

# Minco Exploration PLC

## Half Year Report and Accounts 2022



2022



Company Overview	3
Exploration Update	3-4
Outlook	4-5
Financial Statements	6-7
Notes to the Financial Statements	8-10



*Figure 1 – Peter McParland (left), John Kearney (middle) and John Clifford (right) inspect drill core from 2022 drill programme at Slieve Dart Project, Co. Galway*



*Figure 2 - Photo of drill core from 2022 drill programme at Slieve Dart Project, Co. Galway*

# Minco Exploration PLC

## Half Year Report & Accounts 2022

### Highlights

- Drilling at Slieve Dart, Galway, increasing Minco's interest to 50%

### Company Overview

Minco Exploration PLC ("Minco") holds Prospecting Licences in Ireland which are highly prospective for the discovery of zinc-lead mineralisation. The Licences are operated by Minco's wholly owned subsidiaries, either alone or in joint venture with Boliden - Tara Mines ("Boliden").

Minco (20%) is participating in a joint venture with Boliden (80%) on Licence 1440R Navan (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 has now earned a 50% interest and 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., where drilling was recently completed to test the Fardrum Target.

### Exploration Update

In Minco's Annual Report last year, we described the 10 Prospecting Licences that make up Minco's Slieve Dart project in County Galway, as being located in one of the orphan areas of the Irish Orefield. We are glad to report that we are rectifying that neglect.

Historic exploration in the Slieve Dart area detected widespread low-grade mineralization in Waulsortian reef limestones at shallow depth in the northern and north-western part of the licence block. These limestones, which host many of the Irish ore deposits, including Tynagh, Lisheen and Galmoy, are covered to the south-east by younger rocks. This rendered the historic exploration methods less effective in that part of the area.

Consequently, Minco, along with its joint venture partner – Boliden Tara Mines, completed a seismic survey across the licence block in 2019. This was part funded by the Geological Survey of Ireland.

The survey results, in conjunction with the GSI TELLUS regional airborne data, suggest the presence of structures in the basement rocks beneath the younger cover. We are of the opinion that these structures might provide the plumbing system for mineralising fluids ascending from the basement into the prospective host limestones.

A drill rig is now on site to test one of the priority targets identified from that survey. The target is located in the southern part of the area where a zone of structural disruption is interpreted to intersect two rock formations with potential to host zinc – lead mineralisation. The shallowest, is the Waulsortian reef limestones that host the mineralisation to the north-west. This was intersected, a little earlier than expected, as a well developed, calcite veined, unit between 293m and 378m. Detailed sampling is planned to determine the presence of any geochemical pathfinder elements that might indicate proximity to mineralisation. A second prospective unit, with possible similarity to the rocks hosting the world-class Tara orebody, near Navan, maybe present further to depth, near the base of the Carboniferous sequence. Drilling continues to test this horizon.

The Joint Venture Agreement provides Minco with an option to earn a 50% interest, with Boliden having the right to toll treat any mineral production from the area. As a result of the expenditure to-date, and on completion of the drill test currently in progress, Minco expects that it will have earned that 50% interest in the joint venture. On completion of the drilling, we propose to discuss with our Joint Venture partner the medium- to long-term exploration strategy for the area and to agree on the funding model.

Minco is also in joint venture with Boliden in two other licence areas located in Co. Meath.

We hold a 20% interest in the Tatestown licence located in the shadow of the headframe 1km to the north-west of the world-class Tara Mine at Navan, Co. Meath. The same rocks as host the ore at Tara are present within this area. During 2021 we completed the drill test of the Donaghpatrick target. The drilling confirmed that the right rocks are present, but that structural complications reduced the size of the target. We intend to maintain our interest by contributing to future drill testing of other targets which are located in the north-western part of the licence.

The prospective rocks at Tara continue to the west, but at greater depth, into the Kells project, 15km to the west of the Tara Mine. As a result of the completion of the drill test on the Kilmainham target, Minco now holds a 50% interest with Boliden holding the other 50%. Whilst the prospective rocks are present, no significant mineralisation was intersected. Our analysis of historic exploration results has generated a number of further targets, particularly in the western part of the licence. We intend to fund the drill testing of one of those targets. This expenditure will increase our interest in the Joint Venture to 75%.

The drilling of the Fardrum target, on our wholly owned Moate block of licences, added greatly to our understanding of the geology in this area of extensive bog cover. It suggested that the ore controlling fault, which was the target for the drill test, is located further to the north than we had anticipated. As a result, the potential for fault-localised Tynagh-type mineralisation remains an interesting exploration opportunity. The licences have now been renewed for a further 6-year term, until November 2027, subject to completing what will be an aggressive program of drill testing.

## Outlook

Mineral exploration in Ireland, today, faces a number of challenges, in common with other jurisdictions in Europe, and indeed in many places in the world.

In Ireland, these challenges include community campaigns objecting to exploration investment and prospecting licence renewals. In many cases these campaigns are misinformed, and there is a general lack of understanding of the nature of mineral exploration. It is essential that this issue be addressed. And here both Government, and industry, have a role to play.

In Minco, we are playing our part by ensuring that our programs are conducted to the highest professional and environmental standards, and in accordance with our licence permits and government regulations.

The recent draft Minerals Policy published by the Department of Environment, Climate and Communications late last year, recognizes the important role that minerals can play in supporting the country's economic activity and in progressing national, European and international policies and commitments. That important message needs to be communicated to all stakeholders.

The Covid pandemic and the war in Ukraine, have highlighted the significant risk that Europe faces in securing reliable, sustainable, sources of raw materials, not just to maintain our standard of living, but to transition into an economy driven by clean energy technologies.

Ireland has a major role to play in helping Europe achieve that vision. Ireland is fortunate in having world-class potential to host significant zinc resources in the limestone rocks present throughout the Irish Midlands. Zinc, which is the focus of Minco's exploration efforts, is now on the United States list of critical minerals.

Zinc is an essential element in the construction of the infrastructure to capture, store and transmit renewable energy to our communities and workplaces, and zinc is one of those metals essential to achieving the objectives of the European Green Deal and transitioning to a zero-carbon future.

Other geological formations, on the periphery of the island of Ireland, outside the central basin, have the potential to host a range of other mineral elements which are essential to the digital and green economy. Without access to those minerals, in Ireland and elsewhere, Europe will not achieve the vision set out in the EU's Green Deal, and the much-acclaimed transition to net zero green economy cannot happen.

Mineral exploration in Ireland today is much more focused as compared to previous decades. The targets are deeper, or blind underneath bogs or younger cover rocks. Defining and testing them is more expensive. However, we have the benefit of the results and experience from previous exploration which helps to focus attention on specific areas and trends. We continue to review these data with the objective of identifying further areas with potential over which we will apply for exploration licences.

With your support Minco will continue to explore for zinc in Ireland, and we are ever hopeful of hitting a new high grade mineral intersection.

*John Kearney*

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**John F. Kearney**  
Chairman

*Peter McParland*

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**Peter McParland**  
Chief Executive

30<sup>th</sup> September 2022

**MINCO EXPLORATION PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND 2021**

*Unaudited*

Expressed in Euros	30 June 2022	30 June 2021
	€	€
General and administrative expenses:		
Professional fees	8,070	9,085
Shareholders and investors expense	1,475	2,500
Office expenses	203	2,491
Foreign exchange loss	(1)	336
Loss before income taxes	9,747	14,412
Income taxes	-	-
Loss and comprehensive loss for the period	9,747	14,412
<b>Earnings/(loss) per share</b>		
Basic and diluted	(0.000)	(0.000)

**MINCO EXPLORATION PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

*Unaudited*

Expressed in Euros	Notes	30 June 2022	31 December 2021
		€	€
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	4	1,242,559	1,242,559
Total non-current assets		1,242,559	1,242,559
<b>Current assets</b>			
Cash and cash equivalents	6	350,095	420,409
Trade and other receivables	5	3,531	22,011
Total current assets		353,626	442,420
<b>Total assets</b>		1,596,185	1,684,979
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	8	778,587	778,587
Share premium	8	2,746,413	2,746,413
Deficit		(2,136,806)	(2,127,059)
Total shareholders' equity		1,388,194	1,397,941
<b>Current liabilities</b>			
Trade and other payables	7	207,991	287,038
Total current liabilities		207,991	287,038
<b>Total equity and liabilities</b>		1,596,185	1,684,979

**MINCO EXPLORATION PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AS AT 30 JUNE 2022**

Expressed in Euros

	Share Capital €	Share Premium €	Deficit €	Total €
Balance as at 31 December 2020	708,587	2,466,413	(2,062,238)	1,112,762
Total comprehensive loss for the period	-	-	(14,412)	(14,412)
Balance as at 30 June 2021	708,587	2,466,413	(2,076,650)	1,098,350
Issue of shares for cash	70,000	280,000	-	350,000
Total comprehensive loss for the year	-	-	(50,409)	(50,409)
Balance as at 31 December 2021	778,587	2,746,413	(2,127,059)	1,397,941
Total comprehensive loss for the period	-	-	(9,747)	(9,747)
Balance as at 30 June 2022	778,587	2,746,413	(2,136,806)	1,388,194

**MINCO EXPLORATION PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND 2021**

*Unaudited*

Expressed in Euros	Notes	30 June 2022 €	30 June 2021 €
<b>Cash flow from operating activities</b>			
Loss for the period		(9,747)	(14,412)
		(9,747)	(14,412)
<b>Movements in working capital</b>			
Decrease/(increase) in trade and other receivables		18,480	(6,410)
(Decrease)/increase in trade and other payables		(79,047)	38,634
Net cash flows used in operating activities		(70,314)	17,812
<b>Cash flows from/used investing activities</b>			
Investment in exploration and evaluation assets	4	-	(66,271)
Net cash flows from/(used in) investing activities		-	(66,271)
Net increase/(decrease) in cash and cash equivalents		(70,314)	(48,459)
Cash and cash equivalents at the beginning of the year		420,409	298,988
Cash and cash equivalent at the end of the year		350,095	250,529

## 1. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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 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, Ardraccon, Navan, Co. Meath, Ireland and the address of its registered office is 17 Pembroke Street Upper, Dublin 2, Ireland D02 AT22.

The interim financial statements for the six months ended 30 June 2022 and the comparative amounts for the six months ended 30 June 2021 have not been audited or reviewed by the auditors of the Group.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The interim financial statements have been prepared applying the accounting policies and methods of computation used in the preparation of the published consolidated financial statements for the year ended 31 December 2021.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2021, which are available on the Company's website.

No dividend is proposed in respect of the period.

## 2. 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.

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 30 June 2022, the Company accrued €8,312 (31 December 2021 - €Nil) payable to Buchans covering administration costs and services.

The subsidiaries of the Company at 30 June 2022 were as follows:

Name of Company	Registered or Head office	Effective Holding	Principal Activity
Norsub Limited	18-20 Le Pollet, St. Peter Port, Guernsey, GY1 1WH	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	9 Little Trinity Lane, London EC4V 2AN	100%	Exploration

### Remuneration of key management personnel

No fees were paid by the Company to directors for their services as directors of the Company in the periods ended 30 June 2022 and 2021.



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

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

	30 June 2022	30 June 2021
	€	€
<b>Numerator</b>		
Loss for the period	(9,747)	(14,412)
<b>Denominator</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Weighted average number of shares - basic and diluted	77,868,716	70,868,716
Basic and diluted (loss) per share	(0.000)	(0.000)

### 4. EXPLORATION AND EVALUATION ASSETS

	30 June 2022	Additions	31 December 2021	Additions	31 December 2020
	€	€	€	€	€
Navan	403,116	-	403,116	8,958	394,158
Moate	366,886	-	366,886	33,355	333,531
Kells	189,538	-	189,538	67,962	121,576
Slieve Dart	283,019	-	283,019	12,080	270,939
Total	1,242,559	-	1,242,559	122,355	1,120,204

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.

#### 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 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 with respect to the licence. As at 30 June 2022, 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.

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

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 2022. As at 30 June 2022, the Company had completed cumulative expenditure of €278,019 and earned an undivided 40% joint venture interest in the Licence Area, and has the right to increase its interest to 50% by the expenditure of a further €130,000 in 2022, 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 Licenses, 1228 and 1229, in County Westmeath, Ireland. During 2021, the Company incurred expenditures of €50,000 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.

#### 5. TRADE AND OTHER RECEIVABLES

At 30 June 2022, the Company recorded an amount of €3,531 (31 December 2021 - €22,011) VAT receivable. The carrying value of the receivables approximates to their fair value. In the opinion of the Directors, the amounts above are considered to be fully recoverable.

#### 6. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
	€	€
Cash	350,095	420,409
Immediately available without restriction		
	<u>350,095</u>	<u>420,409</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.

#### 7. TRADE AND OTHER PAYABLES

	30 June 2022	31 December 2021
	€	€
Trade creditors and accruals	199,679	287,038
Amounts due to related parties	8,312	88,662
	<u>207,991</u>	<u>311,870</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.

#### 8. 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				
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 and 30 June 2022	<u>77,868,716</u>	<u>778,587</u>	<u>2,746,413</u>	<u>3,525,000</u>

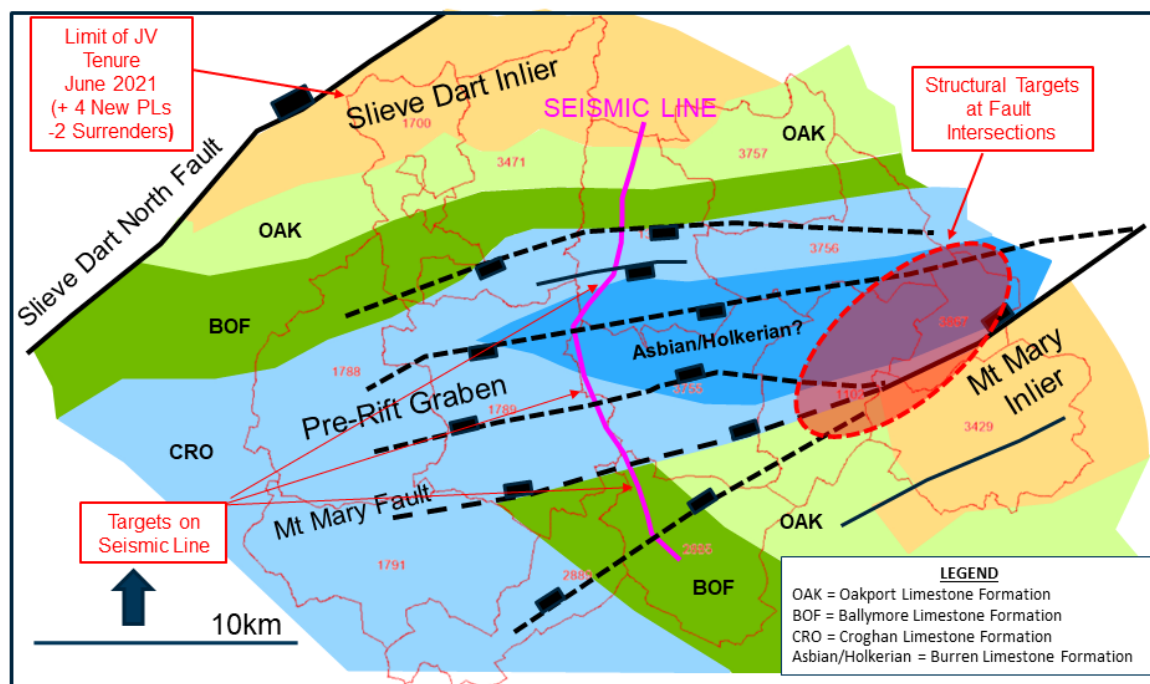


Figure 3 - Geology of the Slieve Dart Block, Co. Galway

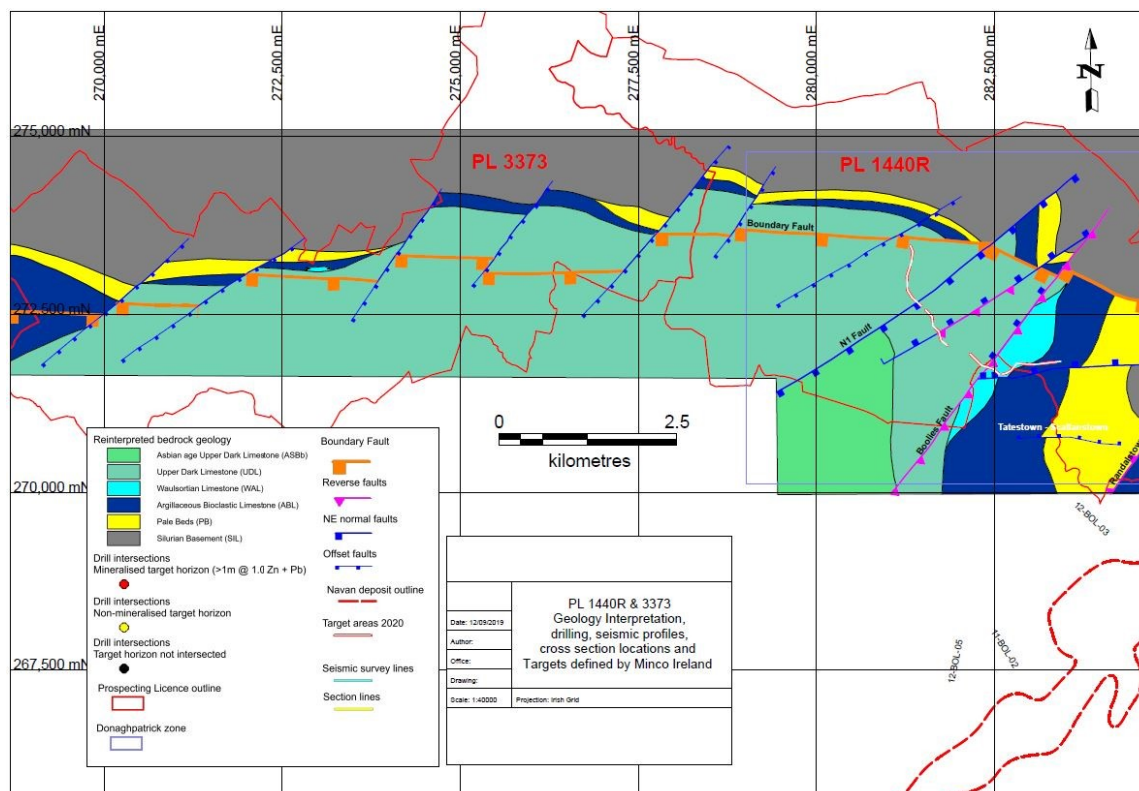


Figure 4 - Geology of the Navan and Kells Block, Co. Meath



# Minco Exploration PLC

## Half Year Report and Accounts 2022

### Offices:

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COOLFORE ROAD QME  
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