Minco Exploration PLC

Minco Exploration Publishes Annual Report & Accounts 2021

29 July 2021 | Minco Exploration plc (“**Minco Exploration**”, “**Minco**” or the “**Company**”) announces the publication of its Annual Report and Accounts for 2021.

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

Minco Exploration PLC

(“Minco Exploration”, “Minco” or the “Company”)

Annual Report and Accounts 2021

Chairman John F. Kearney, Letter to Shareholders

We are pleased to share Minco Exploration’s Annual Report for 2021 and the progress we made in another year in which Covid-19, with its new pandemic outbreaks, continued to cause uncertainties, even if its direct disruptions were reduced.

The global economic recovery that began in late 2020 continued in 2021, despite the ongoing Covid-19 pandemic. The growth in demand for metals increased sharply, especially during the first half of the year as the global economy underwent a phase of high metal-intensive growth.

During 2021, Minco Exploration continued to move our exploration projects forward, completing the drilling of two holes in our collaborative partnership with Boliden AB on our Navan and Kells prospecting licences in the first half of 2021, and one hole on Minco’s wholly owned Moate licence in County Westmeath, later in the year. Details on these activities will be found in the Review of Operations.

Mineral Exploration and Mining in Ireland

In July 2021 the Department of the Environment, Climate and Communications published for public consultation a draft *Policy Statement on Mineral Exploration and Mining in Ireland*. The draft Policy Statement covers a range of issues relevant to the mineral exploration and mining sector in Ireland, such as the role of minerals in our everyday lives and in our transition to net-zero greenhouse gas emissions; the regulation of the sector; how the sector contributes to the achievement of other national, EU and international policies, and sets out a draft policy, key principles and key priorities for the sector.

In its submission to the Department on the draft Policy Statement in October 2021, Minco welcomed, in principle, the adoption of a Policy Statement on Mineral Exploration and Mining setting out the Government policy to support and regulate the mineral exploration and mining industries in Ireland and offered some comments and recommendations. In particular, Minco welcomed the recognition and inclusion in the Policy Statement of the importance of the role that mineral exploration and mining can play in supporting primary and secondary economic activity and associated job creation, and in progressing many of Ireland’s national, European and international policies and commitments.

As stated in the Policy Statement; “In Ireland the importance of mineral exploration and mining has long been recognised.” “Minerals are fundamental to how we live our lives, providing the raw materials which allow our society and economy to function and evolve. Minerals are vital to many sectors, including renewable energy, transport, electronics, communications, health, pharmaceuticals, agriculture, and construction.”.[1] Minerals are the raw materials which provide us with many of the resources and materials we use to sustain modern life. Every aspect of our daily existence is dependent on a secure and sustainable supply of minerals, from our health to the homes we live in and the food we eat. “Minerals are, and will continue to be, an essential element of our daily lives. As society continues to need minerals it is therefore critical that these minerals be extracted in a socially and environmentally responsible manner, enforced by strong legislation.”

"Minerals have a critical role to play in realising our national ambitions, including the implementation of the National Planning Framework, the Climate Action Plan, assisting economic recovery and our transition to a circular and resource efficient economy, supporting rural development, and reducing our emissions in every sector to meet our climate commitment to net-zero greenhouse gas emissions by 2050. Minerals also have a part to play in helping us meet our international goals and commitments, including the European Green Deal, Circular Economy Action Plan, Raw Materials Initiative and the UN Sustainable Development Goals."

This draft Policy Statement underlines the importance of mineral exploration and mining and the role that they can play in Ireland's and the European Union's transition to the circular economy and net–zero greenhouse gas emissions. Europe is planning a rapid shift away from fossil fuels towards clean energy technologies. Electric vehicles, batteries, solar photovoltaic systems, wind turbines, and hydrogen technologies all require significantly more metals. Russia's invasion of Ukraine has highlighted Europe's dependence on third countries for the raw materials it needs for the green transition and Europe's lack of resilience for its growing metals needs has become a strategic concern.

A recent study by KU Leuven University (commissioned by Eurometaux[1], Europe's metals association, published April 2022) shows that Europe faces critical shortfalls in the next 15 years without more mined and refined metals supplying the start of its clean energy system and that metals will play a central role in successfully building Europe's clean technology value chains and meeting the EU's 2050 climate-neutrality goal. By 2050, Europe will require new metal demand equivalent to 30-35% of today's consumption levels for manufacturing of electric vehicles, electricity networks, batteries, wind turbines, and solar panels.

The importance of metals

Metals are critical for the climate transition and the clean energy technologies needed to meet the world's climate action goals will require much more metal. For example, every electric car requires up to four times more copper than an ICE car and every megawatt of solar power generation requires 5 tonnes of copper. According to the International Energy Agency achieving the Paris Agreement targets will require almost twice the volume of metals by 2050.

Metals have an important function due to their ability to conduct electricity, thermal capacity, and corrosion resistance. Copper is necessary for power generation, transmission lines and storing electricity. Lead is used in applications for storing electricity. Zinc extends the life of products. All these metals are considered essential for producing electric vehicles and batteries, renewable wind, solar and hydrogen energy technologies, as well as the grid infrastructure needed to achieve climate neutrality.

During the year, we saw a strong demand for metals, led by the battery metals sector with the largest gains. Base metal prices also saw significant increases with the prices for zinc, copper, and lead raising in 2021 by 28.1%, 26.8%, and 14.8%, respectively.

Copper achieved a new price record of US$10,747 per tonne, while the zinc price was the highest since 2007. Copper prices on the London Metal Exchange (LME) averaged US$4.23 per pound in 2021, up from an average of US$2.80 per pound in 2020. First quarter 2022 LME copper prices reached record levels and averaged US$4.53 per pound, 17% higher than the first quarter 2021 average of US$3.86 per pound.

Global demand for zinc grew strongly during the year. Zinc prices increased significantly and especially in the fourth quarter, Zinc prices on the London Metal Exchange (LME) averaged US$1.36 per pound during 2021, higher than US$1.03 per pound in 2020, and the highest annual average since 2007. Zinc prices rose to US$1.70 per pound during the first quarter of 2022 compared with US$1.25 per pound in the same period in 2021.

In the second quarter of 2022 LME copper averaged US$4.31/lb (vs. US$4.53/lb in Q1) and zinc prices averaged US$1.77/lb (vs. US$1.70/lb in Q1), although subsequently metal prices have since retreated due to uncertainties about the war in Europe, higher oil prices, gas shortages, and inflation, all of which should, theoretically, be good for metals.

China accounts for more than half of global base metal demand and a significant share of global metal supply, which means economic development in China will continue to be a major factor in over the long-term.

[1] Eurometaux is an umbrella association representing the interests of the combined non-ferrous metals industry towards EU policy makers and is the decisive voice of non-ferrous metals producers and recyclers in Europe.

Focus on mineral exploration

Mines have limited lifespans and must be replaced by new ones, development time for a new mine is usually many years. We believe that the medium to long term demand for metals is increasing and the principal reason for the positive outlook is the growing recognition that metals and minerals are essential for addressing climate change and adapting to a green economy. The first step to sourcing the required metals and minerals is mineral exploration.

Minco Exploration remains committed to mineral exploration for the discovery of world class mineral deposits in Ireland, and the development of mines in an environmentally, socially, and ethically responsible manner for the benefit of all stakeholders.

Minco Exploration's planned exploration programs for 2022 included drill testing Slieve Dart in collaboration with Boliden, up-grading existing targets, and continuing to develop new targets through field work and data interpretation.

I would like to thank everyone interested in and involved with Minco Exploration; our Board of Directors to our experienced team of geologists, as well as consultants and advisors, for their contribution throughout 2021 and to date, and, of course, our shareholders for their continued support.

John F. Kearney
Chairman of the Board
28 July 2021

MINCO EXPLORATION PLC

CONDENSED CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED 31 DECEMBER 2021, 2020 AND 2019

Expressed in Euros	**2021**	**2020**	**2019**
	€	**€**	**€**
General and administrative expenses:			
Professional fees	41,792	109,817	82,094
Shareholders and investors expense	9,977	8,277	11,471
Office expenses	13,936	5,795	24,432
Foreign exchange loss	(884)	476	(792)
Loss before income taxes	64,821	124,365	117,205
Income taxes	-	-	-
Loss and comprehensive loss for the period	64,821	124,365	117,205
Earnings/(loss) per share			
Basic and diluted	(0.001)	(0.002)	(0.002)

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021, 2020 AND 2019

Expressed in Euros	Notes	2021	2020	2019
Assets		€	€	€
Non-current assets				
Exploration and evaluation assets	9	1,242,559	1,120,204	1,030,204
Total non-current assets		1,242,559	1,120,204	1,030,204
Current assets				
Cash and cash equivalents	12	420,409	298,988	17,872
Trade and other receivables	11	22,011	5,440	44,338
Total current assets		442,420	304,428	62,210
Total assets		1,684,979	1,424,632	1,092,414
Equity and liabilities				
Capital and reserves				
Share capital	14	778,587	708,587	598,587
Share premium	14	2,746,413	2,466,413	2,026,413
Deficit		(2,127,059)	(2,062,238)	(1,937,873)
Total shareholders' equity		1,397,941	1,112,762	687,127
Current liabilities				
Trade and other payables	13	287,038	311,870	405,287
Total current liabilities		287,038	311,870	405,287
Total equity and liabilities		1,684,979	1,424,632	1,092,414

The financial statements were approved by the Board of Directors on 28 July 2022 and signed on its behalf by:

"John F. Kearney"
Director

"Patrick Downey"
Director

MINCO EXPLORATION PLC
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021, 2020 AND 2019

Expressed in Euros	**Notes**	**2021**	**2020**	**2019**
Assets		**€**	**€**	**€**
Non-current assets				
Investment in subsidiaries	**10**	2,196,207	2,196,207	2,196,207
Group company receivables		428,793	428,793	428,793
Total non-current assets		2,625,000	2,625,000	2,625,000
Current assets				
Cash and cash equivalents	**12**	269,480	-	-
Advances receivable from subsidiaries		475,009	522,954	-
Trade and other receivables	**11**	6,203	3,766	357
Total current assets		750,692	526,720	357
Total assets		3,375,692	3,151,720	2,625,357
Equity and liabilities				
Capital and reserves				
Share capital	**14**	778,587	708,587	598,587
Share premium	**14**	2,746,413	2,466,413	2,026,413
Deficit		(260,421)	(211,326)	(102,938)
Total shareholders' equity		3,264,579	2,963,674	2,522,062
Current liabilities				
Trade and other payables	**13**	111,113	188,046	103,295
Total current liabilities		111,113	188,046	103,295
Total equity and liabilities		3,375,692	3,151,720	2,625,357

The financial statements were approved by the Board of Directors on 28 July 2022 and signed on its behalf by:

"John F. Kearney"
Director

"Patrick Downey"
Director

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021, 2020 AND 2019

Expressed in Euros	Share Capital	Share Premium	Deficit	Owner's investment	Total
	€	€	€		€
Balance as at 31 December 2018	-	-	-	779,332	779,332
Transfers to/from Buchans	-		-	25,000	25,000
Reorganization (Note 2)	598,587	2,026,413	(1,820,668)	(804,332)	-
Total comprehensive loss for the year	-	-	(117,205)	-	(117,205)
Balance as at 31 December 2019	598,587	2,026,413	(1,937,873)	-	687,127
Issue of shares for cash	110,000	440,000	-	-	550,000
Total comprehensive loss for the year	-	-	(124,365)	-	(124,365)
Balance as at 31 December 2020	708,587	2,466,413	(2,062,238)	-	1,112,762
Issue of shares for cash	70,000	280,000	-	-	350,000
Total comprehensive loss for the period	-	-	(64,821)	-	(64,821)
Balance as at 31 December 2021	778,587	2,746,413	(2,127,059)	-	1,397,941

MINCO EXPLORATION PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021, 2020 AND 2019

Expressed in Euros	Share capital	Share Premium	Deficit		Total
	€	€	€		€
Reorganization (Note 2)	598,587	2,026,413	-	-	2,625,000
Total comprehensive loss for the year	-	-	(102,938)	-	(102,938)
Balance as at 31 December 2019	598,587	2,026,413	(102,938)	-	2,522,062
Shares issued (Note 2)	110,000	440,000	-	-	550,000
Total comprehensive loss for the year	-	-	(108,388)	-	(108,388)
Balance as at 31 December 2020	708,587	2,466,413	(211,326)	-	2,963,674
Issue of shares for cash	70,000	280,000	-	-	350,000
Total comprehensive loss for the year	-	-	(49,095)	-	(49,095)
Balance as at 31 December 2021	778,587	2,746,413	(260,421)	-	3,264,579

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 Investment in these statements as Minco Exploration was not a separate legal entity for the period presented.

Retained deficit
Retained deficit at 31 December 2019 comprises accumulated profit and loss in that year and prior years and 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 2021, 2020 AND 2019

Expressed in Euros	Notes	2021	2020	2019
		€	€	€
Cash flow from operating activities				
Loss for the year		(64,821)	(124,365)	(117,205)
		(64,821)	(124,365)	(117,205)
Movements in working capital				
Decrease/(increase) in trade and other receivables		(16,571)	38,898	(17,457)
(Decrease)/increase in trade and other payables		(24,832)	(93,417)	144,917
Net cash flows used in operating activities		(106,224)	(178,884)	10,255
Cash flows from/used investing activities				
Investment in exploration and evaluation assets	**9**	(122,355)	(90,000)	(33,065)
Net cash flows from/(used in) investing activities		(122,355)	(90,000)	(33,065)
Cash flows from financing activities				
Issue of shares	**14**	350,000	550,000	-
Increase/(decrease) in advances from owners		-	-	25,000
Net cash flows from financing activities		350,000	550,000	25,000
Net increase/(decrease) in cash and cash equivalents		121,421	281,116	2,190
Cash and cash equivalents at the beginning of the year		298,988	17,872	15,682
Cash and cash equivalent at the end of the year		420,409	298,988	17,872

See accompanying notes to the group financial statements

MINCO EXPLORATION PLC

COMPANY STATEMENT OF CASH FLOW

FOR THE YEARS ENDED 31 DECEMBER 2021, 2020 AND 2019

Expressed in Euros	Notes	2021	2020	2019
		€	€	€
Cash flow from operating activities				
Loss for the year		(49,095)	(108,388)	(102,938)
		(49,095)	(108,388)	(102,938)
Movements in working capital				
(Increase) in trade and other receivables		(2,436)	(3,410)	(357)
Decrease in trade and other payables		(76,934)	84,752	103,295
Net cash flows used in operating activities		(128,465)	(27,046)	-
Cash flows from investing activities				
Investment in subsidiaries		-	-	-
Advances from/(to) subsidiaries		47,945	(522,954)	-
Net cash flows from/(used in) investing activities		47,945	(522,954)	-
Cash flows from financing activities				
Issue of shares	**14**	350,000	550,000	-
Net cash flows from financing activities		350,000	550,000	-
Net increase/(decrease) in cash and cash equivalents		269,480	-	-
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		269,480	-	-

See accompanying notes to the group financial statements

1. BASIS OF PRESENTATION AND COMPLIANCE

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

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, Ardbraccan, 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 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 2021, 2020 and 2019 include all of the Minco Exploration Net Assets. The Statements of Loss and Comprehensive Loss for the year ended 31 December 2019 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.

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 year ended 31 December 2019 had Minco Exploration operated as an independent entity during that year.

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 28 July 2022.

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.

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.

2. GROUP REORGANIZATIONS (CONTINUED)

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, 9,227,879 Exchangeable Warrants were exchanged into 2,260,670 Buchans shares and 1,039,844 Warrants were exchanged into Minco Exploration shares. 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2021, 2020 and 2019.

(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
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 2021, 2020 and 2019, 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Financial assets (continued)

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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
No new accounting policies or amendments were adopted during 2021.

(l) 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.

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) New standards and interpretations not yet adopted

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 31 December 2021, the Company 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.

The Company cannot accurately predict any impact the Covid-19 pandemic may have on its operations, including uncertainties relating to the duration of the pandemic, potential travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs. In addition, this pandemic and related economic uncertainty may adversely 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 2021, 2020 and 2019.

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 2021, the Company had accrued €Nil (2020 - €88,662 - 2019 - €74,042) payable to Buchans covering an allocation of administration costs and services and inter-company advances. See Notes 13 and 14.

Expressed in Euros, unless noted and per share amounts

6. INCOME TAX EXPENSE

a) Income Taxes

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

b) Deferred Income Taxes

At the balance sheet date, the Group had unused tax losses of €3,348,563. 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:

	2021	2020	2019
	€	€	€
Loss before taxation	(64,821)	(124,365)	(117,205)
Expected tax credit based on the standard rate of corporation tax at 12.5%	(8,103)	(15,545)	(14,650)
Tax effect of unutulised losses carried forward	8,103	15,545	14,650
Taxation (credit)/charge for the period	-	-	-

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:

	2021	2020	2019
	€	**€**	**€**
Numerator			
Loss for the period	(64,821)	(124,365)	(117,205)
Denominator	**No. of Shares**	**No. of Shares**	**No. of Shares**
Weighted average number of shares - basic and diluted	70,926,250	68,118,716	59,868,716
Basic and diluted (loss) per share	(0.001)	(0.002)	(0.002)

8. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	2021	2020	2019
	€	€	€
Group			
Audit fees	18,110	24,228	6,500
Other non-audit services	-	-	569
	18,110	24,228	7,069

9. EXPLORATION AND EVALUATION ASSETS

	31 December 2021	Additions	31 December 2020	Additions	31 December 2019	Additions	31 December 2018
	€	**€**	**€**	**€**	**€**	**€**	**€**
Navan	403,116	8,958	394,158	40,000	354,158	5,848	348,310
Moate	366,886	33,355	333,531	-	333,531	82,001	251,530
Kells	189,538	67,962	121,576	10,000	111,576	30,597	80,979
Slieve Dart	283,019	12,080	270,939	40,000	230,939	122,704	108,235
Total	1,242,559	122,355	1,120,204	90,000	1,030,204	241,150	789,054

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The net investment in exploration and evaluation assets 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 2021 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 10-12 (directors' report).

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 2021, the Company incurred expenditures of €8,958 (2020 - €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 2021, the Company incurred expenditures of €67,962 (2020 - €10,000) with respect to the licence. As at 31 December 2021, the Company had earned an undivided 50% joint venture interest in the Licence and has the right to increase its interest to 75% by the expenditure of a further €50,000 prior to 1st March, 2024. 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, 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 31 December 2021, Minco has incurred cumulative expenditures of €283,019 with respect to the licences and earned an undivided 40% joint venture interest in the licences. Boliden hold title to a further four licences contiguous to the north-east. Minco is contributing 50% of the exploration costs on these licences with the intention to apply for Ministerial approval to incorporate them into the Joint Venture. Boliden has the right of off-take to purchase or toll process on all ore that may be produced from the licence areas.

The Company, through its wholly owned subsidiary Minco Ireland Limited, holds two Prospecting Licenses, 1228 and 1229, in County Westmeath, Ireland. During 2021, the Company incurred expenditures of €33, 355 in undertaking a drill program on PL 1229, following the completion of which the licences were renewed for a further term of six years, with an expenditure requirement of €400,000.

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.

Expressed in Euros, unless noted and per share amounts

10. INVESTMENT IN SUBSIDIARIES

	2021	2020	2019
	€	€	€
Company			
Investments at cost:			
Shares in subsidiaries	2,196,207	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 3(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 2021 were as follows:

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

11. TRADE AND OTHER RECEIVABLES

	GROUP			COMPANY		
	2021	2020	2019	2021	2020	2019
	€	€	€	€	€	€
Trade receivables and prepayments	-	1,674	-	-	-	-
Value added tax receivable	22,011	3,766	44,338	6,203	3,766	357
	22,011	5,440	44,338	6,203	3,766	357

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		
	2021	2020	2019	2021	2020	2019
	€	€	€	€	€	€
Cash	420,409	298,988	17,872	269,480	-	-
Immediately available without restriction	420,409	298,988	17,872	269,480	-	-

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.

13. TRADE AND OTHER PAYABLES

	GROUP			COMPANY		
	2021	2020	2019	2021	2020	2019
	€	€	€	€	€	€
Trade creditors and accruals	287,038	223,208	331,245	111,113	102,208	32,076
Amounts due to related parties (Note 2)	-	88,662	74,042	-	85,838	71,219
	287,038	311,870	405,287	111,113	188,046	103,295

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.

Expressed in Euros, unless noted and per share amounts

14. SHARE CAPITAL

The authorised share capital consists of 500 million ordinary shares at a price of €0.01 per share.

	Number	Nominal Value	Premium	Total
		€	€	€
Issued and fully paid				
At 28 June 2019	10,000	-	-	-
Issued during the year	59,858,716	598,587	2,026,413	2,625,000
Balance at 31 December 2019	59,868,716	598,587	2,026,413	2,625,000
Issued during the year	11,000,000	110,000	440,000	550,000
Balance at 31 December 2020	70,868,716	708,587	2,466,413	3,175,000
Shares issued for cash	5,000,000	50,000	200,000	250,000
Shares issued in settlement of debt	2,000,000	20,000	80,000	100,000
Balance at 31 December 2021	77,868,716	778,587	2,746,413	3,525,000

On 29 December 2021, the Company completed a private placement of 7,000,000 ordinary shares at a price of €0.05 per share, to raise a total of €350,000 to fund its working capital and planned exploration programs. The placement included issuance of 2,000,000 ordinary shares to John F. Kearney, a director, for cash, 2,000,000 ordinary shares to Peter McParland, a director, for cash, and 2,000,000 ordinary shares to Buchans as settlement of €100,000 account payable.

At 31 December 2021, Buchans held 11,227,879 shares of the Company.

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. Upon expiry of the warrants on 31 December 2021, 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, 9,227,879 Exchangeable Warrants were exercised into Buchans shares.

During 2020, the Company completed a private placement of 11,000,000 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.

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 2021 amounted to €49,095 (2020: €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 2021.

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.

17. FINANCIAL INSTRUMENTS (CONTINUED)

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 2021, 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.

Interest rate risk
The Group finances its operations through the issue of equity shares, and has no fixed interest rate agreements. The Group had €420,409 in cash and cash equivalents at 31 December 2021. A one percent change in interest rates will result in a corresponding change in interest income of approximately €4,204 based on cash and cash equivalents balances existing at 31 December 2021.

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, none of which presently generate cash from operations. 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.

During 2021, all accounts in currencies other than the Euro were closed. Accordingly, there is no foreign exchange impact on the assets and liabilities held at the end of the year.

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 2021 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-.

ABOUT MINCO EXPLORATION PLC

Minco Exploration Plc is a mineral exploration company focused on mineral exploration in Ireland, where Minco holds Prospecting Licences which are considered highly prospective for the discovery of zinc-lead mineralization.

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

Additional information about the Company is available at www.MincoExploration.com.

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