that are in the opinion of the Directors appropriate with respect to the Company complying with its relevant obligations;
- appropriate arrangements and structures are in place designed to secure material compliance with the Company's relevant obligations; and
- review of these arrangements and structures has been performed during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business is subject to numerous potential risks and uncertainties associated with all companies in the exploration and mining industry which could have a material impact on its future prospects, and which could cause actual results to differ materially from expectations. Mineral exploration is a high-risk, speculative business and the realization of mineral exploration assets is dependent on the successful discovery and development of economic mineral deposits and is subject to many potential risks, the more significant of which are summarized below. Management of these risks, which often involves professional judgement, is the responsibility of the Board of Directors. The exploration and development of mineral resources require substantial commitments and no assurance can be given that Minco Exploration will be able to raise the funding required to continue exploration or develop mineral deposits.

Exploration, Development and Operating Risk

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

All the prospecting licences in which the Group holds an interest are in the exploration stage only and are without a known body of commercial ore. There is no assurance that the current exploration program will result in profitable mining operations. Development of the properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis and at an acceptable cost.

The recoverability of the carrying value of interests in mineral properties and the Group's continued existence is dependent upon the preservation of its interests in the underlying properties, meeting expenditure commitments required on the prospecting licences, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, or alternatively upon the Group's ability to dispose of its interests on an advantageous basis.

Failure to Obtain Additional Financing

The Group will require additional financing to implement its exploration plans and to finance its operational and administrative expenses. There can be no assurance that the Group will be successful in obtaining any additional required funding necessary to conduct exploration on the Group's current exploration properties or any properties that may be acquired or to develop mineral resources on such properties. Failure to obtain additional financing on a timely basis could cause the Group to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities, the interests of shareholders in the net assets of the Group may be diluted.

Prospecting Licences, Mining Leases or Licences and Title Risks

The Group holds its mineral properties in Ireland under prospecting licences issued by the Minister of Communications, Climate Action and Environment under the provisions of the Mineral Development Acts 1940, and regulations and policies issued thereunder. Operations must be carried out in accordance with the terms of such licences which include the expenditure of minimum amounts during the term of the licence. Such licences may be revoked, suspended, or not renewed if the holder fails to comply with its obligations under the licence or under the regulations.

All mining in Ireland requires either a mining lease or mining licence issued by the Minister, which is negotiated on a case-by-case basis, and conditions include adherence to best practice, ensuring full extraction of the minerals, prevention of subsidence, proper rehabilitation of the workings and financial terms including royalties. There can be no assurance that any leases, licences or permissions that the Group may require for the development of any mines that may be discovered on its prospecting licences will be obtainable on reasonable terms or on a timely basis.

Environmental Risks, Permitting and Climate Change

The Group's operations are subject to environmental legislation and regulations which are evolving in pursuit of national climate change objectives and in a manner where standards are more stringent. Mineral extraction and processing can have significant environmental impacts. Mining operations require approval of environmental impact assessments and obtaining planning permissions. There can be no assurance that all permits, licences, permissions and approvals that the Group may require for its activities will be obtainable on reasonable terms or on a timely basis.

Government Policy and Regulation

The Group's activities may be affected by government policy or regulation relating to the mining industry and changes in regulation or shifts in political conditions are beyond the control of the Group. In addition, operations may be affected by government regulations with respect to production, price controls, export controls, environmental legislation, mine safety, income or mining taxes or expropriation of property. There can be no assurance that such laws and regulations will not have an adverse effect on any exploration or mining project which the Group might undertake.

Fluctuating Metal Prices

Metal prices are subject to significant fluctuation and are affected by numerous factors which are beyond the control of the Group. The principal factors, in addition to market speculation, include diminished demand if economic growth is not sustained; increases in supply resulting from the discovery and the development of new sources of metals; reduced supply due to exhaustion of ore reserves or declining average grades, and supply interruptions due to changes in government policies, international trade disputes or labour action.

Competition

The mineral exploration and mining industry is intensely competitive in all its phases, and the Group competes with other exploration and mining companies in connection with the acquisition of properties and such competition could adversely affect the Group's ability to acquire suitable properties or prospects in the future.

Management

The success of the Group is currently largely dependent on the performance of its directors. There is no assurance the Group can maintain the services of its directors or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Group and its prospects. Some of the directors also serve as directors and/or officers of other companies which are engaged and will continue to be engaged in the search for business opportunities on behalf of other companies, and situations may arise where these directors will be in direct competition with the Group. Conflicts, if any, which must be disclosed, will be dealt with in accordance with the relevant provisions of applicable laws.

COVID-19 Pandemic

The Group's operations have been delayed and adversely affected by COVID-19, which was declared a pandemic by the World Health Organization on 11 March 2020 and the ongoing impact the pandemic may have on exploration and drilling plans cannot be predicted. In addition, this widespread health crisis has adversely affected the economies and financial markets of many countries, resulting in an economic and financial crisis that could impact the Company's ability to finance its operations.

FINANCIAL RISK MANAGEMENT

Credit risk

The Group's financial risk management policies are described in Note 17 to the accounts. The financial assets of the Group comprise cash and cash equivalents, which give risk to credit risks on the amounts due from counterparties. The Company controls and monitors this exposure by ensuring that all deposits and financial instruments are held with reputable and financially secure institutions that have a credit rating of at least BBB-. At 31 December 2020 all short-term deposits had a maturity date of 30 days or less.

DIRECTORS

The Directors who held office during the year and at the date of this report are as follows:

Name	Nationality	Appointed
John F. Kearney, <i>Chairman</i>	Irish	27 June 2019
Peter McParland, <i>Chief Executive</i>	Irish	27 June 2019
Danesh Varma, <i>CFO and Secretary</i>	Canadian	27 June 2019
John Clifford, <i>Director - Exploration</i>	Irish	15 April 2020
Patrick D. Downey	Canadian	28 October 2019
Garth Earls	Irish	15 April 2020
Terence McKillen	Irish	28 October 2019
Michael Power	Canadian	28 October 2019

DIRECTORS' AND SECRETARY'S INTERESTS

The Directors and Secretary had the following beneficial interests (including interests held by spouses and minor children) at 31 December 2020, 31 December 2019 and 28 May 2019 in the ordinary shares of €0.01 each of the Company:

Directors	Beneficial Interest in Shares		
	31/12/ 2020	31/12/2019	28/05/2019
	Shares	Warrants ⁽¹⁾	Shares
John F. Kearney, <i>Chairman</i>	3,546,969	2,546,969	-
Peter McParland, <i>Chief Executive</i>	1,873,000	473,000	-
Danesh K. Varma, <i>Secretary</i>	3,905,548	3,705,548	-
John A. Clifford, <i>Director - Exploration</i>	-	-	-
Patrick D. Downey	186,500	186,500	-
Garth Earls	-	-	-
Terence McKillen	213,050	213,050	-
Michael Power	-	-	-

1) Director interests in shares at 31 December 2019 represented by the holding of Exchangeable Warrants issued by Buchans Resources Limited which were exchanged for ordinary shares in the Company on 31 December 2020.

No options were held by Directors during the year or at 31 December 2020. It is expected that incentive options will be granted to directors during 2021 as incentives and partial compensation for their services.

SUBSTANTIAL SHAREHOLDING

The following shareholder held 3% or more of the issued share capital on 31 December 2020.

Shareholder	Number of Shares	% of Shares Held
Buchans Resources Limited	9,264,152	13.07%
CIBC World Markets Inc.	5,910,680	8.34%
Roytor & Co	4,143,100	5.85%
JAYVEE & CO	3,860,362	5.44%
RBC Dominion Securities Inc	2,203,929	3.11%

STATEMENT OF CORPORATE GOVERNANCE

The Board of Minco Exploration is committed to high standards of corporate governance, integrity, and social responsibility and to managing the Company in an honest and ethical manner. The Chairman is responsible for the leadership of the Board and for ensuring that the Company has appropriate governance standards in place and that these requirements are communicated and applied.

The Company seeks to conduct its operations with honesty and fairness and expects its contractors and suppliers to meet similar ethical standards. The Board recognizes the importance of communicating with its shareholders and all stakeholders in an open and transparent fashion. The Board is assisted by an Audit Committee and a Technical Committee, and has also established Remuneration and Nominating committees. All Directors may attend meetings of a committee at the committee's invitation.

Audit committee

The Board has established an audit committee in accordance with Section 167 of the Companies Act 2014 with formally delegated duties and responsibilities. The audit committee is chaired by Patrick D. Downey with Michael Power being the other member of the Audit Committee, both of whom are independent non-executive directors.

The Audit Committee assists the Board in meeting its responsibilities for internal control and external financial reporting and is responsible for ensuring that the financial information of the Group is properly reported on and monitored, including by conducting reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

Technical committee

The Technical Committee is chaired by John Clifford, with Garth Earls, and Terence McKillen. The role of the Technical Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Company's exploration programs, particularly regarding those areas where technical and geological understanding is required, in reviewing and evaluating all technical and scientific issues and risks relating to the Company's mineral exploration projects, including making recommendations on technical decisions relating to exploration programs; reviewing work plans and results specific to each of the Company's mineral exploration properties; and reviewing geological and engineering reports, and disclosure relating to the Company's mineral exploration properties.

Remuneration committee

The Remuneration Committee is chaired by Michael Power, with Patrick D. Downey as the other member and has responsibility for determining, within agreed terms of reference, the Group's policy on remuneration, including incentive awards. The Remuneration Committee is also responsible for recommending and/or approving grants of options under the Share Option Scheme. No Director may be involved in any decision as to their own remuneration.

Nomination committee

The Nomination Committee is comprised of John Kearney and Peter McParland and assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors.

CORPORATE GOVERNANCE COMPLIANCE REVIEW

Minco Exploration believes that corporate governance is more than just a set of guidelines. Rather it provides the framework whereby the Board ensures that the Company's strategy is aligned to the interest of its shareholders and takes into account the interest of all the Company's stakeholders.

The Directors of Minco recognise the importance of sound corporate governance and, although the shares of Minco are not yet listed on a stock exchange, have adopted the QCA Corporate Governance Code 2018 published by the Quoted Companies Alliance (the "**QCA Code**"), to the extent they consider it appropriate having regard to the size and resources of the Company.

The QCA Code sets out 10 principles listed below, and the following compliance report explains broadly how Minco seeks to apply these principles:

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

Minco Exploration's mission is the discovery of world class mineral deposits to create value for shareholders and which would lead to the development of mines in an environmentally, socially, and ethically responsible manner for the benefit of all stakeholders. The Board believes that the best opportunity for the creation of shareholder value and stakeholder benefit lies in the exploration for and discovery of new mineral deposits in Ireland, one of the most prospective countries in the world for zinc and lead mineralization. However, there is no assurance that the Group's mineral exploration and development activities will result in any discoveries of commercial orebodies.

2. Seek to understand and meet shareholder needs and expectations

The Board of Directors is committed to maintaining good communications and having constructive dialogue with its shareholders. Shareholders have the opportunity to discuss issues and provide feedback to the Company at any time. Shareholders have access to current information on the Company through its website (www.MincoExploration.com) and through direct contact with the directors by telephone or email. In addition, all shareholders will be encouraged to attend the Company's Annual General Meeting (subject to COVID guideline and/or restrictions).

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

Minco Exploration is committed to high standards of corporate social responsibility. Health, safety, and environmental protection are core values. Minco seeks to ensure open and transparent communication with all stakeholders including landowners, neighbours, communities, and regional and national authorities.

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

The Board is responsible for the ongoing review and management of risks that could affect the Company. Mineral exploration is a high-risk speculative business, and the realisation of mineral exploration assets is dependent on the successful discovery and development of economic mineral deposits and is subject to a numerous significant risks. Management of those risks is the responsibility of the Board of Directors and often requires the application of judgement. The principal risks and uncertainties facing the Company are summarised elsewhere in the Directors' Report.

5. Maintain the board as a well-functioning, balanced team led by the chair, and

6. Ensure that between them the directors have the necessary up-to-date experience, skills, and capabilities

The Board currently consists of eight directors, four of whom are considered independent. The Directors collectively have a wide range of managerial, technical, financial, and legal skills. The Board is responsible for establishing qualifications and skills necessary for an effective Board, including factors such as professional experience, particular areas of expertise, personal character, potential conflicts of interest, diversity and other commitments. The Chairman has many years of experience as chairman or director of numerous public mining or exploration companies. Profiles of the directors, summarizing their experience and backgrounds can be found opposite the inside back cover of this Annual Report. The Directors are satisfied that the Board has the appropriate balance of experience and qualifications to carry out its responsibilities effectively, given the Company's current status and stage of development.

The Board recognizes that it currently has little diversity and does not have any women members. This will form a part of any future recruitment consideration if the Board concludes that replacement or additional Directors are required. The Directors believe that the interests of shareholders are best served by ensuring that directors are identified and selected from the widest possible group of potentially interested candidates. Although diversity, which includes diversity in gender, age, ethnicity, and cultural background, is one of the factors considered in the selection process, other factors, including knowledge, experience, or particular areas of expertise, and willingness to serve, are relevant considerations.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board of Directors reviews on an ongoing, informal basis the effectiveness and performance of the Board as a whole and the effectiveness and contribution of individual directors. Each year the Board will consider its appropriate size and composition to properly administer the affairs of the Company and to effectively carry out the duties of the Board.

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

The Board of Minco Exploration is committed to high standards of corporate governance, integrity, and social responsibility and to managing the Company in an honest and ethical manner.

Directors are expected to adhere to all legal requirements in respect of any transaction or agreement in which they may have a material interest. Directors who have an interest in a transaction or agreement with the Company must promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting. Where appropriate, any director having a conflict of interest will be expected to withdraw from the meeting and not participate in the meeting where such matter is being considered so that the remaining Directors may properly exercise independent judgment.

Certain of the Directors also serve as Directors and/or officers of, or have significant shareholdings in, other companies involved in natural resource exploration and development and consequently there exists the possibility for such Directors to be in a conflict of interest position. The Board values the participation of Directors on the boards of other companies in the mineral industry as this provides exposure to developments, and other opportunities which are useful to the experience of the Directors and potentially beneficial to the Company.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making

The Board has overall responsibility for all aspects of the business and affairs of the Company. The Chairman has overall responsibility for corporate governance matters. The Board is assisted by an Audit Committee and a Technical Committee and has also established Remuneration and Nominating committees. The Board approves the Group's strategy and expenditure plans, exploration programs, budgets, license terms, joint venture arrangements, and regularly reviews operational and financial performance, risk management, and health, safety, environmental and community matters.

The Directors did not receive cash compensation during 2020 and it is not expected they will receive any cash compensation for 2021. It is expected that incentive options will be granted to Directors as incentives and partial compensation for their services.

The Board is satisfied that the grant of incentive options to Directors in lieu of cash compensation is appropriate given the Company's stage of development and is aligned with shareholders' interests and expectations that all available funds are allocated to exploration.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communications and having constructive dialogue with its shareholders and stakeholders. This Directors' Report includes a review and discussion of corporate governance.

CHARITABLE AND POLITICAL DONATIONS

The Company made no political or charitable contributions during the year.

ACCOUNTING RECORDS

The Directors of the Company are aware of their responsibilities under Sections 281 to 285 of the Companies Act 2014 as to whether, in their opinion, the accounting records of the Company are adequate and discharge their responsibility by:

- engaging qualified and experienced accounting personnel;
- ensuring that appropriate systems and sufficient resources are available for the task; and,
- liaising with the Company's auditors and seeking external professional accounting advice where required.

The accounting records are held at the Company's office at Coolfore Road QME, Ardracran, Navan, Co. Meath.

SUBSIDIARY COMPANIES

The information in respect of subsidiary undertakings is set out in Note 10 to the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors in office at the date of approval of this Directors' Report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

AUDITORS

UHY Farrelly Dawe White Limited Chartered Certified Accountants and Statutory Audit Firm were appointed as the group's auditors and they have signified their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

APPROVAL

Approved by the Board and signed on its behalf by:

"John F. Kearney"

John F. Kearney, *Chairman & Director*

"Peter McParland"

Peter McParland, *CEO & Director*

Date: 30 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2020

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for that financial year and otherwise comply with the Companies Act 2014. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board:

"John F. Kearney"

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John F. Kearney
Chairman & Director

"Danesh Varma"

.....

Danesh Varma
CFO & Director

Opinion

We have audited the financial statements of Minco Exploration Plc (the 'Company') and its subsidiaries (the 'Group') for the period ended 31 December 2020 which comprise the Group Statement of Financial Position, Company Statement of Financial Position, Group Statement of Income and Comprehensive Income, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Statement of Cash Flows and Company Statement of Cash Flows and related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the group financial statements give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2020 and of the group's loss for the period then ended;
- the company financial statements give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2020; and
- the group and the company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Going concern

In forming our opinion of the financial statements, we have considered the adequacy of the disclosures made in note 4 to the financial statements, concerning the Group and Company's ability to continue as a going concern. These matters include assumptions regarding the availability of finance to meet working capital requirements of the Group and finance for the development of the Group's projects becoming available.

While the ultimate outcome of these matters cannot be assessed with certainty at this time, the directors are of the opinion that, based on their experience in the industry that such finance will become available and that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not contain any adjustments that would result if the Group and Company was unable to continue as a going concern.

Our opinion is not qualified in this regard.

Overview of our audit approach

Key audit matters

Key audit matters are those matters, that in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters were as follows:

- assessment of the carrying value of exploration and evaluation assets; and
- assessment of the carrying value of investments

There is a significant risk in relation to the recoverability of intangible assets and the investments in subsidiaries given the subjective considerations in performing impairment analyses, which the Directors are required to perform at any time an indicator of impairment exists. The Directors have carried out a review of the carrying value of the intangible assets and of the investments as at 31 December 2020 and no impairment exists at this time.

In addressing the matters, our audit procedures included:

- Review of the directors' impairment assessments and corroboration of the information therein during the course of the audit.

Audit scope

- We performed an audit of the complete financial information of the parent company and all its component entities for the period under review.
- We paid particular attention to these components due to the reorganisation that took place during the 2019 arising from the spin out of the Minco Exploration Plc assets from Buchans Resources as referenced in Note 2 to the financial statements.

Our application of materiality and overview of the scope of our audit

Materiality for the Group financial statements was set at €29,000 (2019:€14,000), determined as a percentage of Group net assets of which it represents 2.6% (2019:2.03%). We consider net assets to be the most appropriate reference point as it reflects the nature of the business as a mineral resource exploration and evaluation group of companies.

Materiality for the Company financial statements was set at €7,500 (2019:€6,500), determined as a percentage of the Company net assets excluding investments in subsidiaries of which it represents 1% (2019:1.99%).

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that in our opinion:

- the information given in the Directors' Report is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINCO EXPLORATION PLC

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

We have nothing to report in respect of our obligation under the Companies Act 2014 to report to you if, in our opinion, the disclosures of director's remuneration and transactions specified by sections 305 to 312 of the Act are not made.

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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 (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [https://www.iaasa.ie/Publications/Auditing-standards/Standards-Guidance-for-Auditors-in-Ireland/International-Standards-on-Auditing-\(Ireland\)](https://www.iaasa.ie/Publications/Auditing-standards/Standards-Guidance-for-Auditors-in-Ireland/International-Standards-on-Auditing-(Ireland)). This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Bellew (Statutory Auditor)
for and on behalf of UHY Farrelly Dawe White Limited
Chartered Certified Accountants
Statutory Auditor
FDW House
Blackthorn Business Park
Coe's Road
Dundalk
Co. Louth
Ireland

Date: 30 June 2021

MINCO EXPLORATION PLC**CONDENSED CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018**

Expressed in Euros	2020	2019	2018
	€	€	€
General and administrative expenses:			
Professional fees	109,817	82,094	29,298
Shareholders and investors expense	8,277	11,471	4,671
Office expenses	5,795	24,432	14,114
Foreign exchange (gain)/loss	476	(792)	1,042
Management fee	-	-	138,743
Loss before income taxes	124,365	117,205	187,868
Income taxes	-	-	1,216
Loss for the year and comprehensive loss	124,365	117,205	189,084
Earnings/(loss) per share			
Basic and diluted	(0.002)	-	-

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020, 2019 AND 2018

Expressed in Euros	Notes	2020	2019	2018
Assets		€	€	€
Non-current assets				
Exploration and evaluation assets	9	1,120,204	1,030,204	789,054
Total non-current assets		1,120,204	1,030,204	789,054
Current assets				
Cash and cash equivalents	12	298,988	17,872	15,682
Trade and other receivables	11	5,440	44,338	26,880
Total current assets		304,428	62,210	42,562
Total assets		1,424,632	1,092,414	831,616
Equity and liabilities				
Capital and reserves				
Share capital	14	3,175,000	2,625,000	779,332
Deficit		(2,062,238)	(1,937,873)	-
Total shareholders' equity		1,112,762	687,127	779,332
Current liabilities				
Trade and other payables	13	311,870	405,287	52,284
Total current liabilities		311,870	405,287	52,284
Total equity and liabilities		1,424,632	1,092,414	831,616

The financial statements were approved by the Board of Directors on 30 June 2021 and signed on its behalf by:

"John F. Kearney"
Director

"Patrick D. Downey"
Director

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 AND 2019

Expressed in Euros	Notes	2020	2019
Assets		€	€
Non-current assets			
Investment in subsidiaries	10	2,196,207	2,196,207
Group company receivables		428,793	428,793
Total non-current assets		2,625,000	2,625,000
Current assets			
Advances receivable from subsidiaries		522,954	-
Trade and other receivables	11	3,766	357
Total current assets		526,720	357
Total assets		3,151,720	2,625,357
Equity and liabilities			
Capital and reserves			
Share capital	14	3,175,000	2,625,000
Deficit		(211,326)	(102,938)
Total shareholders' equity		2,963,674	2,522,062
Current liabilities			
Trade and other payables	13	188,046	103,295
Total current liabilities		188,046	103,295
Total equity and liabilities		3,151,720	2,625,357

The financial statements were approved by the Board of Directors on 30 June 2021 and signed on its behalf by:

"John F. Kearney"
Director

"Patrick D. Downey"
Director

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

Expressed in Euros

	Share capital	Deficit	Owner's investment	Total
	€	€	€	€
Balance as at 31 December 2017	-	-	553,956	553,956
Transfers to/from Buchans	-	-	414,460	414,460
Total comprehensive loss for the year	-	-	(189,084)	(189,084)
Balance as at 31 December 2018	-	-	779,332	779,332
Transfers to/from Buchans	-	-	25,000	25,000
Reorganization (Note 2)	2,625,000	4,919,332	(804,332)	-
Total comprehensive loss for the year	-	(117,205)	-	(117,205)
Balance as at 31 December 2019	2,625,000	4,802,127	-	687,127
Issue of shares for cash	550,000	-	-	550,000
Total comprehensive loss for the year	-	(124,365)	-	(124,365)
Balance as at 31 December 2020	3,175,000	4,677,762	-	1,112,762

MINCO EXPLORATION PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

Expressed in Euros

	Share capital	Deficit	Total
	€	€	€
Shares issued (Note 2)	2,625,000	-	2,625,000
Total comprehensive loss for the year	-	(102,938)	(102,938)
Balance as at 31 December 2019	2,625,000	(102,938)	2,522,062
Issue of shares for cash	550,000	-	550,000
Total comprehensive loss for the year	-	(108,388)	(108,388)
Balance as at 31 December 2020	3,175,000	(211,326)	2,963,674

Share capital

The share capital is comprised of share capital issued for cash and non-cash considerations.

Owner's investment

For the year ended 31 December 2018, Buchans' net investment in Minco Exploration is shown as owner's net investment in these financial statements as Minco Exploration was not a separate legal entity for the period presented.

Retained deficit

Retained deficit comprise accumulated profit and loss in the current and prior years. Retained deficit also includes the value of expired and terminated share-based payments.

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018

Expressed in Euros	2020	2019	2018
	€	€	€
Cash flow from operating activities			
Loss for the year	(124,365)	(117,205)	(189,084)
	(124,365)	(117,205)	(189,084)
Movements in working capital			
Decrease/(increase) in trade and other receivables	38,898	(17,457)	7,468
(Decrease)/increase in trade and other payables	(93,417)	144,917	10,998
Net cash flows used in operating activities	(178,884)	10,255	(170,618)
Cash flows from/used investing activities			
Investment in exploration and evaluation assets	(90,000)	(33,065)	(237,059)
Net cash flows from/(used in) investing activities	(90,000)	(33,065)	(237,059)
Cash flows from financing activities			
Issue of shares	550,000	-	-
Increase/(decrease) in advances from owners	-	25,000	414,460
Net cash flows from financing activities	550,000	25,000	414,460
Net increase/(decrease) in cash and cash equivalents	281,116	2,190	6,783
Cash and cash equivalents at the beginning of the year	17,872	15,682	8,899
Cash and cash equivalent at the end of the year	298,988	17,872	15,682

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC
COMPANY STATEMENT OF CASH FLOW
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

Expressed in Euros	2020	2019
	€	€
Cash flow from operating activities		
Loss for the year	(108,388)	(102,938)
Foreign exchange translation reserve	-	-
Impairment of investment	-	-
	(108,388)	(102,938)
Movements in working capital		
(Increase) in trade and other receivables	(3,410)	(357)
Decrease in trade and other payables	84,752	103,295
Net cash flows used in operating activities	(27,046)	-
Cash flows from investing activities		
Investment in subsidiaries	-	-
Advances to subsidiaries	(522,954)	-
Net cash flows from/(used in) investing activities	(522,954)	-
Cash flows from financing activities		
Issue of shares	550,000	-
Net cash flows from financing activities	550,000	-
Net increase/(decrease) in cash and cash equivalents	-	-
Effect of foreign exchange rate changes on cash	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalent at the end of the year	-	-

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018
Expressed in Euros, unless noted and per share amounts

1. BASIS OF PRESENTATION AND COMPLIANCE

Minco Exploration plc (“Minco Exploration”, “Minco”, 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. Minco was re-registered under the Companies Act 2014 as PLC-Public Limited Company on 27 April 2020.

Minco Exploration and its subsidiaries, (Norsub Limited, Minco Ireland Limited, Minco Mining Limited and Westland Exploration Limited (the “Minco Subsidiaries” and collectively with Minco Exploration the “Group”) has interests in exploration and evaluation properties located in Ireland and the United Kingdom. The Minco Subsidiaries had been subsidiaries of Minco plc prior to August 30, 2017 (See Note 2) and have been carrying on the business of exploring and evaluation of mineral properties in Ireland since 1995. Substantially all of the Group's efforts are devoted to financing and exploring its mineral properties.

The Company's head office is located at Coolfore Road, Ardracran, Navan, Co. Meath, Ireland and the address of its registered office is 17 Pembroke Street Upper, Dublin 2, Ireland D02 AT22.

In 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.

These consolidated financial statements at 31 December 2019 and 2018 reflect the financial position, statement of loss and comprehensive loss, equity and cash flows related to assets and liabilities of Minco Exploration (the “Minco Exploration Net Assets”) which were transferred by its parent company Buchans in 2019. See Note 2.

As Minco Exploration had not historically prepared financial statements for the Minco Exploration Net Assets, and Minco Exploration did not exist as a legal entity prior to 28 May 2019, the financial statements for the period prior to 30 May 2019 have been prepared from the financial records of Buchans on a carve-out basis. The Statements of Financial Position at 31 December 2019 and 2018 include all of the Minco Exploration Net Assets. The Statements of Loss and Comprehensive Loss for the years ended 31 December 2019 and 2018 reflect all expenses and other income directly attributable to the Minco Exploration Net Assets, and an allocation of Buchans and Minco Exploration's general and administrative expenses incurred presented as management fees, as these expenditures were shared by the Minco Exploration Net Assets. In some instances, certain expenses were not allocated as they would have related directly to Buchans or Minco Exploration. All inter-entity balances and transactions have been eliminated.

The owner's net investment in these consolidated financial statements prior to establishment of the Company was recorded as Buchans' net investment in these assets, as the Company was not a separate legal entity for the entire reporting period presented. Changes in owner's net investment include net income/ (loss) and net transfers to and from Buchans at the book values recorded by Buchans. On acquisition of the assets from Buchans for shares of the Company, the owner's investment was reclassified as share capital and deficit.

These financial statements have been prepared based upon the historical cost amounts recorded by Buchans and Minco Exploration, with the exception of certain financial instruments measured at fair value. These financial statements may not be indicative of Minco Exploration financial performance and do not necessarily reflect what its financial position, results of operations, and cash flows would have been for the years ended 31 December 2019 and 2018 had Minco Exploration operated as an independent entity during the entire financial statement reporting periods presented.

The financial statements of Minco Exploration and its subsidiaries have been prepared applying principles in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, and their interpretations adopted by the International Accounting Standards Board (“IASB”) and comply with Article 4 of the EU IAS Regulation, and in accordance with the Companies Act 2014.

The financial statements were approved by the Board of Directors of Minco Exploration on 30 June 2021.

2. GROUP REORGANIZATIONS

Minco plc was a public company incorporated in Ireland and its shares were traded on the Alternative Investment Market (AIM) of the London Stock Exchange until August 30, 2017. Buchans was incorporated on May 8, 2015 under the laws of the Province of Ontario, Canada as a wholly-owned subsidiary of Minco plc to hold all of the assets of Minco plc, including the Minco Subsidiaries, but excluding Minco plc's 2% net smelter return royalty on the Curraghinalt gold deposit in Northern Ireland.

On June 1, 2017, Minco plc and Buchans entered into an agreement with Dalradian Resources Inc. on the terms of the acquisition by Dalradian of Minco plc's 2% royalty on the Curraghinalt gold deposit (the “Royalty Disposal”), in return for the issue of a total of 15,490,666 new Dalradian Shares valued at \$20,000,000. The Royalty Disposal was structured as an offer by Dalradian for the acquisition of the entire issued share capital of Minco plc (the “Offer”). The Offer was implemented by means of a scheme of arrangement, under Section 450 of the Companies Act 2014 of Ireland (the “Scheme”). As part of the Scheme, Minco plc undertook a demerger of Buchans, its wholly owned subsidiary, by way of a transfer in specie of the shares of Buchans to Minco plc Shareholders (the “Demerger”) effective August 30, 2017.

2. GROUP REORGANIZATIONS (CONTINUED)

On 28 October 2019, the Company entered into an Arrangement Agreement with Buchans (the Company's sole shareholder at that time) and Canadian Manganese Company Inc. to effect a Plan of Arrangement involving a group reorganisation whereby Buchans agreed to distribute to its shareholders, pro rata, all of the shares of Canadian Manganese Company Inc. and 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 all of the shares of Canadian Manganese Company Inc. and 59,868,716 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.

During the year 2020, 9,079,000 Exchangeable Warrants were exchanged into 2,269,744 Buchans shares, 1,039,844 Warrants were exchanged into Minco Exploration shares and 185,152 warrants were cancelled. On 31 December 2020, the 49,564,720 unexercised Exchangeable Warrants were automatically exchanged into Minco Exploration shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The results of subsidiaries acquired or disposed of are included in the group statement of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income, and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive loss is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income/ (loss) in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *financial instruments* or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Exploration and evaluation assets

Exploration and evaluation costs are capitalised as an intangible asset until technical feasibility and commercial viability of a mineral deposit, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share-based payments) as determined by management, where they relate to specific projects. Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of (loss)/income.

(c) Rehabilitation Provisions

The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of its exploration assets. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to exploration assets and amortized over the useful life of these assets. Minco Exploration is currently not aware of any existing significant legal or constructive obligations relating to the reclamation of its interest in exploration assets and therefore no such liability has been recorded at 31 December 2020, 2019 and 2018.

(d) Impairment of non-financial assets

At the end of each reporting period, non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Any impairment is recognized in loss.

(e) Interests in joint arrangements

Table 1. A joint arrangement involves the use of assets and/or other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity. The Company accounts for the assets it controls and the liabilities and expenses it incurs. As at 31 December 2020, 2019 and 2018, no joint arrangement existed for accounting purposes.

(f) Cash and cash equivalents

Cash is comprised of cash on hand, deposits in banks and highly liquid investments having original terms to maturity of 90 days or less when acquired.

(g) Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), or “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Cash and trade and other receivable are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the group statements of loss.

Subsequent measurement – FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the group statements of financial position with changes in fair value recognized in other income or expense in the group statements of loss. The Company measures its cash equivalents at FVPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Financial assets (continued)

Subsequent measurement – FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive loss in the group statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the group statements of operations when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been consolidated based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accruals, notes payable and other liability of subsidiary, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the group statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the group statements of loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Functional and presentation currencies

The Company's presentation currency is the Euro ("€"). The functional currency of the Company and its subsidiaries is the Euro. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items denominated in foreign currencies are retranslated at the rates prevailing on the transaction dates. Foreign currency translation differences are recognized in the group statement of loss.

(i) Critical accounting judgements and key sources of estimation uncertainty

Preparation of financial statements

The preparation of financial statements requires management to make judgments related to the allocation of assets, liabilities and expenses. The actual results may differ from the results presented had the Company existed in its reorganised form for the financial statement reporting periods presented. See Note 3.

Critical accounting judgements

In the process of applying the Company's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations), which are dealt with below.

Key sources of estimation uncertainty

Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operation.

Exploration and evaluation assets

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within exploration assets. Costs which can be demonstrated as project related are included within exploration assets.

Exploration assets relate to prospecting, exploration, and related expenditure in Ireland. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable mineral deposits, the achievement of profitable operations, and on the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The Company's exploration activities are subject to a number of significant and potential risks including:

- exploration, development, and operating risk
- no assurance of production
- factors beyond the Company's control
- failure to obtain additional financing
- insurance and uninsured risks
- environmental risks and hazards
- government regulation and permitting delays
- infrastructure availability
- price volatility of publicly traded securities
- fluctuating metal prices

There has been no determination whether the Company's interests in its exploration and evaluation assets contain mineral resources which are economically recoverable. The recoverability of these exploration and evaluation assets is dependent on the discovery and successful development of economic mineral deposits, including the ability to raise financing to develop future projects. Major expenditures are required to locate and establish mineral deposits, to develop metallurgical processes and to construct mining and processing facilities. Should this prove unsuccessful, the value exploration and evaluation assets included in the statement of financial position would be written off to operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In order for the Company to carry out its exploration and evaluation activities, the Company is required to hold various licences and permits. There is no assurance that the Company's existing licences will be renewed or that new licences that have been applied for will be granted. The Group's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards.

Impairment of exploration and evaluation assets

The assessment of exploration and evaluation assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed, and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is estimated as the higher of fair value less costs to sell and value in use. The assessment requires judgement as to the likely future commerciality of the asset and when such commerciality should be determined; future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

Estimation of rehabilitation provisions and asset retirement obligations and the timing of expenditure

The estimated future costs associated with legal and constructive obligations relating to the reclamation, rehabilitation and closure of exploration assets are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration, and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is estimated based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(j) Taxation

Current tax expense is comprised of current and deferred income tax. Current and deferred income taxes are recognized in net loss except to the extent that they relate to a business combination, or to items recognized directly in equity or other comprehensive income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Changes in Accounting Policies

During the year ended December 31, 2020, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 3, IFRS 16 and IFRIC 23. These new standards and changes did not have any material impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) New standards and interpretations not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after 1 January 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 3 – Business Combinations (“IFRS 3”) was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

4. GOING CONCERN

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the Group and finance for the development of the Group’s projects becoming available. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the assets, in particular the exploration and evaluation assets, to their realisable values. Such adjustments could be material.

The Company’s continued existence is dependent upon its ability to obtain necessary financing to continue exploration and evaluation of its assets and to complete development and future profitable production or upon proceeds from disposition. If the Company is unable to obtain adequate additional financing, the Company may be required to discontinue operations and exploration activities.

At December 31, 2020, the Company had a working capital deficiency, had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. Prior to 31 December 2019, the Company had been dependent on its parent company, Buchans, to provide financing cash flows. Going forward the Company will have to rely on equity financing to generate additional financial resources to fund its working capital requirements and to fund its planned exploration programs. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. Based on the assumptions that such finance will become available, the Directors believe that the going concern basis is appropriate for the group financial statements, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. These circumstances represent material uncertainty and cast significant doubt about the ability of Minco Exploration to continue as a going concern.

4. GOING CONCERN (CONTINUED)

The Company's operations have been and are expected to continue to be adversely affected by the effects of the global spread of the contagious coronavirus causing the outbreak of COVID-19 respiratory disease, which was declared a pandemic by the World Health Organization in March 2020. The Company has followed the instructions and advice of government health authorities, as well as industry-wide best practice guidelines, and has limited travel and field activities to help control the spread of COVID-19. The Company cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the duration of the pandemic, the ultimate severity of the disease, the duration of travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs. In addition, this widespread health crisis and related business lockdowns have adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could affect the Company's ability to finance its planned operations.

5. RELATED PARTY TRANSACTIONS

Group

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed for the Group but are disclosed below for the Company.

Remuneration of key management personnel

No fees were paid by the Company to directors for their services as directors of the Company in the years ended 31 December 2020, 2019 and 2018.

Amounts are advanced from the Company to subsidiary companies to finance exploration and evaluation costs and other operating expenses. These amounts are unsecured, non-interest bearing and repayable on demand.

At 31 December 2020, the Company had accrued €88,662 (2019 - €74,042) payable to Buchans covering an allocation of administration costs and services and inter-company advances. See Note 13.

6. INCOME TAX EXPENSE

a) Income Taxes

No charge to corporation tax arises in the current financial year or the prior financial year.

b) Deferred Income Taxes

At the balance sheet date, the Group had unused tax losses of €3,268,310. The deferred tax asset has not been recognised due to the unpredictability of future profits. Losses may be carried forward indefinitely.

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

	2020	2019
	€	€
Loss before taxation	(124,365)	(117,205)
Expected tax credit based on the standard rate of corporation tax at 12.5%	(15,545)	(14,650)
Tax effect of unutilised losses carried forward	15,545	14,650
Taxation (credit)/charge for the period	-	-

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7. 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:

	2020 €	2019 €	2018 €
Numerator			
Loss for the year	(124,365)	(117,205)	(189,084)
Denominator	No. of Shares	No. of Shares	No. of Shares
Weighted average number of shares - basic and diluted	68,118,716	59,868,716	-
Basic and diluted (loss) per share	(0.002)	(0.002)	-

8. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	2020 €	2019 €	2018 €
Group			
Audit fees	24,228	6,500	6,500
Other non-audit services	-	569	-
	<u>24,228</u>	<u>7,069</u>	<u>6,500</u>

9. EXPLORATION AND EVALUATION ASSETS

	31 December 2020 €	Additions €	31 December 2019 €	Additions €	31 December 2018 €	Additions €	31 December 2017 €
Navan	394,158	40,000	354,158	5,848	348,310	6,717	341,593
Moate	333,531	-	333,531	82,001	251,530	13,247	238,283
Kells	121,576	10,000	111,576	30,597	80,979	80,979	-
Slieve Dart	270,939	40,000	230,939	122,704	108,235	108,235	-
Total	<u>1,120,204</u>	<u>90,000</u>	<u>1,030,204</u>	<u>241,150</u>	<u>789,054</u>	<u>209,178</u>	<u>579,876</u>

The net investment in exploration and evaluation assets in 2017 and 2018 was recorded as Buchans' historic cost less any applicable impairment provision in these assets, as the Company was not a separate legal entity for the entire reporting period presented. In June 2019, in a group reorganization, the Company acquired the shares and receivables in subsidiaries which held these assets from its parent company, Buchans, in consideration for the issue of 59,868,716 ordinary shares at a deemed fair value of €2,625,000. The Directors reviewed the exploration and evaluation assets at 31 December 2020 and are satisfied that the exploration projects have potential for the discovery of economic mineral deposits and no impairment provision has been recognised.

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. The Directors are aware that by its nature there is an inherent uncertainty as to the value of the exploration and evaluation assets.

The Company's prospecting licences are subject to government licensing requirements, social licensing requirements, and compliance with other regulatory requirements. The Company's properties are subject to the negotiation of mining leases, obtaining planning permissions and permits and may also be subject increases in taxes and/or state royalties.

Exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believe its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. The Group's activities are also subject to a number of significant potential risks, see pages 12-19 of the Directors' Report.

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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. During 2020, the Company incurred expenditures of €40,000 with respect to the licence.

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. During 2020, the Company incurred expenditures of €10,000 with respect to the licence. As at December 31, 2020, the Company had completed cumulative expenditure of €120,000, and had earned an undivided 25% joint venture interest in the Licence. 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, has entered into a joint venture agreement with Boliden Tara Mines on twelve 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. During 2020, the Company incurred expenditures of €40,000 (2019 - €122,704 and 2018 - €108,235) with respect to the licences and earned an undivided 40% joint venture interest in the Licence Area. 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 November 2021.

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.

10. INVESTMENT IN SUBSIDIARIES

	2020	2019	2018
	€	€	€
Company			
Investments at cost:			
Shares in subsidiaries	2,196,207	2,196,207	-

The recovery of the investment in subsidiaries is dependent on the successful realisation of exploration and evaluation assets through the development of economic ore reserves, as outlined in Note 4(d). At the balance sheet date, the Company reviewed the carrying amounts of its subsidiary companies to determine whether there was any indication that those assets have suffered an impairment loss.

The subsidiaries of the Company at 31 December 2020 were as follows:

Name of Company	Registered or Head office	Effective Holding	Principal Activity
Norsub Limited	Box 25, Regency Court, Glatigny St. Peter Port, Guernsey, GY1 3AP	100%	Holding company
Minco Ireland Limited	Ardraccon, Navan, Co. Meath, Ireland	100%	Exploration
Westland Exploration Limited	Ardraccon, Navan, Co. Meath, Ireland	100%	Exploration
Minco Mining Limited	8 Little Trinity Lane, London, UK EC4V 2AN	100%	Exploration

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11. TRADE AND OTHER RECEIVABLES

	GROUP			COMPANY		
	2020	2019	2018	2020	2019	2018
	€	€	€	€	€	€
Trade receivables and prepayments	1,674	-	1,216	-	-	-
Value added tax receivable	3,766	44,338	25,664	3,766	357	-
	<u>5,440</u>	<u>44,338</u>	<u>26,880</u>	<u>3,766</u>	<u>357</u>	<u>-</u>

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.

12. CASH AND CASH EQUIVALENTS

	GROUP			COMPANY		
	2020	2019	2018	2020	2019	2018
	€	€	€	€	€	€
Cash	298,988	17,872	15,682	-	-	-
Immediately available without restriction	<u>298,988</u>	<u>17,872</u>	<u>15,682</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

The currency profile of cash and cash equivalents at the end of the period was as follows:

	GROUP			COMPANY		
	2020	2019	2018	2020	2019	2018
	€	€	€	€	€	€
Euro	296,504	8,736	11,788	-	-	-
Sterling	1,918	8,513	2,041	-	-	-
US Dollars	566	623	1,853	-	-	-
	<u>298,988</u>	<u>17,872</u>	<u>15,682</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. TRADE AND OTHER PAYABLES

	GROUP			COMPANY		
	2020	2019	2018	2020	2019	2018
	€	€	€	€	€	€
Trade creditors and accruals	223,208	331,245	52,284	102,208	32,076	-
Amounts due to related parties (Note 5)	88,662	74,042	-	85,838	71,219	-
	<u>311,870</u>	<u>405,287</u>	<u>52,284</u>	<u>188,046</u>	<u>103,295</u>	<u>-</u>

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.

14. SHARE CAPITAL

Common shares

Authorized

Unlimited number of common 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 31 December 2020	70,868,716	3,175,000

During the year, 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, 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 year ended 31 December 2020, 1,039,844 Exchangeable Warrants were exchanged into Minco Exploration shares, and 185,152 warrants were cancelled. Upon expiry of the warrants on 31 December 2020, the remaining 49,564,720 warrants were automatically exchanged into Minco Exploration shares and the holders automatically became shareholders in the Company. During the year ended 31 December 2020, 9,079,000 Exchangeable Warrants were exercised into Buchans shares. At 31 December 2020, Buchans held 9,264,152 shares of the Company.

15. PARENT COMPANY, MINCO EXPLORATION PLC, STATEMENT OF COMPREHENSIVE INCOME

In accordance with section 304(1) of the Companies' Act 2014, the Company is availing of the exemption from presenting its individual Statement of Comprehensive Income to the Annual General Meeting and from filing it with the Registrar of Companies. The loss in the parent Company for the year ended 31 December 2020 amounted to €108,388.

16. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that it maintains an adequate capital ratio in order to support its business and enhance shareholder value. The capital structure of the Group consists of issued share capital and reserves. The Group manages its structure and makes adjustments to it, in light of the changes in economic conditions. No changes were made in the objectives, policies or processes during the period ended 31 December 2020.

17. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash balances and various items such as trade receivables and trade payables which arise directly from trading operations. The Group also enters into derivative transactions, primarily warrants and convertible notes. The main purpose of these financial instruments is to provide working capital to finance Group operations. The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise. The Group's cash balances are held in Euro, Sterling and US dollar.

The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and a monthly review of expenditure. The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures regularly and may consider the use of currency hedges in the future.

Fair Value Hierarchy

The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At 31 December 2020, the Company's financial instruments that are carried at fair value, consisting of exchangeable warrants, have been classified as Level 2 within the fair value hierarchy.

17. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Group finances its operations through the issue of equity shares and has no fixed interest rate agreements. The Group had €298,988 in cash and cash equivalents at 31 December 2020. A one percent change in interest rates will result in a corresponding change in interest income of approximately €2,990 based on cash and cash equivalents balances existing at 31 December 2020.

Liquidity risk

The Group's liquidity exposure is confined to meeting obligations under short term trade creditor agreements. This exposure is financed from a combination of cash, additional issues of ordinary equity shares and other financing arrangements.

Foreign currency risk

Although the Company is incorporated in Ireland, the Group has operations in UK, and Canada none of which presently generate cash from operations, and holds cash investments in Euros, Sterling or US Dollars. The functional currencies of the majority of the Group's operations are Euro. However, the expenditure is not considered to be a monetary asset and has been translated to the functional currency at the rates of exchange ruling at the dates of the original transactions. The Group also has transactional currency exposures. Such exposures arise from expenses incurred by the Group in currencies other than the functional currency.

The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates. The Group does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities may be used where appropriate in the future.

The impact of foreign currencies has been determined based on the balances of financial assets and liabilities at 31 December 2020. The sensitivity analysis includes outstanding foreign currency denominated monetary items and largely results from payables and receivables and adjusts their translation at the period end for a 5% change in foreign currency rates. A five percent change in the US Dollar exchange rate could result in a foreign exchange impact to the net income of approximately \$100 based on monetary assets and liability balances existing at 31 December 2020.

Credit risk

With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents, cash deposits give rise to credit risks on the amounts due from counter parties. The Company controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At 31 December 2020 all cash, short term deposits had a maturity date of 30 days or less. Credit risk is actively managed across the portfolio of institutions by ensuring that material surplus funds are placed with counter parties that are either covered by Government guarantee schemes or have a credit rating of at least BBB-.

DIRECTORS PROFILES

John F. Kearney, Chairman ⁽⁴⁾, is a mining executive with 47 years of experience in the mining industry. He is currently Chairman of Buchans Resources Limited, Labrador Iron Mines Holdings Limited (OTC), Anglesey Mining plc. (LSE), and Canadian Manganese Company Inc. He was formerly Chairman, President and Chief Executive Officer of Northgate Exploration Limited (TSX, NYSE, MSE, LSE), and Canadian Zinc Corporation (TSX), and former Chairman of Minco plc (AIM), and Scandinavian Minerals Limited (TSX). Previously a director of Irish Base Metals Limited, Gortdrum Mines Ireland Limited and Ennex International plc. He holds degrees in law and economics from the University College Dublin and a Masters in Business Administration from Trinity College Dublin.

Peter McParland, Chief Executive Officer ⁽⁴⁾, is the founder and Managing Director of Quarry and Mining Equipment (QME), with over 40 years of experience in the mining industry. QME is an International Mining Contractor providing underground contracting services to Boliden, Lundin, Dalradian, among others, and is also a long-established global equipment supplier of both new, and reconditioned, mining and tunnelling equipment. He is a Director of Buchans Resources Limited and several private companies, both in the mining and medical and health care fields. He was previously a Director of Minco plc.

Danesh K. Varma, Finance Director, is a Chartered Professional Accountant with over 40 years of experience in the mining finance industry, having been a director of American Resource Company, Northgate Exploration Ltd. and Westfield Minerals Ltd. He is a director of Buchans Resources Limited, Labrador Iron Mines Holdings Limited, Brookfield Investment Corp., Canadian Manganese Company Inc and Anglesey Mining plc. He was previously Finance Director of Minco plc.

John Clifford, Director – Exploration ⁽³⁾, is a mining professional with over 50 years of experience in over 40 countries around the world. From 2008 to 2018 he managed the northern hemisphere copper exploration projects of Antofagasta Minerals SA, a major Chilean mining company. Previously, he was technical advisor for Andean Resources in Argentina and Exploration Manager for Equatorial Mining Ltd. in South America. Earlier in his career he was Exploration Manager – Europe for Ennex International and was a contributor to the discoveries for the Curraghinalt gold deposit in Northern Ireland and the Cornish gold deposit in Scotland. He holds a M. Sc. in mineral exploration from London University, a diploma in mineral exploration from the Royal School of Mines, Imperial College, London and a B. Sc in Geology from University College Cork. He is a member of the Irish Association for Economic Geology, a Senior Fellow of the Society of Economic Geology, a Fellow of the AusIMM, and holds his P.Geol from the Institute of Geologists of Ireland and EurGeol from the European Federation of Geologists. Mr. Clifford is Chairman of the Technical Committee.

Patrick D. Downey, Director ⁽¹⁾⁽²⁾, is a Canadian Chartered Professional Accountant and an Institute of Corporate Directors Certified Director with over 35 years of experience in the mining industry. He has been a director, CEO and CFO of Toronto Stock Exchange and New York Stock Exchange listed companies, including Northgate Minerals Corp. He is currently a Director of Buchans Resources Limited and was previously a Director of Minco plc. Mr. Downey is Chairman of the Audit Committee.

Garth Earls, Director ⁽³⁾, is a Consulting Economic Geologist and Professor in the Department of Geology, University College Cork. He is currently a Director of Conroy Gold and Natural Resources and was previously a Director of Dalradian Gold. He is a former Director of the Geological Survey of Northern Ireland and former Chairman of the Geosciences Committee of the Royal Irish Academy and is currently Vice-Chair of National Museums Northern Ireland and Executive Chairman of International Geoscience Services. He is a Fellow of the Society of Economic Geology, and holds his P.Geol from the Institute of Geologists of Ireland and EurGeol from the European Federation of Geologists. In the 1980s he was part of the Ennex team that discovered the Curraghinalt gold deposit in Northern Ireland. He is a member of the Technical Committee.

Terence N. McKillen, Director ⁽³⁾, is a retired professional geologist with over 50 years of experience in the mining industry. He holds degrees in geology from the University of Dublin (Trinity College) and the University of Leicester. He is a lifetime honorary member of the Association of Professional Geoscientist of Ontario. Mr. McKillen is a director of Buchans Resources Limited and Conquest Resources Limited. He was Chief Executive of Minco plc from 2007 until April 2013, leading the Minco technical team involved in the discovery of the Pallas Green zinc-lead deposit in Co. Limerick, Ireland. Mr. McKillen previously was Vice President Exploration for Northgate Exploration Limited and Westfield Minerals Limited, having started his career in Ireland as a geologist with Irish Base Metals Limited. He is a member of the Technical Committee.

Michael Power, Director ⁽¹⁾⁽²⁾, is a Chartered Financial Analyst and a Professional Engineer registered in Ontario with over 50 years of experience in the mining industry in Canada and worldwide. He is a director of Moydow Resources Limited, and Minerex Drilling Contractors Limited, and a former director of Greencastle Resources Ltd. and Conroy Gold. He was formerly Vice President and Secretary of Moydow Mines International Inc., Vice-President of Corporate Development at Hemlo Gold Mines Ltd. and previously Noranda Mines. Mr. Power is a member of the Audit Committee, and Chairman of the Remuneration Committee.

(1) - Member of the Audit Committee

(3) - Member of the Technical Committee

(2) - Member of the Remuneration Committee

(4) - Member of the Nomination Committee

Minco Exploration plc

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Minco Exploration plc

Annual Report & Accounts 2020

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