BENS CREEK GROUP

BENS CREEK GROUP PLC

Metallurgical coal for steel production

Annual Report and Financial Statements

For the Year Ended 31 March 2022

BENS CREEK GROUP

Key Events Timeline

29 April 2021	Ben's Creek Carbon LLC acquires Bens Creek Operations LLC and Bens Creek Land LLC.
19 October 2021	Bens Creek Group Plc successfully lists on the AIM market of the London Stock Exchange, raising £7m at a placing price of 10 pence per ordinary share, valuing the Group at £35m at IPO.
21 October 2021	Bens Creek Group Plc enters into an off-take agreement with Integrity Coal Sales Inc, New York, for 22,000 short tons of clean metallurgical coal per month.
29 October 2021	Bens Creek Group Plc announces that it has entered into a contract mining services agreement with Mega Highwall Mining LLC (MHW) for the supply and use of a highwall miner for surface coal production.
1 December 2021	First metallurgical coal recovery.
15 December 2021	Issue of a convertible loan note for $6m (£4.5m) raised with a conversion price of 28p per ordinary share.
16 December 2021	Lease acquired on adjacent property of 1,200 acres with associated mining rights.
17 January 2022	First coal deliveries commence.
18 January 2022	Purchase of own highwall miner and related highwall mining equipment.
31 January 2022	Inaugural payment received for raw coal sales from Integrity Coal Sales Inc, New York.
18 February 2022	Issue of a second convertible loan note for $6m (£4.5m) raised with a conversion price of 40p per ordinary share.
25 February 2022	Remedial work on the preparation and wash plant was completed with two weeks of final testing before the start of coal washing.
14 April 2022	Lease acquired on additional adjacent property comprising 2,640 acres with associated mining rights.
26 May 2022	Commencement of underground mining to produce High Vol A coking coal.
1 June 2022	Commencement of initial railroad delivery of a 100 car train, carrying 11,000 short tons of High Vol B product to Integrity Coal Sales Inc, New York.
6 June 2022	The Company draws down £5m on its convertible loan note arrangements with a variation in the conversion price to 60p.
16 June 2022	Uplift in coal estimated reserve base to 92.7 million tons.
27 June 2022	Second contract highwall miner ordered from Mega Highwall Mining LLC.
18 August 2022	The Company announces the issue of 20,000,000 ordinary shares at a price of 30p per ordinary share, raising £6,000,000.

Wind turbines are just one of the essential items created from the steel that is produced using Bens Creek metallurgical coal.

Bens Creek Group plc is an AIM listed holding company set up to own and operate metallurgical coal mines in North America. The Company owns the Ben's Creek mining project in West Virginia, USA.

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Chairman's Statement

> Our product, metallurgical coal, is integral to modern methods of steel production, the world's most important engineering and construction material.

I am delighted to present this first annual report and audited financial statements of Bens Creek Group Plc (the "Group") following our Initial Public Offering in October 2021. We are proud to have successfully built, thanks to our outstanding management team and staff, a fully sustainable business in a matter of months.

By way of background, we acquired two US companies Ben's Creek Operations WV LLC ("BC Operations") and Ben's Creek Land WV LLC ("BC Land") on 11 November 2020 and received regulatory approval of the change of ownership on 29 April 2021.

The property, which covers over 10,000 acres, had been controlled by several different owners over its 100 year history, with the earliest production at the site being recorded in 1914. In 2011, Investec, the previous owner of the property, arranged a syndicate of investors to acquire the operations. In 2014, however, following a sustained period of weakened commodity prices resulting in production ceasing, the business was placed on a care and maintenance basis and remained in this state until late 2020.

The steel produced using Bens Creek metallurgical coal is a key component in the manufacture of solar panels, electric cars and wind turbines.

I am thankful for the West Virginia Department of Environmental Protection ("WVDEP") granting the regulatory approval to acquire the mining permits and for providing us with the opportunity to restart a dormant mine and provide investment and employment to the local community. The transition, with the assistance of the WVDEP has been transparent and has aided the restart of production within a short timeframe.

Today, the land and mining rights are controlled by Pocahontas Land Corporation and Carbon Fuels Properties LLC. BC Land has lease agreements in place

with both these entities over the surface and mining assets. We are grateful to these landowners in granting us the opportunity to reactivate mining on these lands for our mutual benefit.

On 15 December 2021, we acquired the mining rights, via a lease, with M.G.C. Inc. over a further 1,200 acres of an adjacent property, located in the Stafford district in Mingo County, West Virginia. Futhermore, on 13 April 2022, we entered into a further lease agreement with Star Ridge Land LLC over the mining rights of an additional 2,640 acres of adjacent property, also located in Mingo County. Both lease arrangements are contiguous with the primary Bens Creek property, which adds to our reserves and extends the life of the mine.

Our product, metallurgical coal, of which we commenced delivery in January 2022 to our offtake partner Integrity Coal Sales Inc, is integral to modern methods of steel production, which in turn will assist in the de-carbonisation of the planet via the use of steel in renewables such as wind turbines, solar panels, electric cars, etc. Steel is the world's most important engineering and construction material. Metallurgical coal, sometimes referred to as met coal or coking coal, is used in some form in all steel production, with 70% of steel requiring coal as a direct resource. The remaining 30% of steel is created in electric arc furnace processes. Whilst this does not require direct use of our product, it does, however, require the use of pig iron which needs metallurgical coal in its production.

Essentially, a world without metallurgical coal mining would be a world without steel production. I stress, however, that Bens Creek, in keeping with its commitment to environmental protection, is not a producer of thermal coal.

Our financial performance is set out in the accompanying financial statements. It is important to note, however, that the revenue numbers reported reflect only a short period of production to the end of March 2022. Since then, we have enhanced our production capability, not least by the introduction of a second highwall miner via a contract mining agreement, which we anticipate will be operational between September and October 2022.

We have, additionally, purchased our own highwall miner which, once fully remediated, will be available to quickly replace either of the other highwall miners, should they require repair, ensuring that we have only a minimal delay in production. This addition to our equipment fleet may also be used in conjunction with the existing highwall miners, enabling all three highwall miners to be used simultaneously.

Post 31 March 2022, we have purchased a fleet of earth moving equipment to supplement that used by an existing contractor.

We are proud to have an engaged and productive workforce committed to the highest standards, supported by a highly skilled management team. I thank them for their commitment to building a successful business.

We have, through our first financial period, tried to provide shareholders and the market with information on a regular basis and will continue to do so. Your board is committed to the provision of long-term sustainable returns to shareholders. The board meets regularly, four times a year, with further ad hoc meetings as required. The board challenges the executive team in the development and implementation of their business plans and, where it can, brings to bear the considerable experience of the non-executive directors. The executive team consists of a group of mining executives who are highly qualified and have many years of experience in the industry.

While we have recently seen some retraction in the underlying price of metallurgical coal, demand continues to be strong for our product. We will be pushing hard to move to full production by the end of 2022 and believe that, now we have commenced deliveries of metallurgical coal by train, our anticipated delivery programme can be completed without interruption.

We are thankful for our shareholders who have shown their commitment and support by providing the capital required for us to undertake our plan to reinvigorate an idled mine and boost local employment and investment which restores some financial stability to the region. We are confident that the year ahead will be one that sees the fulfilment of our planned production programme, thereby securing a profitable business for the future.

Robin Fryer
Independent Non-Executive Chairman
28 August 2022

CEO's Statement

> At Bens Creek we use the least destructive mining methods possible – and we actively reseed and reclaim areas previously mined as soon as possible.

To all our shareholders and stakeholders, including new members of this investment community – I want to welcome you to this our first annual report and audited financial statements of Bens Creek Group Plc since our listing on AIM in October 2021.

Since we successfully completed our initial public offering ("IPO") on the London Stock Exchange's AIM market in October 2021, I am pleased to report that the Group has been able to fulfil its primary objective, which was to turn a previously bankrupt, dormant mine and underperforming asset back into production. This has been achieved within a very short time frame.

Thanks to the net proceeds from our IPO and subsequent further funding provided via the issue of convertible loan notes, we have been able to remediate seven main areas:

1. Implementing the necessary initial steps whilst preparing the mine site.
2. Rebuild the infrastructure, such as haul roads, to get the mine ready for future use.
3. Repair, rebuild and upgrade the wash and preparation plant.
4. Repair and rebuild the 5.2 kilometre railway line for the transportation of our met coal product via the Norfolk Southern national railway system.
5. Complete the advancement work, both physically at site and via the regulators (WVDEP and MSHA) on the site, to prepare for the commencement of Highwall Mining ("HWM").
6. Repair, rebuild and make safe the area and submit a mining plan for the recommencement of underground mining.
7. Purchase of a highwall miner.

CEO Adam Wilson standing next to one of Bens Creek's three Highwall Miner machines, whose cutting tool can neatly penetrate up to 300 metres within a metallurgical coal seam.

I am delighted to report that, by the end of March 2022, a large part of this work had already been completed while, post the year end, the balance of the restoration activity has been completed. This was a considerable undertaking, especially against external factors such as Covid-19, rising inflation and logistical supply chain issues that all contributed to making the above achievements more difficult.

Our ability to execute the above remedial measures was due to the excellent management team that we were able to assemble in such a short period at Bens Creek, both in the administrative office in Charleston and in the mine offices at Glen Allum, West Virginia. As CEO, I want to personally thank all the employees who, due to the relatively young age of our company, have joined us recently and yet performed so diligently for the Group and its shareholders.

Post year-end we have steadily increased production. We anticipate the monthly run rate of production will be 40,000 US short tons per month as we approach autumn 2022. This was our stated goal when we listed onto AIM back in October 2021. I am delighted to report that we aim to surpass this number on a monthly basis after the deployment of a second highwall miner machine, which will be in operation as soon as we receive our permit to mine in the area allocated for its use. We are hopeful that this can be done well before the end of this calendar year.

During the three months to 31 March 2022, we were able to ship some 'run of mine' coal (unwashed met coal) to generate some revenues, even though the primary objective was to restore and renovate our infrastructure so that next year's annual report will be one that demonstrates full production.

As a metallurgical coal mining company, we are always affected by the underlying commodity price of met coal. Since the beginning of this year, we have seen the price of High Vol B met coal increase to an all-time high of $465 per metric ton achieved on the 17 March 2022 and then retrace some of those gains to now stand at $284 per metric ton (at the time of writing this report). This price reduction appears to be driven by the ban, from 10 August 2022, by the European Union, of all coal imports from Russia following their invasion of Ukraine, whereupon Russia temporarily flooded the market with coal.

As a considerate mining company we take our Environmental, Social and Governance ("ESG") responsibilities very seriously. Thankfully, in taking over and restoring this particular mining area in West Virginia, we faced none of the major legacy issues that other mining companies have had to deal with, such as reclamation of areas previously mined and water and drainage facilities. We also ensure our mining staff are provided with targeted task training and training to standards expected by the US Department of Labour and Mine Safety and Health Administration.

At Bens Creek we use the least destructive mining methods possible, highwall mining versus strip mining. We actively reseed and reclaim areas previously mined as soon as possible, so that the reclamation process is embedded within our mining strategy.

This mining efficiency and our concern for the environment is combined with a strong and effective safety strategy. I am delighted to report we have had no accidents for the period reported on, or to the date of this report.

Personally, I want to thank everyone involved in the Bens Creek story: from the employees providing their skills and labour to the contractors with their professional experience. I wish to extend my thanks to our shareholders, a family of investors who have backed our vision to bring this asset and infrastructure back into production and create value for all concerned, including ensuring a supply of well-rewarded jobs that are highly appreciated in this local area of West Virginia.

Adam Wilson
Chief Executive Officer
28 August 2022

Strategic Report

The Directors present their Strategic Report on the Group for the year ended 31 March 2022.

Strategic approach

Bens Creek Group plc is a holding company that owns and operates the Ben's Creek mining project in West Virginia, USA. The Group's key objective is to deliver sustainable shareholder growth through the acquisition and development of metallurgical coal assets, the underlying commodity of the Company. A key component of the Company's success will be the metallurgical coal price.

The Group may seek to make further acquisitions of metallurgical coal mines in North America.

Organisation overview

The Group's business is directed by the Board of Directors and is managed on a day-to-day basis by the Chief Executive Officer. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and periodic operational reviews.

The Board comprises two Executive Directors and two Non-Executive Directors.

The Corporate Head Office of the Group is located in London and provides corporate support services to the overseas operations in West Virginia, United States of America ("USA").

Review of business

The strategic approach of the business pre and post IPO has been to undertake the necessary remediation and infrastructure works required to a dormant mine to enable it to become operational with the aim of commencing the production of metallurgical coal (met coal). The investment made pre IPO enabled the operational business to commence the remediation works required to the 5.2 kilometre railway facility as well as repairs to the preparation and wash plant and to the underground mine site.

During the year under review and post 31 March 2022, the Group has completed several milestones, which chronologically include:

- Bens Creek Group Plc acquired on 22 September 2021, its wholly owned subsidiary, Ben's Creek Carbon LLC based in West Virginia, USA along with its operating subsidiaries, Ben's Creek Operations WV LLC and Ben's Creek Land WV LLC.
- The shares of the Company, via an IPO, were admitted to trading onto the London Stock Exchange's AIM market on 19 October 2021, by the issue 70,000,000 shares at 10 pence per share, capitalising the Group at £35m. The IPO raised $9m (£7m), before expenses, for the Group to undertake the necessary infrastructure and redemption works as outlined above.
- On 29 October 2021, the Company entered into an agreement with Integrity Coal Sales Inc, New York ("Integrity"), our offtake partner, to supply it with a minimum of 22,000 clean tons of metallurgical coal per month during the calendar year 2022.
- A contract mining agreement was entered into with Mega Highwall Mining on 29 October 2021 for the supply and operation of a highwall miner to extract, using modern and environmentally friendly mining methods, met coal with a capacity to mine up to 40,000 tons per month.
- The Company commenced its initial production of mining raw (unwashed) met coal on 1 December 2021.
- On 15 December 2021, the Company raised $6m (£4.5m) from ACAM GP Limited, an existing institutional shareholder, under a 2 year convertible loan note facility with a conversion price of 28p per ordinary share. A further amount of $6m (£4.5m) was raised from ACAM GP Limited on 18 February 2022 under a 2 year convertible loan note facility, with a conversion price of 40p per ordinary share. Both of these convertible loan notes are unsecured.
- Lease acquisition agreements were entered into on 16 December 2021 and 13 April 2022 for sites adjacent to the Group's site in West Virginia, giving it rights to mine met coal reserves in situ. At the date of approval of this

strategic report, the Company had not commenced mining operations on these sites.

- The beginning of 2022, saw the Company generating revenue by the selling raw met coal to its offtake partner, Integrity. Whilst our wash and preparation plant were still undergoing repairs, Integrity had substantial demand for either raw or clean met coal. This enabled us to supply our production of raw High Vol B met coal from January to March 2022 by transporting our product to Integrity's own wash and preparation plant.
- During March 2022, the Group's own preparation and wash plant become fully operational following the completion of remediation works and upgrades, which initially commenced in January 2021. This has allowed the phased processing of raw met coal into clean met coal ready for sale.
- In April 2022, the Group's railway was approved for use by the inspectors of the Norfolk Southern railway company. This enabled the Group to transport via rail its stock of clean coal to Integrity for their onward transportation to their designated loading port for onward sale.

Following the substantial investment in the current year under review and in the current financial year (to 31 March 2023), the Group was able to report during May 2022 on the commencement of underground mining operations to extract High Vol A met coal. The Group was also able to report during June 2022, the results of a reserve base evaluation undertaken by Marshall Miller & Associates, Inc. which summarised the Group's coal properties in West Virginia. This report stated the Group has 92.7 million short tons of in-place dry reserves, prior to any recovery of washed coal and 33.6 million tons that are recoverable reserves.

Outlook

The medium to long term demand for met coal would appear reasonable as developed and developing countries embark on their plans for de-carbonisation and infrastructure spending. Furthermore, defence spending in the developed countries is expected to increase following the armed conflict between Russia and Ukraine.

The Group intends to maximise production using two highwall miners and underground mining, which in aggregate is expected to produce up to 80,000 clean tons of met coal monthly. Whilst the Group has an offtake agreement for a minimum of 22,000 clean tons per month, our offtake partner has indicated they have further demand for our product, in excess of our contractual commitments, to supply one of the largest steel producers in the world.

Metallurgical coal pricing

The Group is focused on producing met coal which spans two quality grades, commonly referred to as High Vol A and High Vol B. The High Vol A product is extracted from the Group's underground property in West Virginia, whilst the High Vol B is extracted via highwall mining. The selling prices of the Group's met coal is correlated to the daily prices published by Standard & Poor's Global Platts Coal Trader. The prices quoted are typically for metric tons. The weights used by the Group in its commercial arrangements are US short tons, equivalent to 2,000 lbs per metric ton.

The pricing of met coal has since the beginning of 2021 increased substantially, setting record all-time highs in March 2022, the price having increased from $120 to $465 per metric ton. At the time of issuing this report, the price has softened to $284 per metric ton.

Financial review

Income Statement

The year under review has seen the Company transition from acquiring a dormant mine and embarking on an extensive rehabilitation project to reactive underground mining along with preparing the overall site for highwall mining.

The year also saw costs incurred in respect of the Company's IPO in October 2021.

The net profit generated by the Group for the year ended 31 March 2022, before taxation was $25,285,795 with a profit (basic earnings per share) of 6.165 cents per ordinary share. The operating loss was $7,460,142.

The Company commenced the sale of High Vol B raw met coal on a monthly basis between January and March 2022 to its offtake partner, Integrity. This generated revenue of $5,411,816.

Strategic Report continued

The direct costs incurred in connection with the sales made amounted to $3,878,565. This generated a gross margin of 28%.

The operating loss of $7,460,142 has been driven by administrative costs of $8,993,393, as set out in note 9 to the financial statements, which includes the costs of $1,299,484 associated with the Group's IPO in October 2021, brokerage-related costs of $728,705 and share based payments of $2,095,151 in relation to the Group granting share options to management and staff during the year. Further details of granting of share options are set out in note 32 to the financial statements. Other costs incurred include depletion expenses of $744,513, in connection with the amortisation of the stock of met coal reserves sold to Integrity during the three months to 31 March 2022. Further details of the value of the Company's met coal reserves are contained in note 16 of these financial statements.

The Bargain Purchase Gain of $33,688,689, has arisen from the acquisition by BC Carbon of its subsidiaries BC Operations and BC Land on 29 April 2021, and represents the assets acquired including plant and equipment along with the met coal reserves less a deferred consideration payable to the seller, net of any deferred tax liabilities. Further details of this transaction are set out in note 29 to the financial statements.

Balance Sheet

The Group's investment in its mining activities amounts to $59,175,112 (2021: $449,948), excluding the right of use of assets and deferred tax asset, comprises property, plant and equipment, coal rights to mine the known met coal reserves along with the remediation works for the underground mining operations and railway repairs and improvements recorded as construction in progress.

The Group's property, plant and equipment includes capital expenditure during the year of $7,166,523, which has contributed to the increase in the valuation of the plant, following the successful completion of the remediation works during the year. Accordingly, the value of the Group's plant has been independently assessed with a carrying value of $24,000,000, details of which are set out in note 15 of these financial statements.

Cash and cash equivalents were $5,555,296 held at the end of the year.

The Group's coal reserves are valued at $24,955,487, net of sales made during the year.

During the period the Company issued 353,911,751 ordinary shares. This included the issue at IPO of 70,000,000 ordinary shares at 10p per share along with a pre IPO issuance of 22,722,070 ordinary shares at 10p per ordinary share. Further details of the shares issued during the period are set out in note 31 to the financial statements.

During the year MBU Capital Group Limited ("MBU"), the Group's largest single shareholder, provided two bridging loans, which in aggregate amounted to $2,758,520 to allow the Group to continue the required remediation works whilst the IPO process was being undertaken. This amount was repaid from the proceeds of the IPO, shortly after the shares were admitted to trading onto AIM. Without this funding, the project would have been considerably delayed, and accordingly the Board expresses its sincere thanks to the management of MBU in providing this funding.

The Group issued two convertible loan notes of $6,000,000 each, during the year which raised $12,000,000 before expenses, which are repayable within 24 months from the date of issue. Further details of these issuances are contained in note 24 of these financial statements.

During the year, following the completion of the remediation works on the plant, which was revalued upwards by $5,411,476 to $24,000,000, as set out in note 15 to the financial statements.

As part of the Group's transition from a "start-up operation" to a fully operational mining business, the Board is in the process of developing an appropriate set of key performance indicators ("KPIs") to benchmark how it performs against operational, health and safety and ESG standards. The Board is fully committed to ensuring the Group operates to the highest standards of sustainability and responsibility whilst delivering shareholder value. The Board intends to communicate its proposed KPIs once the transition has been fully completed. However, in the meantime the Board is pleased to report the following KPIs for the year to 31 March 2022:

KPIs / Financial Information	2022
Cash and cash equivalents	$5,555,296
Net assets	$31,744,285
Clean tons produced	666
ROM tons produced	63,562
Health and Safety – number of reportable accidents (number)	Nil
Environmental Incidents – breaches of environmental legislation (number)	Nil

Cash has been used to fund the Group's operations and facilitate its investment activities (refer to the Consolidated and Company Statement of Cash Flows on page 50).

The Board continues to monitor the activities and performance of the Group in delivering its key milestones since IPO.

Section 172 (1) Statement

Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the impact of the Group's operations on the community and the environment.
- Maintain a reputation for high standards of business conduct.
- Foster the Group's relationships with suppliers, customers and others.
- Consider the interests of the Group's employees.
- Act fairly between the members of the Group.
- Consider the likely consequences of any decision in the long term.

The Group continues to progress the development of its existing project in West Virginia, United States of America.

The application of the s172 requirements can largely be demonstrated by the ongoing development of our business and developing Environmental Social and Governance matters.

A number of the key decisions made during the year ended 31 March 2022 and post this date included:

- The raising of unsecured financing via the issue of two convertible loan notes to ACAM GP Limited, which allowed the Group to raise $12m.
- Renegotiating the convertible terms of the unsecured loan provided by MBU. The revised terms, effective from April 2022, ensure that in the event that MBU were to seek to exercise their conversion rights under the loan facility, this would now be done at price of 60p per ordinary share instead of 15p, as noted in the Group's admission document, in respect of any amounts drawn down from April 2022 onwards.
- Development of an ESG strategy, elements of which have been implemented including environmental and climate change aspects, such as the planting of trees and grass seeding of areas that have been mined.
- Ensuring the Group's day to day operational aspects are independent from its largest shareholder, which included the relocating to a new office in April 2022.
- Implementing a staff share option plan to reward and retain key members of both operational and administrative staff.
- Providing operational staff with a first-class healthcare package to ensure their mental and physical health is paramount to them and their families, which in turn will aid the successful development of the business.
- As a start-up operation demonstrating to suppliers, particularly in the state of West Virginia, that our DNA is to foster relationships, goodwill and to provide investment and jobs to the community.

As a coal mining group with operations in the USA, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. We abide by the local and relevant UK laws on anti-corruption and bribery. Wherever possible, local communities are engaged in the geological operations and support functions required for field operations, providing much needed employment and wider economic benefits to the local communities.

In addition, we follow international best practice on environmental aspects of our work. Our goal is to meet or exceed standards, in order to ensure we maintain our social licence to operate from the communities with which we interact. The interests of our employees are a primary consideration for the Board. Personal development opportunities are supported and a health and security support network is in place to assist with any issues that may arise on field expeditions.

We would like to thank our family of Shareholders for their continued support as we transition from a start-up operation into a fully-fledged operating business by providing a key ingredient to steel producers which will aid the de-carbonisation of the planet.

The Group Strategic Report was approved by the Board on 28 August 2022.

On behalf of the Board

Adam Wilson
Chief Executive Officer

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks.

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group. The key business risks affecting the Group are set out below:

Mining and processing risks

The Group's principal operation is the mining of met coal. Its operations are subject to all the hazards and risks normally encountered in mining and processing coal. These include unusual and unexpected geological formations, rock falls, flooding and other conditions involved in the extraction of material, any of which could result in damage to the mine and infrastructure, including, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimise risk are taken, operations are subject to hazards, which may result in environmental pollution and consequent liability which could have a material adverse impact on the business, operations and financial performance of the Group.

As is common with all mining operations, there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These can be difficult to predict, particularly in a high inflationary environment, and are often affected by factors outside the Group's control.

The Group may be required to undertake clean-up programmes resulting from any contamination from its operations or to participate in mine rehabilitation programmes which may vary from project to project. The Group follows all necessary laws and regulations and is not aware of any present material issues in this regard.

Dependence on key personnel

The Group is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Uninsured risk

The Group, as a participant in mining and development programmes, may become subject to liability for hazards that cannot be insured against or third-party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards and weather conditions or other acts of God.

Financial risks

The Group's operations expose it to a variety of financial risks that can include market risk (including foreign currency, price and interest rate risk), credit risk, and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied. Further details on financial risks can be found in note 3 to the financial statements.

Financial Instruments

The Group's financial instruments comprise financial assets, trade and other receivables and cash and cash equivalents, as set out in note 27 to the financial statements. Financial liabilities comprise short- and long-term borrowings and trade and other payables also set out in note 27 to the financial statements.

Reserve and resource estimates

The Group's reported reserves and resources are only estimates. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Reserve and resource estimates are based on sampling and, consequently, are uncertain because the samples may not be representative. Reserve and resource estimates may require revision (either up or down) based on future actual production experience.

The ability to extract coal reserves is dependent on obtaining the necessary permits from the WVDEP.

Volatility of commodity prices

Historically, commodity prices have fluctuated and are affected by numerous factors beyond the Group's control, including global demand and supply, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices, over the short term to long term, may adversely impact the returns of the Group's investments.

A significant reduction in global demand for met coal, leading to a fall in coal prices, could lead to a significant fall in the cash flow of the Group, which may have a material adverse impact on the operating results and financial condition of the Group.

COVID-19

The outbreak of the global COVID-19 virus has not resulted in any material business disruption of the Group's activities or stock market volatility.

The Norfolk Southern railway system is used to transport met coal from the Bens Creek mining areas in West Virginia.

Directors and Officers

Directors

Robin Fryer

Non-Executive Chairman, appointed 19 October 2021

Robin is a financial consultant by background and a former senior partner with Deloitte LLP, where he held roles including Global Mining and Metals Industry Leader and Global Audit Managing Director during his 40-year tenure. More recently, Mr Fryer acted as a Non-Executive Director for AIM-quoted Shanta Gold Limited for eight years, where he chaired the audit committee.

Robin has extensive experience advising multinational companies in mining, manufacturing and construction sectors in Europe, Africa, North and South America and Australia. He has experience in IPOs, mergers and acquisitions, due diligence on acquisition targets, financial reporting, internal control, risk management and internal audit. Robin is a member Association of Chartered Certified Accountants, American Institute of Certified Public Accountants, and South African Institute of Chartered Accountants.

David Harris

Non-Executive Director, appointed 19 October 2021

David has over 35 years' experience in the financial services sector and is currently Chief Executive of InvaTrust Consultancy Ltd, a specialist investment and marketing consultancy group that undertakes projects within the investment fund management industry. David has undertaken a total of twelve quoted company non-executive director roles, on the main market of the LSE and AIM, in a variety of sectors including manufacturing, property, insurance and closed-end investment funds in the UK, Europe and the Far East.

Adam Wilson

Chief Executive Officer, appointed 13 September 2021

Adam qualified as a Barrister at Law prior to training in corporate finance at NM Rothschild & Sons and holds a BSc in Finance and Accounting and a postgraduate diploma in Mining Project Appraisal and Finance. He has over 30 years' experience in financial markets, specialising in corporate restructuring and special situation turnarounds, and has worked for over 20 years in natural resources. He was formerly CEO and Chairman of one of the largest anthracite mining operations in the US – Atlantic Carbon Inc. – where he now holds the position of Chairman Emeritus. He was also the CEO of Hitchens Harrison, London's oldest stockbroker, which was later sold to Religare of India in 2008 for £56 million.

Raju Haldankar

Chief Financial Officer, appointed 11 August 2021 (resigned as CFO 12 July 2022)

Raju qualified as a member of the Association of Chartered Certified Accountants having qualified with Baker Tilly (now RSM) and is currently Group Finance Director at MBU Capital Group. Raju has over 20 years 'experience in the financial services sector – all with UK regulated institutions, including those domiciled in Jersey and Guernsey. He has held and continues to hold various Financial Conduct Authority ("FCA") Senior Management Function ("SMF") roles. He was an Assistant Director of Finance at the investment management business of Kaupthing Singer & Friedlander Plc, covering £8 billion of funds under management. Prior to joining MBU, Raju was partner at a boutique broking firm.

Senior Management Team

Murat Erden

Chief Financial Officer, appointed 12 July 2022

Murat is a CFO with total industry experience of over 25 years and an extensive background in private equity, banking, technology and resources. Murat serves as an Independent Non-Executive Director and Chairman of ARCH EM Partners and has held this role since 2018, holding the SMF 9 role in the UK. ARCH EM Partners is authorised and regulated by the FCA and specialises in emerging markets advising on investment strategies focused on Resources, Logistics and Renewable Energy in global markets for rapid transition to low carbon, climate resilient and sustainable economies.

Murat served as Group CFO of NYSE-listed Turkcell ("TKC"), a leading communication and information technologies company, which had operations in nine countries with over 69 million subscribers. TKC achieved a market capitalisation of over $10 billion during his tenure of 15 years until 2016. During his time at TKC, he served as a member of the Audit and Risk Committee and the Executive Committee. He accomplished the transformation and digitalisation of the group finance function whilst orchestrating multiple multi-billion dollar debt and capital markets facilities by ensuring TKC achieved investment grade ratings from three global rating agencies.

Murat received his BA degree in Economics from Bogazici University. He graduated from San Diego State University with an MBA degree in Finance. Murat is an alumnus of the London Business School and the Wharton Executive Program. Murat is specialised in Responsible Investment with qualifications in Environmental & Social Sustainability Management of the European Investment Bank and in Sustainable Finance from Cambridge University.

Larkin Hoskins

General Manager

Larkin joined the Group in January 2021 and holds a BSc in Industrial Engineering and has 47 years of mining operations experience in Central Appalachian, Western PRB, thermal coal and metallurgical coal projects. Larkin's expertise lies in operations development, planning and execution of multiple seam mining projects. He has held numerous senior operational positions, managing coal mines from annual production rates of up to 15 million tonnes.

Bob Warnick

Director of Financial Planning

Bob joined the Group at the inception of BC Carbon and its acquisition of the BC Operations and BC Land in April 2021. He has over 40 years' experience in mine management and consultancy covering all aspects of project and mining activities, including surface and underground mining in the Eastern US coalfields and in Russia. As a consultant he has specialised in helping small independent coal operators analyse and acquire high quality metallurgical coal reserves found in the Central West Virginia coalfields.

Vedat Ozsever

Vice President, Ben's Creek Operations

Vedat joined the Group in January 2022 and is responsible for operational matters and maximising efficiency, safety, sales quality and profitability, strategic objectives, and long-term business practices, which are consistent with Group's objectives and values. He is also responsible for creating a well-functioning operations team to manage improvements in availability and utilisation rates of the mining facilities.

Corporate Governance Report

The Group has adopted the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in April 2018), as its code of corporate governance to meet the requirements of AIM Rule 26. The Code is published by the Quoted Companies Alliance ('QCA') and is available at **www.theqca.com**. The Group includes below the material disclosures required under these QCA guidelines. The Group also publishes a more detailed QCA statement on its website, which is updated annually and was last updated in October 2021. This statement includes more comprehensive disclosures considered to be more appropriate in that format.

Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below, together with a short explanation of how the Group applies each of the principles:

Principle One

Business Model and Strategy

The Board has concluded that the highest medium and long-term value that can be delivered to Shareholders is by owning and operating high-carbon metallurgical coal mines in North America. The Group owns and operates the Ben's Creek mining project situated in the southern part of West Virginia.

The Group may seek to make further acquisitions of metallurgical coal mines in the future.

Principle Two

Understanding Shareholder Needs and Expectations

The Board recognises the importance of communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders. The Group also maintains a dialogue with shareholders through formal meetings such as the annual general meeting, which provides an opportunity to meet, listen and present to shareholders. Shareholders are encouraged to attend the annual general meeting in order to express their views on the Group's business activities and performance. Members who have queries regarding the Group's AGM can contact the Registrars Shareholder helpline on 0121 585 1131 or +44 121 585 1131 if calling from outside the UK.

The Board welcomes feedback from key stakeholders and will take action where appropriate. The CEO is responsible for shareholder liaison. The views of Shareholders are reported to the Board, ensuring that all members of the Board are fully aware of the thoughts and opinions of Shareholders.

Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, Annual and Interim Results, Regulatory News Service announcements, presentations and other key information.

The Group will look to develop relationships with analysts as appropriate. The Board periodically reviews options for additional and more regular channels of communication with shareholders.

Principle Three

Considering Wider Stakeholder and Social Responsibilities

The Board recognises that the long-term success of the Group is reliant upon the efforts of employees, regulators and many other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Group prepares and updates its strategic plan regularly together with a detailed rolling budget and financial projections which consider a wide range of key resources including staffing, consultants and utility providers.

All employees within the Group are valued members of the team and the Board seeks to implement provisions to retain and incentivise all its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Group's directors are in constant contact and seek to provide continual opportunities in which issues can be raised allowing for the provision of feedback. This feedback process helps to ensure that new issues and opportunities that arise may be used to further the success of the Group. Equity incentives are offered to employees.

The Group has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Group.

Principle Four

Risk Management

The Board recognises the need for an effective and well-defined risk management process, and it oversees and regularly reviews the current risk management and internal control mechanisms.

The Board regularly reviews the risks facing the Group and seeks to avoid or mitigate those risks as appropriate. The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of the Group's principal risks. The Audit Committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. Risk management is regularly on the agenda of the Board, Audit Committee and other senior management meetings. Additionally, the Board reviews the mechanisms of internal control and risk management it has implemented on an annual basis and assesses both for effectiveness.

The Board considers that in light of the control environment described above, an internal audit function is not considered necessary or practical due to the size of the Group and the day-to-day control exercised by the Executive Directors. However, the Board will monitor the need for an internal audit function. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

Principle Five

A Well-Functioning Board of Directors

The Board comprises Robin Fryer (Independent Non-Executive Director and Chairman), Adam Wilson (Chief Executive Officer), Raju Haldankar (Chief Financial Officer during the period under review) and David Harris (Independent Non-Executive Director). The Board is satisfied that all Directors have adequate time to fulfil their roles.

The Board recognises the QCA recommendation for a balance between Executive and Non-Executive Directors and the recommendation that there be at least two Independent Non-Executives. The Board will take this into account when considering future appointments. However, all Directors are encouraged to use their judgement and to challenge matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively.

The Board meets regularly and is responsible for formulating, reviewing and approving the Group's strategy, budgets, performance, major capital expenditure and corporate actions. In order to be efficient, the Directors meet formally and informally both in person, by telephone and by video. The Board aims to meet at least four times in the year. Board document authors are made aware of proposed deadlines prior to meetings.

The Group has in place an Audit Committee, a Remuneration Committee, a Nominations Committee and an AIM Rules Compliance Committee with formally delegated rules and responsibilities. Only Independent Non-Executive Directors are members of these committees and the Group follows the QCA guidance that the Non-Executive Director and Chairman is not the Chair of the committees.

The Directors of the Group are committed to sound governance of the business and each devotes sufficient time to ensure this happens.

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of four Directors and, in addition, the Group has employed the services of Shakespeare Martineau LLP to act as the Company Secretary. The Group is satisfied that given its size and stage of development, between the Directors, it has an effective and appropriate balance of skills and experience across technical, commercial and financial disciplines. The Directors' experience and skills are listed on the company's website, **www.benscreek.com**.

Corporate Governance Report

continued

The Group believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills, and notes the range of financial and managerial skills. The Non-Executive Directors maintain ongoing communications with Executives between formal Board meetings.

Ben Harber is the Company Secretary and helps the Group comply with all applicable rules, regulations and obligations governing its operation. The Group's nominated adviser assists with AIM matters and ensures that all Directors are aware of their responsibilities. The Group also acquires the services of Hill Dickinson, the Group's solicitors, as required.

In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board is kept abreast of developments of governance and AIM regulations. The Group's nominated adviser provides Board AIM Rules refresher training as well as the initial training as part of a new Director's on boarding. All Directors develop their skills and capabilities through their continuing experiences.

The Directors have access to the Group's nominated adviser, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary. If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Group.

A Nominations Committee has been established as Board composition is always a factor for contemplation in relation to succession planning. The Board will seek to consider any Board imbalances for future nominations, with areas considered including board independence and gender balance.

Principle Seven

Evaluation of Board Performance

The Directors consider that the Group and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. In the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would benefit the Group. As the Group grows, it has the ability to expand the Board and with the Board expansion, re-consider the need for Board evaluation. The Group's remuneration committee is responsible for setting the remuneration approach and arrangements for Executive and Non-Executive Directors. This is set out in part of 1 of the Remuneration Committee Report included within this Corporate Governance Report.

Principle Eight

Corporate Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

The Board places great importance on the responsibility of accurate financial statements and auditing standards that comply with Auditing Practice Board's (APB's) and Ethical Standards for Auditors. The Board places great importance on accuracy and honesty and seeks to ensure that this aspect of corporate life flows through all that the Group does.

A large part of the Group's activities is centred upon an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Directors consider that the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. Whilst the Group has a small number of employees, the Board maintains that as the Group grows it intends to maintain and develop strong processes which promote ethical values and behaviours across all hierarchies.

The Board has adopted an anti-corruption and bribery policy. The bribery policy applies to all Directors and employees of the Group and sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption, as well as providing guidance to those working for the Group on how to recognise and deal with bribery and corruption issues and the potential consequences.

The Board complies with Rule 21 of the AIM Rules for Companies relating to dealings in the Group's securities by the Directors, PDMRs and other applicable employees. To this end, the Group has adopted a share dealing policy for Directors, PDMRs and other applicable employees appropriate for a company whose shares are admitted to trading on AIM and takes all reasonable steps to ensure compliance by the Directors and any relevant employees.

Principle Nine

Maintenance of Governance Structures and Processes

The Board is committed to, and ultimately responsible for, high standards of corporate governance. The Board reviews the Group's corporate governance arrangements regularly and expects to evolve this over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Group and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness and includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. The CEO of the Group is the key contact for shareholder liaison and all other stakeholders. Executive Directors are responsible for the general day-to-day running of the business and developing corporate strategy.

The CEO has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's strategies and policies and for the day-to-day management of the business. He is responsible for the general day-to-day running of the Group and developing corporate strategy while the Independent Non-Executive Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

All Directors participate in the key areas of decision-making, including the following matters:

- Strategy
- Budgets
- Performance
- Major Capital Expenditure
- Corporate Actions

The Board delegates authority to four Committees to assist in meeting its business objectives, and the Committees meet independently of Board meetings. The membership of each Committee is listed below.

Audit Committee

The Audit Committee will receive reports from management and the external auditors relating to the interim report and the annual report and financial statements, review reporting requirements and ensure that the maintenance of accounting systems and controls is effective. The Audit Committee has and will continue to have unrestricted access to the Group's auditors. The Audit Committee will also monitor the controls which are in force for the Group and any perceived gaps in the control environment. The Board believes that the size of the Group will not justify the establishment of an independent internal audit department. The Audit Committee is chaired by David Harris with its other member being Robin Fryer.

Corporate Governance Report

continued

Remuneration Committee

The Remuneration Committee will determine the scale and structure of the remuneration of the executive Directors and approve the granting of options to Directors, senior employees and consultants and the performance related conditions thereof. The Remuneration Committee will also recommend to the Board a framework for rewarding senior management, including executive directors, bearing in mind the need to attract and retain individuals of the highest calibre and with the appropriate experience to make a significant contribution to the Group's development and ensure that the elements of remuneration packages are competitive and help in underpinning the performance-driven culture of the Group. The Remuneration Committee is chaired by David Harris, with its other member being Robin Fryer.

The Remuneration Committee meets as and when necessary. No Director is permitted to participate in discussions or decisions concerning his own remuneration.

AIM Rules and MAR Compliance Committee

The AIM Rules and UK MAR Compliance Committee will monitor the Group's compliance with the AIM Rules and UK MAR and seek to ensure that the Group's Nominated Adviser is maintaining contact with the Group on a regular basis and vice versa. The committee will ensure that procedures, resources and controls are in place with a view to ensuring the Group's compliance with the AIM Rules and UK MAR including the Share Dealing Policy which the Company has adopted for the directors of the Group, certain employees and their associates to comply with UK MAR. The committee will also ensure that each meeting of the Board includes a discussion of AIM matters and assesses (with the assistance of the Group's Nominated Adviser and other advisers, as appropriate) whether the Directors are aware of their AIM responsibilities from time to time and, if not, will ensure that they are appropriately updated on their AIM responsibilities and obligations. The AIM Rules and UK MAR Compliance Committee is chaired by David Harris and its other member is Robin Fryer.

Nominations Committee

The Nominations Committee will be responsible for reviewing and making proposals to the Board on the appointment of directors, reviewing succession plans and ensuring that the performance of directors is assessed on an ongoing basis. The Nominations Committee is chaired by David Harris, with its other member being Robin Fryer.

Principle Ten

Shareholder Communication

The Board is committed to providing shareholders with clear and transparent communication and having constructive dialogue with its stakeholders, which set out the Group's activities, strategy and financial position. The Group has ongoing relationships with both its private and institutional shareholders (through meetings and presentations), and enables them to have the opportunity to discuss issues and provide feedback at meetings with the Group. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The Board intends to disclose the result of General Meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In order to improve transparency, the Board has committed to publishing proxy voting results on its website. The Group maintains that, if there is a resolution passed at a general meeting with 20 per cent votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, regulatory announcements, financial reports and shareholder circulars.

In view of the size of the company, general communication with shareholders is co-ordinated by the CEO, who is responsible for reviewing all communications received from shareholders and determining the most appropriate response. The CEO works in conjunction with the Company's public relations advisers to facilitate engagement with its shareholders.

Shareholders with a specific enquiry can contact the Company on the website contact page; **www.benscreek.com**, with a dedicated email address (**info@benscreek.com**). The Company uses electronic communications with shareholders in order to maximise efficiency.

The Company's Annual General Meeting (AGM) will generally be held in London in September following the publication of its annual results in August of each year and all shareholders are ordinarily invited to attend.

Board Composition

As at 31 March 2022, the Board comprised two Executive Directors, a Non-Executive Director Chairman and one other Non-Executive Director. Details of the current Directors are set out within the Directors Report. The Board will continue to review its structure in order to provide what it considers to be an appropriate balance of executive and non-executive experience and skills.

The Board considers both Robin Fryer and David Harris, to be independent and have not been employees, nor have they any business relationship or close family ties with related parties or represent significant shareholders.

The Board sets the Group's strategic aims and ensures that necessary resources are in place in order for the Group to meet its objectives. All members of the Board take collective responsibility for the performance of the Group and all decisions are taken in the interests of the Group. The role of the Board is to determine the strategic direction of the Group, regularly review the appropriateness of it and oversee its implementation. It is not the role of the Board to manage the Group itself but rather to monitor the management and performance of the business. It does this in the following areas:

- Board composition and organisation.
- Strategy, financial and operational matters.
- Financial expenditure.
- Shareholder engagement and communications.
- Governance and general sustainability (ESG) matters.
- Designated positions of responsibility.

The roles of management are covered in relation to their interaction with the Board rather than their day-to-day operational tasks. The Non-Executive Director has a particular responsibility to challenge constructively the strategy proposed by the Chairman and the Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to the Executive Directors and other senior members of the management team. The Executive Directors enjoy open access to the Chairman being present.

Board as a Whole

The skills and experience of the Board are set out in their biographical details on pages 14-15. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. The Board believes it has a mix of technical skills, sector experience (exploration through to production with resources companies), public company experience and financial expertise to enable it to deliver on its strategy. Whilst there is not currently a balance of genders on the Board, the Company's directors look to appoint individuals with complementary skills and experience to fulfil the Company's strategy, regardless of gender.

The Board does not believe that any of the Directors have too many directorship roles at other listed companies and are hence at risk of "over-boarding" as defined by ISS voting guidelines but will continue to monitor this on an ongoing basis. The Board is satisfied that the Chairman and the Non-Executive Director are able to devote sufficient time to the Group's business. The directors keep their skillsets up to date by attending industry and qualification relevant seminars and training sessions.

Board Meetings

The Board looks to meet in a formal manner on a quarterly basis, with additional meetings held as required to review the corporate and operational performance of the Group. Each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to Directors well in advance of all meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

Corporate Governance Report

continued

Since the incorporation of the Company on 11 August 2021, there have been two formal Board meetings, held quarterly; December 2021 and March 2022, along with several ad-hoc board meetings held since the shares of the Group were admitted to trading onto the AIM market of the London Stock Exchange. All the Non-Executive and Executive Directors have attended all such meetings, including those after 31 March 2022 and to the date of approval of these audited financial statements.

Director	7 December 2021	29 March 2022	29 June 2022
Adam Wilson	Attended	Attended	Attended
Raju Haldankar	Attended	Attended	Attended
Robin Fryer	Attended	Attended	Attended
David Harris	Attended	Attended	Attended

Board Committees

The Board has delegated specific responsibilities to the Audit and Remuneration Committees, details of which are set out below. In due course, the Board will establish a new Sustainability Committee as part of formalising its approach and commitment to Sustainability and ESG matters. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. The Board considers that, at this stage in the Company's development, it is not necessary to establish a corporate governance committee. This decision will be kept under review by the Directors on an on-going basis.

Director Commitments

The Executive Directors are each employed as under a contract of employment.

All Non-Executive Directors acknowledge in their letter of appointment that the nature of the role makes it impossible to be specific on maximum time commitment and that at certain times of increased activity, then preparation for and attendance at meetings will increase. All Directors are expected to attend all Board meetings (either in person or by phone), the AGM and committee meetings.

Board Advice during the year

During the year, the Board did not commission any external advice for its own matters.

Company Secretary

The role of Company Secretary has been outsourced to an independent organisation, Shakespeare Martineau, which provides independent company secretarial services.

Annual Board Appraisal

In accordance with current best practice and the QCA Code, the Board conducts an annual formal evaluation of its performance and effectiveness and that of each Director and its Committees. The Board currently considers that the use of external consultants to assist the Board evaluation process is unlikely to be of significant benefit to the process and accordingly this is currently undertaken by the Remuneration Committee which uses benchmarking techniques to assess the performance of the Executive and Non-Executive Directors.

Ongoing Board Development

The Executive Directors are subject to the Company's annual review process through which their performance against predetermined objectives is reviewed, as part of the new incentive scheme review, as well as their personal and professional development needs considered.

The Non-Executive Director is encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process. The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate.

Succession Planning

Board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members.

ESG Report

Message from our CEO

The Board is pleased to present its Environmental. Social and Governance Sustainability Report ("ESG"). The Group is a responsible mining company producing metallurgical coal in West Virginia, USA. Metallurgical coal is a critical input for steel production and steel is essential for the transition to a green economy and to address the problems the world faces due to climate change.

The Group commits to conducting its mining operations in line with generally accepted, responsible, international sustainability management practices and environmental, social and governance standards to balance the benefits to the planet, people, and profit successfully.

The Group recognises the importance of its social and environmental impact in addition to financial performance. Rather than solely focusing on generating profit or the standard bottom line, the company intends to materially support the transition to a sustainable and zero carbon future and is committed to being an industry leader through environmental compliance, social engagement and responsible corporate governance.

As a purely met coal provider to the steel industry, we know that steel is essential for the global move to decarbonisation. We also understand the importance of sustainability and the challenges facing our industry.

We were fortunate to have the opportunity to reopen an historic, idle mine free from legacy constraints. This allowed us from the outset to focus on executing the sustainability goals and initiatives outlined here, to lower our environmental impact, increase safety and maximise efficiencies.

We are committed to continued development, refinement and execution of our sustainability goals through the Initiative for Responsible Mining Assurance ("IRMA") standards and the International Council on Mining and Metals ("ICMM") mining principles with the guidance of our recently appointed Chief Financial Officer, Murat Erden who will also act as our ESG Director.

Adam Wilson
Chief Executive Officer

> "We know that steel is essential for the global move to decarbonisation.

ESG in Action

Hydroseeding is a highly effective way of restoring a landscape, where a slurry of seeds and mulch with biodegradable colouring is sprayed on the prepared ground.

Summary of Bens Creek ESG activities

- Bens Creek produces high-grade metallurgical coal for steel production rather than coal for power.
- We use only the most efficient modern mining methods to reduce environmental impact and increase site safety.
- We operate a multiple targeted approach to the reclamation of land both during and after mining operations.
- We are heavily focussed on local investment, community engagement and corporate responsibility.
- We are committed to the integration of ESG at every company level and in all our activities.

Supplying coal for steel NOT coal for power

The Group mines only high-quality metallurgical coal (met coal) know as High Vol A and High Vol B, for steel production, which produces significantly less pollution than thermal coal.

The environmental impact of met coal is far less than that of thermal coal.

Steel is essential for the global move to decarbonisation

High-quality met coal is currently irreplaceable in the steelmaking process and it is met coal that is required for the production of steel with the highest quality surface finish that is an essential component in the global move to decarbonisation.

This type of steel remains a primary material for the production of electric vehicles, car batteries and renewable energy infrastructure – including wind turbines and fields of photovoltaic panels – where strength, durability and weight reduction are key considerations.

Renewable energy and construction

- Each new megawatt of solar power requires 45 tons of steel.
- Each new megawatt of wind power requires 180 tons of steel.

Automotive and electric vehicles

- 900kg of steel is required on average for the production of one electric car.
- Steel is required to reduce vehicle weight, improve recyclability and enhance environmental and economic efficiency.

Our modern mining methods reduce environmental impact and increase site safety

- We embrace modern technologies that have immense potential to make mining more efficient and reduce its environmental impact.
- Our highwall mining activities involve the remote deployment of a continuous mining machine that penetrates coal seams without the need for the entry of personnel.
- We do not engage in open pit, mountain top or strip mining.
- We only rework and reclaim existing mineworks rather than starting new mines.

Highwall Mining versus Open Pit/Mountain Top Removal

- **Highwall Mining is a highly efficient process**
- **It is also a significantly safer mining operation**
- **Minimal reclamation required after mining activity**

= Better for the local environment

Highwall mining machines in action

The highwall miner machine we operate is remarkably efficient in the extraction of high-quality met coal.

The various seams of coal at different levels in an exposed rock face are targeted directly by the powerful cutting head and the metallurgical coal extracted quickly and effectively.

This particular highwall mining technique is not only a quicker and cleaner process but also offers a higher level of recoverability than traditional mining methods.

Stages during the landscape restoration process: 1. Hydroseeding truck in action. 2. Ground spread with fresh seed. 3. Newly-grown grass on seeded areas.

A targeted approach to land reclamation

- **Bens Creek engages in an industry-leading reclamation plan.**
- **High-wall mining techniques minimise environmental impact and reduce the need for reclamation.**
- **Reclamation takes place concurrently with mining, where the ground is reseeded and replanted alongside active mining to ensure rapid grow back and minimise nonpoint source pollution due to runoff.**

Fruit trees such as apple, apricot, cherry, peach and loquat are planted at the mine's office area.

Community engagement and corporate responsibility

The Group has created circa 100 jobs in a socio-economically deprived area of West Virginia by reviving dormant mines and increasing local employment opportunities.

We sponsor award programmes within the Departments of Mining Engineering at the University of Kentucky and West Virginia University.

We prioritise the needs of local communities in the distribution of project benefits, eg employment, procurement of goods and services and community investment.

We continue to explore strategic investments in local communities to create value for both the beneficiary and the organisation.

We implement corporate social responsibility programmes and aim to maximise the impact of these social investments.

Integrating ESG at every level

Environmental, social and governance (ESG) measures are of fundamental importance to the Group and we have appointed our new CFO, Murat Erden, as ESG Director to help ensure the continuing development of our comprehensive ESG strategy.

In particular, our ESG strategy focuses on:

- Minimising risks and maximising safety.
- Environmental performance, especially as regards water usage and greenhouse gas emissions.
- Improving people's lives and supporting the local community.

A culture of safety

- Safety is a primary core value for all Bens Creek employees.
- Safety at work is an essential and deliverable Key Performance Indicator for our company.
- No accidents have been reported since Bens Creek Group's mining activities began.

Audit Committee Report

Part 1 – Background Statement from the Chairman of the Audit Committee

On behalf of the Board, I am pleased to present this report on behalf of the Audit Committee (the "Committee"), covering the activities for the year ended 31 March 2022. During the year, the Committee's agenda has continued to be built around its primary key recommendations to the Board being the Annual Budget, Review and Approval of the Audited Annual Financial Statements and the review of the half year results.

As well as the ongoing reporting requirements, the Committee has also paid close attention to the cash flow requirements of the Group to ensure that the Company maintains a tight control on expenditure and remains well financed.

The Committee is responsible for assuring accountability and effective corporate governance over the Company's financial reporting, including the adequacy of related disclosures, the internal financial control environment and the processes in place to monitor this. The Committee is also responsible for assessing the quality of the audit performed by and the independence of the auditor.

The Committee also considered the Group's Principal Risks and Uncertainties disclosures, and the Committee is satisfied that the statements made by the Executive Management are appropriate as at the date of this Report.

The Audit Committee meets at least twice a year and comprises independent non-executive Directors only, with the Chief Financial Officer in attendance and as a non-member. The external auditors are invited to attend all meetings. The Audit Committee currently comprises David Harris as Chairman and Robin Fryer.

Part 2 – Matters for consideration during the year to 31 March 2022

Significant issues and judgements

In considering the financial results contained in the 2022 Annual Report and Financial Statements, the Audit Committee reviewed the significant issues and judgements made by management in determining those results. A summary of these issues is detailed below:

Accounting Issue	Summary	Key Action Points for Committee
Accounting for share-based payments.	Accounting for share-based payments as required under IFRS 2.	Review of accounting treatment as proposed by the CFO and agreed with the auditor.
Accounting for convertible loan notes.	Review of accounting treatment under IFRS 9 and IAS 39 for the convertible loan notes issued by the Company where underlying loan note is denominated in a currency other than the currency of the Group's share price.	Review of accounting treatment as proposed by the CFO and agreed with the auditor.
Accounting for fair value adjustments following improvements made to the Group's infrastructure.	Determine the accounting treatment under IAS 16 for the of revaluation of the Group's property, plant and equipment.	Review of accounting treatment as proposed by the CFO and agreed with the auditor.

External Auditor

The Group's external auditor, PKF Littlejohn ("PKF") presented their detailed audit plan for final audit findings and recommendations for the year ended 31 March 2022. The Committee agreed with the audit approach at the planning stage and agreed with the materiality thresholds, identification of the key risk areas and significant judgements and estimates.

The Committee and the Board monitored the auditor's objectivity and independence. The Committee and the Board was satisfied that PKF and the Group have appropriate policies and procedures in place to ensure that these requirements are not compromised in the interim accounts and the year end audit.

The Committee considers the reappointment of the external auditor each year before making a recommendation to the Board. The Committee assesses the independence of the external auditor on an ongoing basis, taking account of the information and assurances provided by the external auditor and the level of non-audit fees. The external auditor is required to rotate the lead audit partner every five years and other senior audit staff every five to seven years.

There was material non-audit work undertaken by PKF during the year. Note 9 to the financial statements provides details of the fees paid during the year.

Whistle Blower Process

One of the Committee's key delegated responsibilities is to oversee the Whistle Blower policy and process. The Group is committed to conducting its business with honesty and integrity and expect all staff to maintain high standards in accordance with its Code of Conduct. However, all organisations face the risk of things going wrong from time to time, or of unknowingly harbouring illegal or unethical conduct. A culture of openness and accountability is essential in order to prevent such situations occurring and to address them when they do occur. To that end the Audit Committee and the Board approved a Whistle Blower process.

Internal Auditor

The requirement to appoint an internal auditor has been assessed prior by the Committee and the Board prior to listing onto AIM; the level of expenditure required and the complexity of the Group's activities has been taken into account when considering this decision. To date, the Board has decided that an internal audit function is not required but will be subject to review on a regular basis.

Going Concern

The Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements of the Group.

The going concern statement is detailed in Note 2 to the financial statements.

David Harris
Chairman of the Audit Committee
28 August 2022

Remuneration Committee Report

Part 1 – Background Statement from the Chairman of the Remuneration Committee

On behalf of the Board, I am pleased to present the Directors' Remuneration Report summarising the Group's remuneration policy and providing information on the Group's remuneration approach and arrangements for Executive Directors and Non-Executive Directors (NEDs) for the year ended 31 March 2022.

In line with the authority delegated by the Board, the Committee sets the Group's Remuneration Policy and is responsible for determining remuneration terms and conditions of employment for the Non-Executive Director and Chairman, Non-Executive Director and Executive Directors.

This report is prepared in accordance with the Quoted Companies Alliance (QCA) Remuneration Committee Guide for small and mid-sized quoted companies, revised in 2016. A summary of the Remuneration Committee's role, membership and relevant qualifications can be found in the Corporate Governance section herein.

In undertaking its responsibilities, the Committee reviews and monitors the remuneration and related policies and culture applying to the wider workforce, taking these into account when considering developing and setting remuneration and related policies and packages for the Board and Executive Directors.

The Committee ensures that the Executive Directors are properly incentivised to improve the Group's performance and are rewarded for their contribution to the success of the business by designing, monitoring and assessing incentive arrangements, including setting targets and measuring performance against them.

The total remuneration package links corporate and individual performance with a balance between short- and long-term elements as well as fixed and variable components. A significant portion of total remuneration is performance-based and measured against appropriate external comparator groups.

Part 2 – Summary of basic remuneration structures in 2022

Remuneration for Non-Executive and Executive Directors

All Non-Executive and Executive Directors emoluments during the year along with details of share options for the Executive Directors are set out in note 30 of the financial statements.

Performance related bonuses are considered and awarded based on the overall performance of individuals and the Group, and are awarded on the recommendation of the Remuneration Committee.

David Harris
Chairman of the Remuneration Committee
28 August 2022

Directors' Report

The Directors present their annual report on the affairs of Ben Creek Group Plc together with the audited financial statements for the year ended 31 March 2022. The results of Bens Creek Group Plc ("the Company"), reflects the period from incorporation on 11 August 2021 to 31 March 2022.

The consolidated results of the Bens Creek Group Plc ("the Group") which includes its operating subsidiaries, acquired on 22 September 2021, are for the twelve months ended 31 March 2022.

The comparative, unaudited results, of the subsidiaries cover the twelve months to 31 March 2021.

Bens Creek Group Plc, is the ultimate parent of the Group whose registered office is 53 Davies Street, London, W1K 5JH, United Kingdom. The Group is a public limited company and has its primary listing on the AIM market of the London Stock Exchange.

The Group's overseas subsidiaries are based at 109 Capitol Street, Charleston, West Virginia, 25301, USA.

The Corporate Governance Report on pages 16 to 22 and our report on our Environment Social and Governance policy (ESG) on pages 23 to 27 are also incorporated into this annual report and audited financial statements.

Principal activities and future development

The principal activities of the Group are the extraction and production of washed metallurgical coal, known as met coal. The Group aims to supply, via its offtake partner, a high-quality product which is used by world-renowned steel manufacturers, in the production of steel. Further details of the future developments of the Group are outlined in the Strategic Report.

Results and Dividends

The results for the year are set out in the Consolidated Statement of Profit and Loss on page 44 and the Consolidated and Parent Statement of Financial Position on page 46 of these financial statements.

No dividends were paid during the year. The Directors do not recommend the payment of a dividend for the year.

Share capital

The total issued share capital at the end of the year and the share options in issue are disclosed in note 31 to these financial statements.

Acquisitions (business combinations)

Details of the acquisitions made during the current period are given in note 29 to the financial statements.

Events after the Reporting Period

The material events after the reporting period included:

- Completion of the remediation of the Group's railway facility, which was formally approved for use by Norfolk Southern Railway during April 2022.
- The entering into a lease agreement for the right to mine coal reserves at a property contiguous to Group's existing site in West Virginia.
- The commencement of underground mining during May 2022.
- A draw down of $6,500,000 (£5,000,000) of a working capital facility provided by MBU, at an adjusted re-negotiated conversion price of 60p per instead of 15p per ordinary share.
- The commencement of delivery of the Group's stock of clean met coal via its railway facility to the Group's offtake partner Integrity.
- The purchase of a fleet of earth moving equipment at a cost of $5,405,000 to supplement the machinery operated by a contractor.
- The grant of 2,000,000 share options to Raju Haldankar, the Group's outgoing CFO, who retains an executive role with the Board.
- The issue of 20,000,000 ordinary shares in the Group, by way of a placing subscription at a price of 30p per share which raised $7,200,000 (£6,000,000) before expenses.
- Draw down of $6,138,000 for an equipment financing facility to aid the purchase of further earth moving equipment as the Group moves from a contractor model to an equipment owner.

Directors' Report continued

Directors and their interests

The Directors who served during the year ended 31 March 2022 are shown below and had at that time the following beneficial interests, including their close family, in the shares of the Group:

	31 March 2022		
	No of Ordinary Shares	% of Issued Share Capital	Share Options
Robin Fryer (Non-Executive Director and Chairman)	nil	nil	nil
Raju Haldankar[1] (Chief Financial Officer until 12 July 2022)	3,355,540	0.94%	nil
David Harris[2] (Non-Executive Director)	200,000	0.05%	nil
Adam Wilson (Chief Executive Officer)	28,000,000	7.91%	10,500,000
Mohammed Iqbal[3] (Director)	nil	nil	nil

Robin Fryer was appointed on 19 October 2021.

Raju Haldankar was appointed on 11 August 2021.

David Harris was appointed on 19 October 2021.

Adam Wilson was appointed on 13 September 2021.

Mohammed Iqbal was appointed to the Board on 11 August 2021 and resigned on 30 September 2021.

1. *Raju Haldankar as Chief Financial Officer ("CFO") has overseen the transition of the Bens Creek operating businesses since its acquisition by MBU in 2020 to date and its eventual listing on AIM in October 2021, during which the market capitalisation of the Group has grown from £35m since its IPO to £350m in April 2022. This period of exceptional growth of the Group necessitated the requirement to have a full time CFO who is able to devote all of his energy to one employer. Accordingly, Raju decided, as announced on 6 May 2022, to continue his role as Group Finance Director of MBU Capital Group and therefore relinquish his role as the Group's CFO. As announced on 12 July 2022, Raju resigned as CFO to the Group but will continue as an Executive Director until a full handover of his role and responsibilities to the newly appointed CFO has been completed.*

   Raju Haldankar's entitlement to share options in the Group, as noted in the Company's admission document published on 13 October 2021, was for 3.500,000 options in the ordinary shares of the Group. As announced on 6 May 2022, Raju has waived his entitlement to 1,500,000 share options in the Group and accordingly, on this date he was granted 2,000,000 options in the ordinary shares of the Group.

2. *David Harris purchased an additional 102,099 shares in the Group. At the date of the issue of this report, the total number of shares held by David Harris was 302,099.*

3. *Mohammed Iqbal is the sole controller of MBU Capital Group Limited, who is a substantial shareholder of the Group with a 59.25% shareholding.*

Information relating to Directors' emoluments can be found in note 30 to these financial statements.

Substantial shareholdings

The directors are aware of the following substantial interests or holdings in 3% or more of the Company's ordinary share capital as at 31 March 2022:

	31 March 2022	
	No of Ordinary Shares	% of Issued Share Capital
MBU Capital Group Limited	209,740,750	59.25%
Adam Wilson – Chief Executive Officer	28,000,000	7.91%

Directors' insurance

The Group has qualifying third-party indemnity provisions for the benefit of its directors, which were made during the period and remain in force at the reporting date.

AIM Rule 26

Under AIM rule 26 the Company is required to maintain and disclose any substantial shareholders and to disclose the number of shares in issue. In line with its obligations the Company maintains and discloses this information on its website **www.benscreek.com** which is freely available.

Financial Risk Management Objectives

The Directors acknowledge that the Company's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Risk management is carried out centrally as directed by the board.

Financial Instruments

The Group's financial instruments comprise financial assets; trade and other receivables and cash and cash equivalents, as set out in note 27 to the financial statements. Financial liabilities comprise of short- and long-term borrowings and trade and other payables as also set out in note 27 to the financial statements.

Corporate responsibility

Environmental

The Company recognises that the Group's activities require it to have regard to the potential impact that it and its subsidiary may have on the environment. Wherever possible, the Company ensures that its subsidiary complies with the local regulatory requirements with regard to the environmental and climate risks.

Supplier payment policy

The Group's current policy concerning the payment of trade creditors is to:

- Settle the terms of payment with suppliers when agreeing the terms of each transaction.
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts.
- Pay in accordance with the Group's contractual and other legal obligations.

Donations

No charitable or political donations were made during the year.

Going concern

The Directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks on the financial performance.

After considering the current financial scenarios, adjusted for sensitivity and the facilities available to the Group the Directors are satisfied that the Group has adequate resources for its operating needs. As a consequence and having reassessed the principal risks and uncertainties, the Directors believe it appropriate to adopt the going concern basis in preparing the Group's financial statements.

The Group's business activities together with the additional factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report. In addition, the notes to the financial statements include policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to market, credit and liquidity risk.

Articles of Association

The Group's Articles of Association may only be amended by a Special Resolution at a general meeting of shareholders.

Annual General Meeting

The Directors intend the 2022 Annual General Meeting (the 'AGM') will take place at the Group's office at 53 Davies Street, London, W1K 5JH, at noon on Tuesday 27 September 2022.

Provision of information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- There is no relevant audit information of which the Company's auditor is unaware.
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office. In accordance with the recommendation of the audit committee, a resolution to reappoint PKF Littlejohn LLP as the external auditor will be proposed at the Annual General Meeting.

Streamlined Energy and Carbon Reporting

The Streamlined Energy and Carbon Reporting ("SECR") Regulations published in 2018 require quoted companies, and large unquoted companies that have consumed more than 40,000 kilowatt-hours (kWh) of energy in the reporting period, to include energy and carbon information within their directors' report. The Group does not qualify as a quoted company or a large unquoted company and therefore the Group is presently exempt from the SECR reporting requirements. The Group intends to publish energy emissions data in line with the SECR regulations as operations develop.

This report was approved by the Board on 28 August 2022 and signed on its behalf.

Robin Fryer
Non-Executive Director and Chairman

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with UK adopted international accounting standards in accordance with the requirements of the Companies Act 2006. Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that year. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK adopted international accounting standards in accordance with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, **www.benscreek.com**. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Financial Statements

Independent Auditor's Report

Opinion

We have audited the financial statements of Bens Creek Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Profit and Loss, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

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

Basis for opinion

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

Conclusions relating to going concern

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

- Obtaining management's cash flow forecasts for the going concern period being sixteen months from the anticipated date of signing the financial statements.
- Holding discussions with management to understand the key inputs and assumptions used in their cash flow forecasts.
- Challenging management on the appropriateness of key assumptions and judgements used including current cash position and long-term viability based on multiple scenarios with key consideration to the inputs used.
- Considering the inherent risks to the group's business model and performing an analysis of how those risks might affect the group's financial resources or ability to continue operations over the going concern period.
- Verifying the integrity of the cash flow forecast.

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

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

	Group financial statements	Parent financial statements
Overall materiality	US $650,000	US $650,000
Performance materiality	US $461,300 (70% materiality)	US $338,500 (70% materiality)
Basis of materiality	3% of net assets	3% of net assets, capped below group
Rationale	We have determined the relevant benchmarks to the users of the financial statements for the period to 31 March 2022 as being net assets. Revenue and profit before tax were not considered appropriate benchmarks since extraction only started in the final quarter of the period. In comparison, the Group's balance sheet contains $28.9m of PPE and $25.0m of coal reserves. There are significant convertible loan notes of $12.5m, deferred tax liabilities of $10.3m, reclamation provisions of $1.9m, and deferred consideration of $3.2m.	

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between US $338,500 and US $650,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US $32,950 for Group and above $32,500 for Company, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimate and judgement by the directors and considered future events that are inherently uncertain such as the carrying value of inventory, valuation of coal reserves, valuation of inventory, revenue recognition, carrying value of the right of use assets, carrying value of the reclamation provision and the fair value of plant, property and equipment. We also addressed the risk of management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

An audit was performed on the financial information of the financial statements of the group's material operating components which, for the year ended 31 March 2022, were located in the United States. We carried out the audit work on these identified components for group purposes.

Ben's Creek Carbon LLC has been assessed as a significant component of the group and therefore we designed procedures focused on the valuation of coal reserves, valuation of inventory, revenue recognition, carrying value of the right of use assets, carrying value of the reclamation provision and the fair value of plant, property and equipment. This work was significant in addressing our key audit matters in respect of the accounting and disclosure of the reclamation bond and provision, carrying value of the plant and equipment and the carrying value of the mining reserves.

Independent Auditor's Report continued

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
Accounting and disclosure of reclamation bond and provision (notes 16 and 25)	
As a group operating in the mining industry, there is a requirement for the group to hold a provision for its reclamation costs in the financial statements in accordance with IAS 37. **Management uses their judgement and experience to provide for and amortise the estimated costs for reclamation over the licence term/life of assets. The ultimate cost of reclamation and site rehabilitation are uncertain and can vary significantly in terms of quantum and timing and therefore carry risk.**	The procedures we performed in this area are summarised below: • Reviewed management's reclamation provision, ensuring that the provision is made in accordance with requirements of relevant authorities and permits held, all the required costs are correctly captured and that the calculations are mathematically accurate. • Reviewed the external expert report/calculation of the Reclamation provision and verified the estimates to supporting documents, where possible, and challenged the estimates made for reasonableness. • Reviewed the breakdown of the reclamation provision. ensuring it is in line with our understanding of the business and its operations. • Ensured reclamation activities, such as seeding, are carried out in line with the timeline approved by the West Virginia Department of Environmental Protection ("WDEP") through review of the WDEP inspection reports. • Ensured the disclosures are in line with requirements of IAS 37. Based on the procedures performed, we found management's assessment of the accounting and disclosure of the reclamation bond and provision to be supported by the underlying documents.
Valuation of the net investment in subsidiaries (Parent Company audit only) (note 35)	
The parent company has a net investment in subsidiaries with a carrying amount in the company statement of financial position of $28.4m. The company accounting policy is to measure investment in subsidiaries at cost less provision for impairment. An impairment review is considered when there is an indication that the investment has been impaired.	The procedures we performed in this area are summarised below: • We obtained share certificates for all investments to confirm ownership. • Ensured that the measurement of the carrying amount is in accordance with UK-adopted IAS.

There is a risk that the investments in subsidiaries may not be fully recoverable and therefore overstated.	• Considered the recoverability of investments by reference to underlying net assets. • Considered whether there are any indicators of impairment. • Obtained management's impairment paper to assess the appropriateness of their conclusions relating to the indicators of impairment at year end. • Challenged management's assessment of the impairment indicators in relation to investments, taking into consideration of those outlined in IAS 36. • Reviewed and critically challenged the impairment model, focussing on the appropriateness of estimates with reference to empirical data and external evidence with specific emphasis on the following assumptions: – Coal prices. – Reserves and production profiles. – Operating cost assumptions based on latest budgets, contracts, and information from key suppliers. – Discount rate. • Ensured the presentation and disclosures in the financial statements are sufficient and in accordance with requirements of IAS 1. Based on the procedures performed, we found management's assessment of the valuation of the net investment in subsidiaries to be supported by the underlying models and the judgements and estimates applied reasonable.
Carrying value of plant and equipment (note 15)	
The freehold property includes a wash plant and rail loading facility. Historically Hi-Vol-A and Hi-Vol-B metallurgical coal has been produced from the property. **The valuation of the mining property requires significant judgement and estimates by managements independent valuations of the preparation plant and associated facilities (Raw Resources Group) and equipment (New Age Mining LLC).** **There is a risk that the valuation will be overstated and the disclosures not in accordance with IFRS 13 – *Fair Value Measurement.***	The procedures we performed in this area are summarised below: • Where assets are held at valuation, we considered whether the valuation appears appropriate in accordance with the applicable financial reporting framework. • Corroborated fair value of mining equipment to third party quotes for a sample of equipment in similar condition. • Visited the site and performed physical verification over a sample of fixed assets. • Reviewed and challenged management's assessment of valuation in their use of experts and method of valuation.

Independent Auditor's Report continued

	• Vouched a sample of fixed assets acquisitions to supporting purchase invoices. • Challenged the methodology taken by management's expert in determining the fair value and any key assumptions or judgements taken. • Critically assessed the key assumptions and estimates made in the valuation of the plant and equipment. • Obtained management's impairment paper to assess the appropriateness of their conclusions relating to the indicators of impairment at year end. • Challenged management's assessment of the impairment indicators in relation to property, plant, and equipment assets, taking into consideration of those outlined in IAS 36. • Reviewed and critically challenged the impairment model, focussing on the appropriateness of estimates with reference to empirical data and external evidence with specific emphasis on the following assumptions: – Coal prices. – Reserves and production profiles. – Operating cost assumptions based on latest budgets, contracts, and information from key suppliers. – Discount rate. • Ensured the presentation and disclosures in the financial statements are sufficient and in accordance with requirements of IAS 36 and IAS 1. Based on the procedures performed, we found management's assessment of the carrying value of producing property, plant, and equipment assets to be supported by the underlying models and the judgements and estimates applied reasonable.
Carrying value of coal reserves (note 16)	
The group has coal reserves of $25.0m at 31 March 2022. **The exploration and evaluation asset comprise the most material asset at the balance sheet date. Its recoverability is dependent on entering into and achieving commercial production, which is dependent on a number of significant uncertain future events over a long lead time.** **There is a risk that the accounting treatment and disclosures will not be in accordance with IFRS requirements.**	The procedures we performed in this area are summarised below: • Confirmation that group has good title to the applicable licences. • Reviewed the mining valuation performed for the IPO which provided the fair value upon acquisition of the site. • Challenged management's assessment of the impairment indicators in relation to coal reserves assets, taking into consideration of those outlined in IAS 36.

	• Assessed the competence and objectivity of the CPR experts and satisfied we that they were appropriately qualified to carry out the reserve's estimation. • Reviewed the latest CPR and challenged the inputs against the carrying value of coal reserves assets. • Reviewed and critically challenged the impairment model, focussing on the appropriateness of estimates with reference to empirical data and external evidence with specific emphasis on the following assumptions: – Coal prices. – Reserves and production profiles. – Operating cost assumptions based on latest budgets, contracts. – Information from key suppliers. – Discount rate. – Depletion charge. – Depreciation charge. – Taxation charge. • Ensured the presentation and disclosures in the financial statements are sufficient and in accordance with requirements of IAS 36 and IAS 1. Based on the procedures performed, we found management's assessment of the carrying value of producing coal reserves assets to be supported by the underlying models and the judgements and estimates applied reasonable.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report continued

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Other matter

The financial statements of the group for the year ended 31 March 2021 were not audited, and hence the corresponding figures presented within these financial statements are unaudited.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.

- We determined the principal laws and regulations relevant to the company in this regard to be those arising from:
  - UK and US Health and safety law.
  - Companies Act 2006.
  - The Bribery Act 2010.
  - AIM Rules.
  - UK and US (West Virginia) tax legislation.
  - Anti-Money Laundering Legislation.
  - State mining laws and rules.
  - US Environmental regulation.
  - US Clean Water act.
  - QCA Corporate Governance Code.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquires of management.
  - Reviewing the Board minutes throughout the year and post year end.
  - Ensuring adherence to the terms within the permits, including environmental conditions.
  - Reviewing the legal ledger account.
  - Obtaining confirmations from legal advisers.
  - Reviewing general ledger transactions and performing a detailed review of the group's consolidation entries, and investigating any that appear unusual with regards to nature or amount to corroborative evidence.
  - Reviewing RNS announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the significant accounting estimates described in the Key Audit Matters section above.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As part of the Group audit, we have made enquires with local management and legal counsel regarding compliance with laws and regulations. We have also ensured adherence to the terms within the mining permits, including local environmental conditions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alistair Roberts
(Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

28 August 2022

Consolidated Statement of Profit and Loss

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 $	For the year ended 31 March 2021 Unaudited $
Revenue	7	**5,411,816**	**-**
Cost of sales	8	(3,878,565)	-
Gross Profit		**1,533,251**	**-**
Administrative expenses	9	(8,993,393)	(1,404,680)
Operating Loss		**(7,460,142)**	**(1,404,680)**
Finance income		1,235	-
Finance costs	11	(997,449)	(47,079)
Fair value gain on Convertible Loan Note embedded derivative	24	53,462	-
Bargain Purchase Gain	29	33,688,689	-
Profit/(loss) before taxation		**25,285,795**	**(1,451,759)**
Tax expense	12	(8,222,085)	-
Profit/(loss)		**17,063,710**	**(1,451,759)**
Profit/(loss) attributable to:			
Owners of the parent		**17,063,710**	**(1,451,759)**
		17,063710	**(1,451,759)**

All results arise from continuing operations.

The Accounting Policies and Notes on pages 51 to 89 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 $	For the year ended 31 March 2021 Unaudited $
Profit/(loss) for the year		17,063,710	(1,451,759)
Other comprehensive income:			
Foreign exchange movement		(1,249,783)	-
Revaluation gain of Plant and equipment		5,411,476	-
Other comprehensive income before taxation		21,225,403	-
Taxation relating to other comprehensive income		(1,488,156)	-
Total comprehensive income		**19,737,247**	**(1,451,759)**
Basic earnings per share (cents)	14	6.165	-
Diluted earnings per share (cents)	14	5.922	-

The Accounting Policies and Notes on pages 51 to 89 form part of these financial statements.

Consolidated and Parent Statement of Financial Position

For the year ended 31 March 2022

		Group		Company
	Note	31 March 2022 $	31 March 2021 Unaudited $	31 March 2022 $
Non-current assets				
Property, plant and equipment	15	28,948,808	119,403	539
Coal reserves and reclamation assets	16	24,955,487	-	-
Other assets	16	1,628,605	135,163	-
Right of use assets	17	61,708	245,182	-
Construction in progress	15	3,642,212	-	-
Investment in subsidiaries	35	-	-	28,385,729
Deferred tax asset	13	576,151	-	-
Trade and other receivables	18	-	-	16,026,796
		59,812,971	**499,948**	**44,413,064**
Current assets				
Trade and other receivables	18	570,328	398,057	315,465
Cash and cash equivalents	19	5,555,296	-	2,971,515
Inventory	20	1,528,613	-	-
		7,654,237	**398,057**	**3,286,980**
Total assets		**67,467,208**	**898,005**	**47,700,044**
Current liabilities				
Trade and other payables	21	3,451,346	411,348	291,263
Deferred consideration	22	816,000	-	-
Borrowings	23	-	54,454	-
Lease liability	17	63,367	115,136	-
Provisions	25	350,000	-	-
		4,680,713	**580,938**	**291,263**

	Note	Group 31 March 2022 $	Group 31 March 2021 Unaudited $	Company 31 March 2022 $
Non-current liabilities				
Borrowings	23	3,280,827	1,646,749	-
Convertible loan notes	24	9,435,588	-	9,435,588
Provisions	25	2,841,888	-	-
Deferred consideration	22	2,357,698	-	-
Deferred tax liability	13	10,286,392	-	-
Embedded derivative	24	2,839,817	-	2,839,817
Lease liability	17	-	122,077	-
		31,042,210	**1,768,826**	**12,275,405**
Total liabilities		**35,772,923**	**2,349,764**	**12,566,668**
Net assets		**31,744,285**	**(1,451,759)**	**35,133,376**
Equity attributable to owners of the parent				
Share capital	31	485,273	-	485,273
Share premium	31	38,712,008	-	38,712,008
Share based payments reserve	32	2,647,242	-	2,647,242
Translation reserve		(1,249,783)	-	(1,270,738)
Revaluation reserve		3,923,320	-	-
Merger reserve		(6,750,420)	-	-
Retained losses		(6,023,355)	(1,451,759)	(5,440,409)
Total equity		**31,744,285**	**(1,451,759)**	**35,133,376**

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income. The loss for the Company for the period ended 31 March 2022 was $5,440,409.

The Financial Statements were approved and authorised for issue by the Board on 28 August 2022 and were signed on its behalf by:

Adam Wilson
Chief Executive Officer

The Accounting Policies and Notes on pages 51 to 89 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

Group

		Unaudited							
	Note	Share capital $	Share premium $	Share Based Payments $	Translation Reserve $	Revaluation Reserve $	Merger Reserve $	Retained losses $	Total $
Balance as at 1 April 2020		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the year		-	-	-	-	-	-	**(1,451,759)**	**(1,451.759)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(1,451,759)**	**(1,451,759)**
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**(1,451,759)**	**(1,451,759)**
Balance as at 31 March 2021		**-**	**-**	**-**	**-**	**-**	**-**	**(1,451,759)**	**(1,451,759)**

Group

		Audited							
	Note	Share capital $	Share premium $	Share Option Reserve $	Translation Reserve $	Revaluation Reserve $	Merger Reserve $	Retained losses $	Total $
Balance as at 1 April 2021		**-**	**-**	**-**	**-**	**-**	**-**	(1,451,759)	**(1,451,759)**
Profit for the year		-	-	-	**-**	**-**	**-**	17,063,710	**17,063,710**
Other comprehensive income		-	-	-	-	-	-	-	-
Gain on the revaluation of fixed assets		-	-	-	-	5,411,476	-	-	5,411,476
Taxation on revaluation		-	-	-	-	(1,488,156)	-	-	(1,488,156)
Currency translation differences		-	-	-	(1,249,783)	-	-	-	**(1,249,783)**
Total comprehensive income for the year		**-**	**-**	**-**	**(1,249,783)**	**3,923,320**	**-**	**17,063,710**	**19,737,247**
Proceeds from issue of shares	31	152,390	12,578,569	-	-	-	-	**-**	**12,730,959**
Share based payments	32	-	-	2,647,242	-	-	-	-	**2,647,242**
Issue of ordinary shares relating to business combination	31	332,883	26,133,439	-	-	-	(6,750,420)	(21,635,306)	**(1,910,404)**
Total transactions with owners, recognised directly in equity		**485,273**	**38,712,008**	**2,647,242**	**-**	**-**	**(6,750,420)**	**(21,635,306)**	**13,458,797**
Balance as at 31 March 2022		**485,273**	**38,712,008**	**2,647,242**	**(1,249,783)**	**3,923,320**	**(6,750,420)**	**(6,023,355)**	**31,744,285**

Company Statement of Changes in Equity

For the year ended 31 March 2022

Company

	Note	Share capital $	Share premium $	Share Option Reserve $	Translation Reserve $	Retained losses $	Total $
Balance as at 11 August 2021		**-**	**-**	**-**	**-**	**-**	**-**
Loss for the period		-	-	-	-	(5,440,409)	**(5,440,409)**
Currency translation differences		-	-	-	(1,270,738)	-	**(1,270,738)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**(1,270,738)**	**(5,440,409)**	**(6,711,147)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(1,270,738)**	**(5,440,409)**	**(6,711,147)**
Transactions with owners:							
Proceeds from issue of shares	31	152,390	12,578,569	-	-	-	**12,730,959**
Share based payments	32	-	-	2,647,242	-	-	**2,647,242**
Issue of ordinary shares relating to business combination	31	332,883	26,133,439	-	-	(5,440,409)	**21,025,913**
Total transactions with owner, recognised directly in equity		**485,273**	**38,712,008**	**2,647,242**	**-**	**(5,440,409)**	**36,404,114**
Balance as at 31 March 2022		**485,273**	**38,712,008**	**2,647,242**	**(1,270,738)**	**(5,440,409)**	**35,133,376**

The Accounting Policies and Notes on pages 48 to 87 form part of these financial statements.

Consolidated and Company Statement of Cash Flows

For the year ended 31 March 2022

		Group		Company
	Note	Year ended 31 March 2022 $	Year ended 31 March 2021 Unaudited $	Period ended 31 March 2022 $
Cash flows from operating activities				
Profit/(loss)		25,285,795	(1,451,759)	(5,440,409)
Adjustments for:				
Depreciation and amortisation		154,008	49,713	27
Interest expense		997,449	47,057	355,780
Interest income		(1,235)	-	(254,686)
Fair value gain on revaluation of embedded derivative		(53,462)	-	(53,462)
Foreign exchange translation		(1,629,735)	64,342	(588,596)
Share based payment charge		2,095,150	-	2,095,150
Depletion expense		744,513	-	-
Bargain purchase gain		(33,688,689)	-	-
Change in working capital				
Increase in trade and other receivables		(172,271)	(398,057)	(315,465)
Increase in trade and other payables		3,039,997	411,348	291,263
Increase in inventory		1,528,613	-	-
Net cash flows (used in)/generated from operating activities		**(1,699,687)**	**(1,277,356)**	**(3,910,399)**
Investing activities				
Purchase of property, plant and equipment		(13,225,108)	(121,225)	(565)
Loans granted to subsidiary undertakings		-	-	(15,296,261)
Acquisition of subsidiary		(1,412,637)	-	-
Acquisition of reclamation assets		(1,493,242)	(135,636)	–
Net cash used in investing activities		**(16,130,987)**	**(256,588)**	**(15,296,826)**
Financing activities				
Proceeds from borrowings		1,439,252	1,530,000	-
Repayment of borrowings		(54,454)	-	-
Proceeds from issue of shares, net of issue costs		10,178,740	-	10,178,740
Proceeds from issuance of convertible loan notes		12,000,000	-	12,000,000
Repayment of lease liabilities		(122,934)	(50,536)	–
Net cash generated from financing activities		**23,440,604**	**1,479,464**	**22,178,740**
Net increase/(decrease) in cash and cash equivalents		**5,609,750**	**(54,454)**	**2,971,515**
Cash and cash equivalents at beginning of year		(54,454)	–	–
Cash and cash equivalents as at end of year		**5,555,296**	**(54,454)**	**2,971,515**

Major non-cash transactions:

Fair value uplift of plant and underground equipment was $5,411,476, and is set out in note 15 to the financial statements.

Share based payments amounted to $2,095,150, and is set out in note 32 to the financial statements.

Acquisition of subsidiary for shares of $25,400,390 and deferred consideration of $2,985,339, and is set out in note 35 of the financial statements.

Notes to the Financial Statements

For the year ended 31 March 2022

1. General information

The principal activity of Ben's Creek Group Plc (the **Company**) is that of a holding company and through its subsidiaries, Ben's Creek Land WV LLC and Ben's Creek Operations WV LLC (the **Subsidiaries**) (together the **Group**), the Group's principal activity is the production and sale of high-quality metallurgical coal products.

The Company was incorporated on 11 August 2021 in the United Kingdom. The address of the Company's registered office is 53 Davies Street, London, United Kingdom, W1K 5JH. The Company is listed on the AIM market of the London Stock Exchange.

The Company acquired the Subsidiaries on 22 September 2021. Further details are set out in note 29 of these financial statements.

The Group financial statements cover the year from 1 April 2021 to 31 March 2022.

2. Accounting policies

The principal accounting policies applied in the preparation of the Financial Statements is set out below (**Accounting Policies** or **Policies**). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of preparing the Financial Statements

The Group and Company Financial Statements has been prepared in accordance with UK-adopted international accounting standards in accordance with the requirements of the Companies Act 2006. The Group and Company Financial Statements has also been prepared under the historical cost convention, subsequent to any fair value adjustments required upon acquisition via a business combination, with the exception of the preparation and wash plant which is held under the revaluation model. Additionally, convertible loan notes are held under the fair value through profit or loss "FVTPL" model. The prior year financial statements were prepared as noted above.

The Group and Company Financial Statements are presented in United States Dollars rounded to the nearest dollar, which is the Group's functional currency.

The preparation of Group and Company Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4 to these financial statements.

a) Changes in Accounting Policies

i) *New and amended standards adopted by the Group*

All new and amended standards should be adopted for the first time for the financial year beginning 1 April 2021. The adoption of these standards has not had a material impact on the Group and Company Financial Statements. The new and amended standards are as follows:

- IFRS 9 – Financial instruments.
- IFRS 15 – Revenue with contracts.
- IFRS 16 – Leases.

ii) *New IFRS Standards and Interpretations not adopted*

At the date on which the Group and Company Financial Statements was authorised, there were no Standards, Interpretations and Amendments which had been issued but were not effective for the year ended 31 March 2022 that are expected to materially impact the Group and Company Financial Statements.

Notes to the Financial Statements continued

iii) *New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted*

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS 3	Reference to Conceptual Framework	1 January 2022
IAS 37	Onerous contracts	1 January 2022
IAS 16	Proceeds before intended use	1 January 2022
Annual improvements	2018-2020 Cycle	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds.

b) Reporting under IFRS

Ben's Creek Group Plc has adopted IFRS since incorporation, The Subsidiaries were previously reported using US GAAP. The Group reports using IFRS standards and in order to comply with the Group's reporting standards, the subsidiaries will be reported in IFRS.

Upon the date of acquisition, the assets and liabilities of the subsidiaries as shown under note 29 were consolidated into the Group. It has been deemed that no transition adjustments to IFRS are required for the acquired entities as the entities were acquired with nil assets and liabilities as per the terms of the Membership Interest Purchase Agreement.

2.2. Basis of consolidation

The Group and Company Financial Statements consolidates the financial information of the Company and the accounts of all of its subsidiary undertakings for all periods presented.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries are accounted for at cost less impairment.

Where considered appropriate, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

2.3. Going concern

The Group and Company Financial Statements has been prepared on a going concern basis.

The Group's and Company's business activities, together with the factors likely to affect their future development, performance and position are set out in the Strategic Report. The Directors' Report includes the Group's and Company's objectives, policies and processes for managing their capital, their financial risk management objectives and their exposure to credit risk and liquidity risk.

Several events occurred post year-end which have given further reassurance that the Group is a going concern. The most immediate of which was the completion of the railway line in April 2022, which has allowed the commencement of delivery of clean coal to the Group's offtake partner via its rail facility. The commencement of underground mining occurred in May 2022, which has resulted in an increase in production and quality of coal. The Group announced on 18 August 2022, that it has raised $7,200,000 (£6,000,000) by way of placing of 20,000,000 ordinary shares at 30p per share.

The price of metallurgical coal has fluctuated in the year and post year-end, with a sharp fall in the price. However, management is confident even at the current price ($284/ metric ton, High Vol B) that the Group will be able to generate positive cash flows.

The Directors have reviewed the cashflow forecast and the future requirements of the Group for the period to 31 December 2023. They have given consideration to current and future offtake agreements, changes in the economic climate and other contracts in place. The Group has in place an offtake agreement to sell a minimum tonnage a month. The directors are of the opinion that the Group has adequate resources to continue in operational existence 18 months from signing of the audited annual report.

2.4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

2.5. Foreign currencies

a) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the **functional currency**). Bens Creek Group Plc, the parent company, is based in the United Kingdom and has a functional currency in GBP Sterling. The Financial Statements are presented in US Dollars, rounded to the nearest dollar, as this is where the entity primarily operates.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss. All other foreign exchange gains and losses are presented in the Consolidated Statement if Comprehensive Income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in Consolidated Statement of Profit and Loss.

Notes to the Financial Statements continued

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each period end date presented are translated at the period-end closing rate;
- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- all resulting exchange differences are recognised in other comprehensive income.

2.6. Property, plant and equipment

Vehicles, office equipment, plant, underground equipment and leasehold improvements are stated at cost, plus any purchase price allocation uplift. Plant upon acquisition has been accounted for under the fair value method of accounting, less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial year in which they are incurred.

Depreciation is provided to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Office equipment	5 year straight-line
Plant and machinery	5 year straight-line
Vehicles	5 year straight-line
Plant	10 year straight-line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains/(losses)' in the Statement of Profit and Loss.

The preparation plant is recognised at fair value based on external and internal valuations performed by Raw Resources LLC and management. Any revaluation gains are recognised in other comprehensive income. Revaluation losses are recognised with other comprehensive income, against any pre-existing gains, with anything over and above pre-existing gains being recognised as an expense in profit and loss.

2.7. Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average costing method. Components of inventories consist of coal, parts and supplies, net of allowance for obsolescence. Coal inventories represent coal contained in stockpiles, coal that has been mined and hauled to the wash plant for processing raw coal and coal that has been processed (crushed, washed and sized) and stockpiled for shipment to customers.

The cost of raw and prepared coal comprises extraction costs, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represent amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Under IFRS 15 there is a five-step approach to revenue recognition which is adopted across all revenue streams. The process is:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue as and when the entity satisfies the performance obligation.

The Group has one revenue stream being the sale of coal and other aggregate bi-products produced by the Group. During the year under review, such revenue was recognised at the point of contact at a pre-agreed fixed price on a per tonnage basis. For deliveries made via truck the revenue is recognised once the product leaves the Group's premises, which is the point at which the risk and rewards are transferred to the customer. For sales made via railway it is at the point at which the coal has arrived at the dock and is of satisfactory quality.

2.9. Construction in Progress

Assets under construction are accounted for at cost, based on the value of receipts and other direct costs incurred to 31 March 2022. They are not depreciated until the year in which they are brought into use, where the asset is transferred to the relevant category and depreciated the following month.

As at 31 March 2022, construction in progress included the purchased High wall Miner and the railway line which has been subsequently completed. There were no costs committed at the year end.

2.10. Coal rights and restoration assets

Coal land, mine development costs, which include directly attributable construction overheads, land and coal rights are recorded at cost, plus any purchase price allocation uplift if applicable upon acquisitions accounted for under the acquisition method of accounting. Coal land and mine development are depleted and amortised, respectively, using the units of production method, based on estimated recoverable tonnage. The depletion of coal rights and depreciation of restoration costs are expensed by reference to the estimated amount of coal to be recovered over the expected life of the operation.

Future cost requirements for land reclamation are estimated where surface operations have been conducted, based on the Group's interpretation of the technical standards of regulations enacted by the U.S. Office of Surface Mining, as well as West Virginia state regulations. These costs relate to reclaiming the pit and support acreage at surface mines and sealing portals at deep mines. Other costs include reclaiming refuse and slurry ponds as well as related termination/exit costs.

The Group records asset retirement obligations that result from the acquisition, construction or operation of long-lived assets at fair value when the liability is incurred. Upon the initial recognition of a liability, that cost is capitalised as part of the related long-lived asset and expensed over the useful life of the asset. The asset retirement costs are recorded in Coal Rights and Restoration Assets – see note 16 of these financial statements.

The Group expenses reclamation costs prior to the mine closure. The establishment of the end of mine reclamation and closure liability is based upon permit requirements and requires significant estimates and assumptions, principally associated with regulatory requirements, costs and recoverable coal lands. Annually, the end of mine reclamation and closure liability is reviewed and necessary adjustments are made, including adjustments due to mine plan and permit changes and revisions of cost and

Notes to the Financial Statements continued

production levels to optimize mining and reclamation efficiency. The amount of such adjustments is reflected in the year end reclamation provision calculation – see note 25 of these financial statements.

2.11. Financial assets

Classification

The Group's financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents at the year-end.

Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the Statement of Profit and Loss within "Other (Losses)/Gains" in the year in which they arise.

Impairment of Financial Assets

The Group assesses at the end of each reporting year whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as a default or delinquency in interest or principal repayments.
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- It becomes probable that the borrower will enter bankruptcy or another financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in the Statement of Profit and Loss.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Profit and Loss.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. This is the same treatment for a financial asset measured at FVTPL.

2.12. Trade receivables

Trade receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements continued

2.14. Reserves

Equity comprises the following:

- "Share capital" represents the nominal value of the Ordinary shares;
- "Share Premium" represents consideration less nominal value of issued shares and costs directly attributable to the issue of new shares;
- "Other reserves" represents the merger reserve, translation reserve, revaluation reserve and share based payments reserve where;
  - "Merger reserve" represents the difference between the fair value of an acquisition and the nominal value of the shares allotted in a share exchange;
  - "Revaluation reserve" represents the change in valuation of assets measured at fair value;
  - "Translation reserve" (foreign currency) represents the translation differences arising from translating the financial statement items from functional currency to presentational currency; and
  - "Share based payments reserve" represents share options awarded by the Group;
- "Retained earnings" represents retained losses.

2.15. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16. Share Based Payments

The Group operates a number of equity-settled, share-based schemes, under which it receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Group. The Group may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised as an expense in the income statement or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged is determined by reference to the fair value of the options granted:

- Including any market performance conditions.
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period).
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of warrants the amount charged to the share premium account is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable, the warrants are valued by reference to the fair value of the warrants granted as previously described.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

2.17. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

2.18. Provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future costs. The Group also provides minimum lease payments on land where they have leased and are obligated per agreements The estimated cost of these leases over the shorter of the life of the mine or the lease terms is calculated at present value.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The increase in provisions due to the passage of time is included in the Consolidated Statement of Profit or Loss and Comprehensive Income. Any increase in provision due to reclamation obligations is capitalised as part of the mine asset and subsequently depreciated. This is through depletion or impairment if the provision is larger than the carrying value of the mine.

2.19. Convertible Loan Notes

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds are received, net of direct issue costs.

Where warrants are granted in conjunction with other equity instruments, which themselves meet the definition of equity, they are recorded at their fair value, which is measured using an appropriate valuation model. Warrants which do no meet the definition of equity are classified as derivative financial instruments.

The component parts of compound instruments, such as Convertible Loan Notes, issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement.

If the conversion feature of a Convertible Loan Notes issued does not meet the definition of an equity instrument, that portion is classified as an embedded derivative and measured accordingly. The debt component of the instrument is determined by deducting the fair value of the conversion option at inception from the fair value of consideration received for the instrument as a whole. The debt component amount is recorded as a financial liability on an amortised cost basis using the effective interest rate method until extinguished upon conversion or at the instrument's maturity date.

Where debt instruments issued by the Group are repurchased for cancellation, the financial liability is derecognised at the point at which the cash consideration is settled. Upon derecognition, the difference between the liability's carrying amount that has been cancelled and the consideration paid is recognised as a gain in the Statement of Profit and Loss, net of any direct transaction costs.

Notes to the Financial Statements continued

In December 2021 and February 2022 the Group raised $6m and $6m respectively from the placement of two Convertible Loan Notes. They were both issued at par and carry a coupon of 15% and 12% payable quarterly in arrears. The Convertible Loan Notes are convertible into fully paid Ordinary Shares with the initial conversion prices set at £0.28 and £0.40 per ordinary share. The number of Ordinary shares at the year end that could be issued if all the Convertible Loan Notes were converted is 27,175,221 (assuming that the exchange rate at the year-end is $1.31/£1). Unless previously converted, redeemed or purchased and cancelled, the Convertible Loan Notes will be redeemed at par on 13 December 2023 and 16 February 2024 respectively.

The conversion feature of the Convertible Loan Notes is classified as an embedded derivative as the number of shares issued to settle the liability is not fixed due to the variable nature of the US$ and £ exchange rate. Therefore, the Convertible Loan Note does not meet the 'fixed for fixed' criteria outlined in IAS 32 for recognition as an equity instrument. It has therefore been measured at fair value through profit and loss. The amount recognised at inception in respect of the host debt contract was determined by deducting the fair value of the conversion option at inception (the embedded derivative) from the fair value of the consideration received for the Convertible Loan Notes. The debt component is then recognised at amortised cost, using the effective interest method, until extinguished upon conversion or maturity. The effective interest rate applicable to the debt component is 15% and 12% respectively.

Embedded derivatives

Derivatives embedded in financial instruments or other host contracts that are not financial assets are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives embedded in financial instruments or other host contracts that are financial assets are not separated; instead, the entire contract is accounted for either at amortised cost or fair value as appropriate.

An embedded derivative is presented as non-current if the remaining maturity of the compound instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

The table below analyses the derivatives, by valuation method. The different levels are defined as follows:

Financial instruments by valuation method	Level 1 $	Level 2 $	Level 3 $	Total $
Fair value at 31 March 2021	-	-	-	-
Additions	-	106,722	2,893,278	12,000,000
Interest		401,128	-	401,128
Foreign exchange gains		(72,262)	-	(72,262)
Revaluation	-	9,106,722	(53,461)	(53,461)
Fair value at 31 March 2022	**-**	**9,435,588**	**2,839,817**	**12,275,405**

The embedded derivative component of the Convertible Loan Note is categorised within Level 3 of the fair value hierarchy, as the derivatives themselves are not traded on an active market and their fair values are determined using a valuation technique that uses one key input that is not based on observable market data, being share price volatility.

Borrowing costs

Borrowing costs directly relating to the construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time as the assets are substantially ready for their intended use, i.e. when they are capable of commercial production. The amount of borrowing costs eligible to be capitalised is reduced by an amount equivalent to any interest income received on temporary reinvestment of those borrowings.

Borrowings

Interest-bearing loans are recognised initially at fair value less attributable transaction costs. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the Statement of Profit or Loss over the year to redemption on an effective interest basis.

	Debt component $	Derivative component $	Total $
As at 1 April 2021	-	-	-
Gross proceeds from issue of convertible loan notes	9,106,722	2,893,278	12,000,000
Transaction costs paid	-	-	-
Net proceeds from convertible loan notes	9,106,722	2,893,278	12,000,000
Cash interest paid	-	-	-
Foreign exchange gains	(72,262)	-	(72,262)
Fair value gains	-	(53,461)	(53,461)
Interest charged	401,128	-	401,128
As at 31 March 2022	**9,435,588**	**2,839,817**	**12,275,405**

2.20. Taxation

Tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

No current tax is yet payable in view of the losses to date.

Deferred tax is recognised for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets (including those arising from investments in subsidiaries), are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be used.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements continued

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply to the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are not discounted.

2.21. Leases and right of use assets

The Group leases certain property, plant and equipment. Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases under IFRS 16. Finance leases are capitalised on the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Other leases are either small in value or cover a period of less than 12 months.

The lease liability is initially measured at the present value of the lease payments that are not paid. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortised cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognised at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in lease liabilities, split between current and non-current depending on when the liabilities are due. The interest element of the finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over their useful lives. The lease liabilities are shown in note 17 to these financial statements.

2.22. Earnings per share

The calculation of the total basic earnings per share is based on the loss attributable to equity holders of the parent company and on the weighted average number of ordinary shares in issue during the year.

In accordance with IAS 33, basic and diluted earnings per share are identical for the Group as the effect of the exercise of share options would be to decrease the earnings per share.

2.23. Deferred consideration

The Deferred Consideration is comprised of re-imbursement of reclamation bonds and of ongoing royalty payments over the life of the mines. It is recognised at the present value over the life of the mine and split between current and non-current liabilities.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management team under policies approved by the Board of Directors.

a) Market Risk

The Group is exposed to market risk, primarily relating to interest rate, foreign exchange and commodity prices. The Group has not sensitised the figures for fluctuations in interest rates, foreign exchange or commodity prices as the Directors are of the opinion that these fluctuations are immaterial and would not have a significant impact on the Financial Statements at the present time. The Directors will continue to assess the effect of movements in market risks on the Group's financial operations and initiate suitable risk management measures where necessary.

b) Credit Risk

Credit risk arises from cash and cash equivalents as well as exposure to customers including outstanding receivables. To manage this risk, the Group periodically assesses the financial reliability of customers and counterparties. The Group regularly reviews ageing of receivables to ensure there is no risk of default.

No credit limits were exceeded during the year, and management does not expect any losses from non-performance by these counterparties.

c) Liquidity Risk

The Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

3.2. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

The Group defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned operational activities and the Company may issue new shares in order to raise further funds from time to time.

The gearing ratio at 31 March 2022 is as follows:

	31 March 2022 $
Total borrowings (Notes 23 and 24)	15,556,232
Less: Cash and cash equivalents (Note 19)	(5,555,296)
Net debt	10,000,936
Total equity	31,744,285
Gearing ratio	32%

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Notes to the Financial Statements continued

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial instruments by valuation method	Level 1 $	Level 2 $	Level 3 $	Total $
Fair value at 1 April 2021	-	-	-	-
Additions	-	-	24,000,000	24,000,000
Fair value at 31 March 2022	-	-	24,000,000	24,000,000

Included in Level 3 is the Plant measured at fair value (see note 15).

4. Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

a) Valuation of provision for reclamation costs (see note 25)

The Group's provision for reclamation costs has a carrying value at 31 March 2022 of $1,949,888 relates to the Group's reclamation obligations. The provision for reclamation costs is calculated by discounting the future cash outflows in respect of reclamation work based on the estimated future cost provided by independent experts (Heritage Technical Associates, Inc). The reclamation costs are expected to be incurred from 2028 to 2033 (at the end of the mine life per the mine plan). The cash outflows have been discounted at 12.69% and an inflation rate of 2% has been used. The discounted provision for reclamation costs is broadly equivalent to the reclamation bond assessments made by the WVDEP. The restoration provision is a commitment to restore the site to a safe and secure environment. The provisions are reviewed annually.

b) Fair value of the acquisition of Ben's Creek Operations LLC (See note 29)

The initial fair value of the plant and underground equipment acquired was $12,450,000 and is based on independent expert valuations of the preparation plant and associated facilities (Raw Resources Group) and equipment (New Age Mining LLC). Raw Resources Group valued the preparation plant and associated facilities at $16,000,000. In the valuation report they noted that;

1. the plant was in very good condition,
2. the plant had a remaining life of at least 15 to 20 years and is of efficient process design,
3. the preparation plant had a current value from $12,000,000,
4. the existing material handling system and loadout was valued at $4,000,000, if operable, replacement cost for a similar 500-tph processing plant with floatation would cost around $25,000,000 and basic material handling with a raw coal feed system and a batch-weigh loadout system would add another $9.000,000 of cost.

5. The valuation letter does not allocate value between the various assets that make up the plant and associated facilities and was prepared on the assumption that the assets are in working order. Included within the value is the preparation plant, unit train loadout, coal refuse belt systems and electronic distribution system. The Company had assumed a lower and conservative valuation of $10,000,000. Management have used the Raw Resources LLC valuation letter and Marshall Miller & Associates Competent Person Report together to confirm the reasonableness of the $10,000,000 valuation. Management have also completed a present value calculation assuming a range of margins achieved from washing coal in the preparation plant, which gave a range of indicative fair values for the plant from $8,900,000 (assuming a $5 margin per tonne) to $14,700,000 (assuming a $30 margin per tonne). Under this approach, valuing the plant and associated facilities as a whole rather than by component parts, the plant was carried at fair value through the Statement of Profit and Loss in the financial statements. Component parts purchased for the plant going forward will be expensed rather than capitalised.

New Age Mining LLC valued the equipment at $2,450,000. The equipment is comprised of five continuous miners ($1,225,000), eleven shuttle cars ($880,000), five roof bolters ($295,000) and two scoops ($50,000). New Age Mining LLC assessed the state of equipment by physical condition as follows – good ($1,945,000), good/fair ($125,000), fair ($350,000) and fair/poor ($30,000). Komatsu Limited, an independent manufacturer of such equipment, quoted a total cost of circa $22,000,000 if the equipment was bought new.

The fair value of the coal rights was evaluated by Marshall Miller & Associates in their Competent Person Report produced at the IPO. The valuation is based on identified coal reserves of 2.34 million marketable tons (within the Pond Creek and Lower Alma underground mines) at a sale price of $115 per ton less the capital expenditure and all operating expenditure required to extract, process, maintain and reclaim the mines plant and equipment and sell the coal, over the life of the mines. Corporate income tax at a rate of 27.5% (Federal tax of 21% and State tax of 6.5%) was applied to the pre-tax profits. The operating costs include all royalties payable and all applicable coal production and sales taxes. The net cash flows were discounted at 12.69% (which represents Marshall Miller & Associates estimate of the constant US dollar, risk adjusted weighted average cost of capital for likely market participants if the subject resources were offered for sale). The net present value of the discounted cash flows, over the life of the mines, at a discount rate of 12.69% was calculated to be $25,700,000.

c) Subsequent re-measurement of fair value of the plant (See note 15)

At the year-end a second valuation of the plant was undertaken. The fair value of the plant was determined at be $24,000,000, is based on an independent expert valuation of the preparation plant and associated facilities. Raw Resources Group valued the preparation plant and associated facilities at $24,000,000. In the valuation report they noted that;

1. the plant is in very good condition;
2. the plant has a remaining life of at least 15 to 20 years and is of efficient process design;
3. the preparation plant has a current value from $20,000,000; and
4. the existing material handling system and loadout is valued at $4,000,000, if operable.

The Group had spent $7.2m on the remediation costs of the plant. As the valuation at the year-end was $24m, there is a clear uplift. The increase in demand and subsequent price of metallurgical coal has led to the increase in valuation. Additionally, inflation has resulted in the increase of parts and labour.

d) Deferred Consideration (See note 22)

The Deferred Consideration of $4,485,428, payable to Ben's Creek Holding LLC, comprises re-imbursement of reclamation bonds of $1,412,637 and ongoing royalty payments of $3,072,791 over the life of the mine. In May 2021, $130,000 was paid to Ben's Creek Holding LLC (the seller) in respect of the re-imbursement of reclamation bonds with the outstanding balance having been paid from the listing proceeds. The ongoing royalties payable, has been accepted at a rate of $2 per tonne of coal mined and

Notes to the Financial Statements continued

sold, over the life of the mines discounted at 12.69% in calculating the deferred consideration. The life of the mines is projected to be from October 2021 until May 2028.

The Group completed the re-imbursement of the reclamation bonds earlier than planned and on 23 July 2021, it paid $1,258,520 to the seller in full and final settlement. MBU Capital Group Limited provided a bridging loan of GBP 918,164 ($1,258,520) to the Group to fund the re-imbursement. The bridging loan accrued interest at 1% per month. This bridging loan was paid from the proceeds following the Group's IPO.

e) Share-based payments (See note 32)

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in note 32 to these financial statements.

f) Embedded derivative (See note 24)

Valuation of the embedded derivative within the Convertible Loan Notes requires a number of estimates, the most significant of which is the estimated equivalent bond yield applied to the debt component. The fair value calculations and related sensitivities for the embedded derivative are disclosed in note 24 to these financial statements.

In December 2021 and February 2022, the Group raised $6m and $6m respectively from the placement of two Convertible Loan Notes. They were both issued at par and carry a coupon of 15% and 12% payable quarterly in arrears. The Convertible Loan Notes are convertible into fully paid Ordinary Shares with the initial conversion prices set at £0.28 and £0.40. The number of Ordinary shares at the year-end that could be issued if all the Convertible Loan Notes were converted is 27,175,221 (assuming that the exchange rate at the year-end is $1.31/£1). Unless previously converted, redeemed, or purchased and cancelled, the Convertible Loan Notes will be redeemed at par on 13 December 2023 and 16 February 2024 respectively.

g) Impairment of Investment in subsidiary (See note 35)

The Company's investment in its subsidiary has a carrying value at 31 March 2022 of $28,385,729.

Management tests annually whether the investment in subsidiary has future economic value in accordance with the accounting policies. The investment is subject to an annual impairment review by management. This calculates the net present value of future cash flows of the subsidiary's operations over the life of the mine. The review takes into consideration changing coal prices, anticipated resources, sales volumes and cost of production. The estimated future cash flows are discounted (12.69%) to their present value at the Company's cost of capital in order to determine the recoverable amount of the mine.

h) Royalty provision (See note 25)

The Group has a provision in place at a value of $1,242,000 in relation to minimum royalty payments. This is based on minimum lease payments for leases with mining rights. The present value of the minimum lease payments has been calculated based on the life of the mine or, if shorter, the lease term. The provision will be discounted over this period at 12.69%.

i) Recoverability of Intragroup loans (See note 23)

The Group currently has an intra group loan between Bens Creek Group Plc and Ben's Creek Carbon WV LLC. The terms of the loan are over 5 years, with a total facility of $20,000,000. Interest is accrued monthly at 6% which is considered a market rate. As the interest rate is deemed market value the loan has not been discounted over the term.

5. Dividends

No dividend has been declared or paid by the Company during the period ended 31 March 2022.

6. Segment information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the year the Group had interests in two geographical segments, the United Kingdom and the United States of America ("USA"). Activities in the UK are mainly administrative in nature whilst the activities in the USA relate to coal production and sale of coal. The reportable operating segments derive their revenue from the sale of prepared coal to industrial and retail customers. All of the revenue and costs of Ben's Creek Carbon are US based, whereas all the costs of Ben's Creek Group Plc are from the UK.

2021	USA $	UK $	Total $
Administrative expense	(1,451,759)	-	**(1,451,759)**
Operating loss	**(1,451,759)**	**-**	**(1,451,759)**
Additions to plant and equipment	121,225	-	**121,225**
Reportable segment assets	898,005	-	**898,005**
Reportable segment liabilities	2,349,764	-	**2,349,764**

2022	USA $	UK $	Total $
Revenue	5,411,816	-	**5,411,816**
Cost of sales	(3,878,565)	-	**(3,878,565)**
Administrative expense	(3,600,617)	(5,392,776)	**(8,993,393)**
Operating loss	**(2,067,366)**	**(5,392,776)**	**(7,460,142)**
Additions to plant and equipment	12,325,171	565	**12,325,736**
Reportable segment assets	64,179,689	3,287,519	**67,467,208**
Reportable segment liabilities	23,156,255	12,566,668	**35,772,923**

7. Revenue

	31 March 2022 $	31 March 2021 Unaudited $
Coal Sales	5,411,816	-
	5,411,816	**-**

Revenue was noted above were derived from one external customer. This revenue was all generated in the USA.

8. Cost of sales

	31 March 2022 $	31 March 2021 Unaudited $
Production costs	3,051,937	-
Royalty expense (See note 4)	826,628	-
	3,878,565	**-**

Notes to the Financial Statements continued

9. Administrative expenses

	31 March 2022 $	31 March 2021 Unaudited $
Expenses by nature:		
Operational and remediation costs	-	696,694
Staff costs	1,928,301	214,726
Legal, professional and brokerage	1,267,578	248,991
Travel and subsistence	139,920	70,206
Depreciation	154,008	49,717
Coal Depletion	744,513	-
Insurance	564,551	-
IPO related costs	1,299,484	-
Audit fees	152,456	-
Sale of scrap	(133,982)	-
Share based payment charge	2,095,151	-
Foreign exchange costs	(125,505)	-
Other administrative costs	906,918	124,346
Total administrative expenses	**8,993,393**	**1,404,680**

During the year the Group obtained the following services from the Company's auditors and its subsidiaries:

	31 March 2022 $	31 March 2021 Unaudited $
Fees payable to the Group's auditor and its associates for the audit of the Company and Consolidated Financial Statements	152,456	-
Fees payable to the Company's auditor for the other services:		
– Reporting accountant services	104,494	-
– Interim financial statements review	3,000	
	259,950	**-**

10. Employee benefits expense

Staff costs	31 March 2022 $	31 March 2021 Unaudited $	31 March 2022 Company $
Salaries and wages	1,139,642	195,591	139,934
Bonuses	624,079	-	624,079
Social security contributions and similar taxes	89,449	17,661	13,568
Other benefits	75,131	1,474	-
	1,928,301	**214,726**	**777,581**

Average number of employees by function	31 March 2022 Numbers	31 March 2021 Numbers Unaudited	31 March 2022 Company Numbers
Operations	10	-	-
Administration	2	-	-
Directors	-	-	4
	12	**-**	4

Details of the directors' emoluments are set out in note 30 to these financial statements.

11. Finance costs

	31 March 2022 $	31 March 2021 Unaudited $
Interest expense	682,130	-
Unwinding of discount of reclamation liability	315,319	
Total finance costs	**997,449**	**-**

12. Taxation

Tax recognised in profit or loss	31 March 2022 $	31 March 2021 Unaudited $
Current tax	-	-
Deferred tax (note 13)	8,222,085	-
Total tax charge in the Statement of Profit and Loss	**8,222,085**	**-**

Notes to the Financial Statements continued

The tax on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits/(losses) of the consolidated entities as follows:

	31 March 2022 $	31 March 2021 Unaudited $
Profit/(loss) on ordinary activities before tax	25,285,795	(1,451,759)
Tax on profit on ordinary activities at combined CT rate of 29.3% (2021: 27.5%)	**7,408,738**	**(275,834)**
Effects of:		
Disallowed Expenditure	767,687	275,834
Parent company tax losses not recognised	726,846	-
Brought forward deferred tax asset on US losses not previously recognised	(143,017)	-
Other timing differences	(538,169)	-
Tax charge	**8,222,085**	**-**

The overseas tax rate used is a combination of 21% US federal tax rate and 6.5% West Virginia state tax rate, to give an applicable rate of 27.5%. The rate used for the UK tax is 19%, which with the overseas tax rate gives a blended rate of 29.3%.

The Group has UK tax losses of approximately $2,480,704 available to carry forward against future taxable profits. A deferred tax asset has been recognised in respect of overseas losses which are likely to be offset against future profits arising from the Group's overseas entities. No deferred tax asset has been recognised in respect of UK tax losses which are unlikely to be offset against future expected profits.

13. Deferred tax

	Group	
	Deferred tax liability $	Deferred tax asset $
As at 1 April 2021	-	-
Gain on bargain purchase	8,798,236	-
Uplift on fair value of plant	1,488,156	-
Deferred tax asset on future profit	-	576,151
Total deferred tax	**10,286,392**	**576,151**
Current	**-**	**-**
Non-current	**10,286,392**	**576,151**

A deferred tax liability of $8,798,236 arose as part of the acquisition of Ben's Creek Operations LLC and Ben's Creek Land LLC. Additionally, a deferred tax liability of $1,488,151 was recognised on the increase in fair value of the plant in relation to Other Comprehensive Income. The total deferred tax liability amounted to $10,286,392. The charge in the profit and loss of $8,222,085 consists of the liability from the acquisition of $8,798,236 less a deferred tax asset of $576,151 recognised on the basis of future profits.

14. Earnings per share

The calculation of the total basic earnings per share of 6.165 cents is based on the profit attributable to equity holders of the Company of $17,063,710 and on the weighted average number of ordinary shares of 276,774,515 in issue during the period. Diluted earnings per share are 5.922 cents based on a weighted average of 288,162,165 shares. There are no prior year shares due to the Company being incorporated in the year. Due to the uncertainty of the Convertible Loan Notes being converted, they have not been included in the weight average number of shares for the diluted earnings per share.

Details of share options that could potentially dilute earnings per share in future periods are set out in note 32 to these financial statements.

15. Property, Plant and Equipment

Group

	Vehicles $	Office equipment $	Plant $	Underground equipment $	Leasehold Improvements $	Construction in progress $	Total $
Cost or valuation							
As at 1 April 2020	-	-	-	-	-	-	-
Acquired during year	9,800	111,425	-	-	-	-	121,225
As at 31 March 2021	**9,800**	**111,425**	**-**	**-**	**-**	**-**	**121,225**
As at 1 April 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquired from business combination	-	-	-	-	-	13,692,000	13,692,000
Additions during the year	114,597	420,396	-	-	544,379	12,325,736	13,405,108
Transfers	-	-	18,588,524	3,787,000	-	(22,375,524)	-
Gain on revaluation	-	-	5,411,476	-	-	-	5,411,476
As at 31 March 2022	**124,397**	**531,821**	**24,000,000**	**3,787,000**	**544,379**	**3,642,212**	**32,629,809**
Depreciation							
As at 1 April 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation during the year	(653)	(1,169)	-	-	-	-	**(1,822)**
As at 31 March 2021	**(653)**	**(1,169)**	**-**	**-**	**-**	**-**	**(1,822)**
As at 1 April 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation during the year	(4,367)	(14,454)	-	-	(18,146)	-	**(36,967)**
As at 31 March 2022	**(5,020)**	**(15,623)**	**-**	**-**	**(18,146)**	**-**	**(38,789)**
Net book value as at 31 March 2021	**9,147**	**110,256**	**-**	**-**	**-**	**-**	**119,403**
Net book value as at 31 March 2022	**119,377**	**516,198**	**24,000,000**	**3,787,000**	**526,233**	**3,642,212**	**32,591,120**

The items acquired through acquisition are detailed in note 29 to these financial statements. An independent valuation of the Group's plant was performed by valuers to determine the fair value as at 31 March 2022 (and acquisition). The asset was reviewed and assessed as to the replacement for the asset would be. The revaluation surplus, net of deferred income taxes, was credited to other comprehensive income and is shown in the 'revaluation reserve'. The plant and underground machinery are not depreciated in the year due to completion of the remediation work until post year end and therefore the assets are to be depreciated in the next financial year.

Notes to the Financial Statements continued

If the plant was to be recognised on the historical cost basis, they would be measured at cost (being the fair value upon acquisition) less accumulated depreciation ($18,588,524). As there is no depreciation the year, the value would be the cost.

Included in the value of the plant additions, is the value of the minimum lease payments on the lease of land from various lessees. The following leases require a minimum payment: Pocahontas, based on the life of the mine to May 2028; MGC based on the lease term to end of 2025 and Carbon Fuels, based on the life of the mine to May 2028. In aggregate this amounted to $1,242,000. Other contractual payments due to the lessees are obligations based on the sales of coal which have not been provided for as they cannot be reliably estimated. A further $180k is included due to an increase in the reclamation bond which is part of the mine asset. Additionally, $7.2m relates to costs incurred in remediating the plant.

As at the year end construction in progress was made up of the following, Highwall Miner ($2,726,574), railroad ($773,757) and other projects ($141,881). Post year-end the railway became fully operational. Work is still being undertaken on the purchased Highwall miner to ensure it is fully operational. There were no committed costs at 31 March 2022.

Company

	Office equipment $	Total $
Cost or valuation		
As at 1 April 2021	-	-
Acquired during period	565	**565**
As at 31 March 2022	**565**	**565**
Depreciation		
As at 1 April 2021	-	-
Depreciation charge during the period	(26)	**(26)**
As at 31 March 2022	**(26)**	**(26)**
Net book value	**539**	**539**
As at 31 March 2022	**539**	**539**

16. Coal reserves and reclamation assets

	Coal Reserves $
Cost or valuation	
As at April 2020	-
As at 31 March 2021	-
As at 1 April 2021	-
Fair value uplift at acquisition	25,700,000
Additions during the year	-
As at 31 March 2022	**25,700,000**
Depletion	
As at April 2020	-
As at 31 March 2021	-
As at 1 April 2021	**(744,513)**
As at 31 March 2022	**(744,513)**
Net book value	
As at 1 April 2021	-
As at 31 March 2022	**24,955,487**

The coal reserves acquired through acquisition are detailed in note 29 to these financial statements. The reclamation assets relate to bonds paid to and held by the West Virginia Department of Environmental Protection as part of the Groups reclamation commitments. Movement in the year relates to the depletion of coal reserves from coal mined during the year.

The reclamation bond is based on a number of mining permits which is held with the West Virginia Department of Environmental Protection and is interest bearing.

The group has provided certificates of deposit as collateral to secure mine reclamation obligations as required by the West Virginia Department of Environmental Protection. The certificates are not released until the underlying reclamation obligations have been completed by the group to the satisfaction of the WDEP.

	Group		Company	
	31 March 2022 $	31 March 2021 Unaudited $	31 March 2022 $	31 March 2021 Unaudited $
Certificates of deposit	1,628,605	135,363	-	-

Notes to the Financial Statements continued

17. Leases

The following lease liabilities arose in respect of the recognition of right of use assets with a net book value of $63,367. The Group holds two leases that it accounts for under IFRS 16.

	Office $	Housing $	Vehicle $	Total $
Balance at 1 April 2020				-
Acquired right of use assets	115,402	96,168	71,053	283,073
Principal reduction	(25,000)	(20,833)	(4,703)	(50,536)
Interest	1,671	1,392	1,614	4,677
Balance at 31 March 2021	**92,073**	**76,727**	**67,964**	**237,214**
Balance at 1 April 2021	92,073	76,727	67,964	237,214
Disposal right of use assets	-	-	(59,804)	(59,804)
Principal reduction	(60,000)	(50,000)	(12,934)	(122,934)
Interest	2,490	2,077	4,324	8,891
Balance at 31 March 2022	**34,563**	**28,804**	**-**	**63,367**
Less: Current portion	(34,563)	(28,804)	-	(63,367)
Non-current portion	-	-	-	-

All lease payments will occur in the next 12 months and are therefore classified as current. The cash flows of the leases are as follows:

	31 March 2022 $	31 March 2021 Unaudited $
Interest charge	801	5,605
Principal reduction	64,167	66,277
Depreciation	44,077	47,891

The right of use assets are as follows:

	Office lease $	Apartment lease $	Vehicle lease $	Total $
Balance at 1 April 2020	-	-	-	-
Additions	115,402	96,168	81,503	**293,073**
Depreciation	(24,042)	(20,035)	(3,814)	**(47,891)**
Balance at 31 March 2021	**91,360**	**76,133**	**77,689**	**245,182**
Balance at 1 April 2021	91,360	76,133	77,689	**245,182**
Disposal	-	-	(68,156)	**(68,156)**
Additions	-	-	-	**-**
Depreciation	(57,701)	(48,084)	(9,533)	**(115,318)**
Balance at 31 March 2022	**33,659**	**28,049**	**-**	**61,708**

18. Trade and other receivables

	Group		Company
Current	31 March 2022 $	31 March 2021 Unaudited $	31 March 2022 $
Prepayments	298,096	263,057	146,517
Other Receivables	272,232	135,000	168,948
	570,328	**398,057**	**315,465**

	Group		Company
Non-current	31 March 2022 $	31 March 2021 Unaudited $	31 March 2022 $
Amount due from Ben's Creek Carbon LLC	-	-	16,026,796
	-	**-**	**16,026,796**

Amount due from Ben's Creek Carbon LLC is funding provided by the parent company to Bens Creek Carbon LLC for working capital and other projects. Interest is accruing at 6% per annum and the loan is repayable immediately following the first business day of the fifth anniversary of Admission, or a later day as the parties may agree.

19. Cash and cash equivalents

	Group		Company	
	31 March 2022 $	31 March 2021 Unaudited $	31 March 2022 $	31 March 2021 Unaudited $
Cash at bank and on hand	5,555,296	-	2,971,515	-
	5,555,296	**-**	**2,971,515**	**-**

The carrying amounts of the Group's cash and cash equivalents are denominated in USD.

20. Inventory

	Group		Company
	As at 31 March 2022 $	As at 31 March 2021 Unaudited $	As at 31 March 2022 $
Coal inventory	**1,528,613**	**-**	**-**

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to $3,051,937, and is stated at the lower of cost and net realisable value.

Notes to the Financial Statements continued

21. Trade and other payables

	Group		Company
	31 March 2022 $	31 March 2021 Unaudited $	31 March 2022 $
Trade payables	2,367,290	411,348	91,111
Other payables	30,150	-	-
Payroll liabilities	27,971	-	24,123
Accruals	1,025,935	-	176,029
	3,451,346	**411,348**	**291,263**

22. Deferred consideration

	31 March 2022 Group $	31 March 2021 Group Unaudited $
Current liabilities		
Deferred consideration	816,000	-
	816,000	**-**
Non-current liabilities		
Deferred consideration	**2,357,698**	-
	2,357,698	**-**

The deferred consideration relates to the purchase consideration for the acquisition of Ben's Creek Operations LLC and Ben's Creek Land LLC. For further information see notes 4 and 29 of these financial statements.

23. Borrowings

	MBU Capital Group $
Non-current liabilities	
As at 1 April 2020	-
Drawdowns	1,604,367
Interest charge	42,401
Payments	-
As at 31 March 2021	**1,646,768**
As at 1 April 2021	1,646,768
Drawdowns	1,439,252
Interest charge	194,807
Payments	-
As at 31 March 2022	**3,280,827**

The Loan provided by MBU Capital Group Limited is a convertible facility up to £10,000,000 (GBP) draw down. The loan commenced on 1 November 2020 and is repayable in full by 30th June 2023 or such earlier date as may be agreed between lender and borrower. The interest rate is 7% per annum, accruing monthly. MBU Capital Group Limited is a shareholder of the Group and therefore is considered a related party as disclosed in note 34 of these financial statements.

	31 March 2022 $	31 March 2021 Unaudited $
Current liabilities		
Bank overdraft	-	54,454
	-	**54,454**

24. Convertible Loan Notes

	Debt component $	Derivative component $	Total $
As at 1 April 2021	-	-	-
Gross proceeds from issue of convertible loan notes	9,106,722	2,893.278	12,000,000
Transaction costs paid	-	-	-
Net proceeds from convertible loan notes	9,106,722	2,893,278	12,000,000
Cash interest paid	-	-	-
Foreign exchange losses	(72,262)	-	(72,262)
Fair value gains	-	(53,461)	(53,461)
Interest charged	401,128	-	401,128
As at 31 March 2022	**9,435,588**	**2,839,817**	**12,275,405**

Notes to the Financial Statements continued

The fair value of the embedded derivative was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2021 Loan	2022 Loan
Granted on:	14 Dec 2021	17 Feb 2022
Life (years)	24 months	24 months
Exercise price (cents per share)	33 pence	44 pence
Risk free rate	1.25%	1.25%
Expected volatility	25.2%	25.2%
Fair value per share	£0.0750	£0.0858

In December 2021 and February 2022, the Group raised $6m and $6m from the placement of two Convertible Loan Notes. They were both issued at par and carry a coupon of 15% and 12% respectively payable quarterly in arrears. The Convertible Loan Notes are convertible into fully paid Ordinary Shares with the initial conversion prices set at £0.28 and £0.40. The number of Ordinary shares at the year-end that could be issued if all the Convertible Loan Notes were converted is 27,175,221 (assuming that the exchange rate at the year-end is $1.31/£1). Unless previously converted, redeemed, or purchased and cancelled, the Convertible Loan Notes will be redeemed at par on 13 December 2023 and 16 February 2024 respectively. Volatility is calculated by reviewing historic share price movements of comparable companies to the Group being newly listed, as well as historic foreign exchange volatility between USD and GBP (5 %). The derivative is to be revalued at the year-end based on the year-end foreign exchange rate.

25. Provisions

	Reclamation provision $	Minimum lease payments $	Total $
As at 1 April 2021	-	-	-
Additions	1,635,569	1,242,000	2,877,569
Unwinding of discount	314,319	-	314,319
As at 31 March 2022	**1,949,888**	**1,242,000**	**3,191,888**
Current provisions	**-**	**(350,000)**	**(350,000)**
Non-current provisions	**1,949,888**	**892,000**	**2,841,888**

The Group's provision for reclamation costs has a carrying value at 31 March 2022 of $1,949,888 and relates to the Group's reclamation obligations. The provision for reclamation costs is calculated by discounting the expected future cash outflows in respect of reclamation work based on the estimated future cost provided by independent experts (Heritage Technical Associates, Inc), being $4,454,777. The reclamation costs are expected to be incurred from 2028 to 2033 (at the end of the mine life per the mine plan – being 7 years). The cash outflows have been discounted at 12.69%. The discounted provision for reclamation costs is broadly equivalent to the reclamation bond assessments made by the WVDEP. The reclamation provision is a commitment to restore the site to a safe and secure environment. The provisions are reviewed annually.

The Group's provision for minimum lease payments amount to $1,242,000 relate to leases held with Pocahontas, MGC and Carbon Fuels. In the agreements with each respectively there is a minimum monthly payment which has been calculated based on the life of the mine or if shorter the lease agreement. The lease payments have been discounted to present value and will be reviewed annually. The royalty agreements contain further clauses in which further royalties are payable when mining on the land. However, as there is no accurate method to estimate the level of production, no provision has been included.

26. Reconciliation of debt

2021	As at 1 April 2020 $	Cash transactions $	Non-cash transactions $	As at 31 March 2021 $
Borrowings (note 23)	-	1,658,821	42,382	1,701,203
Convertible loan notes (note 24)	-	-	-	-
Lease liability (note 17)	-	(50,536)	287,750	237,214

2022	As at 1 April 2021 $	Cash transactions $	Non-cash transactions $	As at 31 March 2022 $
Borrowings (note 23)	1,701,203	1,384,798	194,826	3,280,827
Convertible loan notes (note 24)	-	12,000,000	275,405	12,275,405
Lease liability (note 17)	237,214	(122,934)	(50,913)	63,367

27. Financial instruments by category

Consolidated

	31 March 2022		
Financial Assets	At amortised cost $	FVTPL $	Total $
Trade and other receivables (excluding prepayments)	272,231	-	272,231
Cash and cash equivalents	5,555,296	-	5,555,296
	5,827,527	**-**	**5,827,527**

	At amortised cost $	FVTPL $	Total $
Borrowings	12,716,415	2,839,817	15,556,232
Trade and other payables	2,425,411	-	2,425,411
Lease liability	63,367	-	63,367
	15,205,193	**2,839,817**	**18,045,010**

Consolidated

	31 March 2021 Unaudited		
Financial Assets	At Loans & receivables $	FVTPL $	Total $
Trade and other receivables (excluding prepayments)	135,000	-	135,000
Cash and cash equivalents	-	-	-
	135,000	**-**	**135,000**

Notes to the Financial Statements continued

Financial Liabilities	At amortised cost $	FVTPL $	Total $
Borrowings	1,701,203	-	1,701, 203
Trade and other payables	411,348	-	526,464
Lease liability	237,214	-	237,214
	2,349,765	**-**	**2,349,765**

The periods where the financial liabilities are payable are as follows:

	31 March 2022			
	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
Borrowings	-	15,556,232	-	-
Trade and other payables	2,425,411	-	-	-
Leases	63,367	-	-	-
	2,488,778	**15,556,232**	**-**	**-**

	31 March 2021 Unaudited			
	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
Borrowings	54,454	1,646,749	-	-
Trade and other payables	411,348	-	-	-
Leases	115,136	122,077	-	-
	580,938	**1,768,826**	**-**	**-**

Company

	31 March 2022		
	Loans & receivables $	FVTPL $	Total $
Trade and other receivables (excluding prepayments)	16,195,744	-	16,195,744
Cash and cash equivalents	2,971,515	-	2,971,515
	19,167,259	**-**	**19,167,259**

Financial Liabilities	At amortised cost $	FVTPL $	Total $
Borrowings	9,435,588	2,839,817	12,275,405
Trade and other payables	115,234	-	115,234
	9,550,822	**2,893,817**	**12,390,639**

The periods where the financial liabilities are payable are as follows:

	31 March 2022			
	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
Borrowings	-	12,275,405	-	-
Trade and other payables	115,234	-	-	-
	115,234	**12,275,405**	**-**	**-**

28. Fair Value of Financial Assets and Liabilities Measured at Amortised Costs

Financial assets and liabilities comprise the following:

- Trade and other receivables.
- Cash and cash equivalents.
- Trade and other payables.

The fair values of these items equate to their carrying values as at the reporting date.

29. Business combinations

On 22 September 2021, the Company acquired 100% of the membership interests in Ben's Creek Carbon LLC, Delaware United States of America, which is registered and incorporated in Delaware, United States of America and operates from its office in West Virginia, United States of America.

The following table summarises the consideration paid for Ben's Creek Carbon LLC and the values of the net assets assumed at the acquisition date. Acquisition accounting has been completed using merger accounting, as the transaction was between entities under common control, and is not within the scope of IFRS 3 – Business Combinations:

	2022 $
Recognised amounts of assets and liabilities acquired	
Total assets	41,085,879
Total liabilities	(19,450,569)
Total identifiable net assets	21,635,310
Purchase consideration	(28,385,730)
Merger reserve from acquisition of subsidiary	(6,750,420)

The identifiable net assets of Ben's Creek LLC have been consolidated into the results of the Company as at 31 March 2022, and reflect the assets acquired by Ben's Creek Carbon LLC on 22 September 2021.

Acquisition of Ben's Creek Operations WV LLC and Ben's Creek Land WV LLC

On 29 April 2021, Ben's Creek Carbon LLC, acquired 100% interest in Ben's Creek Operations WV LLC and Ben's Creek Land WV LLC. Both of these entities are registered and incorporated in Delaware, United States of America are based and operate in West Virginia, United States of America.

The following table summarises the consideration payable of $4,485,428 for Ben's Creek Operations WV LLC and Ben's Creek Land WV LLC and the values of the assets and equity assumed at the acquisition date:

Notes to the Financial Statements continued

	2022 $
Recognised amounts of assets and liabilities acquired	
Property and plant	10,000,000
Equipment	2,450,000
Coal reserves	25,700,000
Total identifiable net assets	38,150,000
Purchase consideration payable	(4,485,428)
Interest saving on early repayment of reclamation bonds	24,117
Gain on bargain purchase price	33,688,689

On acquisition the fair value of the plant of $10,000,000 and equipment of $2,450,000 is based on independent expert valuations of the preparation plant and associated facilities (Raw Resources Group) and equipment (New Age Mining LLC). Raw Resources Group valued the preparation plant and associated facilities at $16,000,000. The Company assumed a lower and more conservative valuation of $10,000,000. New Age Mining LLC valued the equipment at $2,450,000.

The fair value of the coal rights was evaluated by Marshall Miller & Associates in their Competent Person Report. The valuation is based on proven and probable recoverable coal reserves of 2.34 million tons (within the Pond Creek and Lower Alma underground mines) at a sale price of $115 per ton less the capital expenditure and all operating expenditure required to extract, process, maintain and reclaim the mines plant and equipment and sell the coal, over the life the mines. Corporate income tax at a rate of 27.5% (Federal tax of 21% and State tax of 6.5%) was applied to the pre-tax profits. The operating costs include all royalties payable and all applicable coal production and sales taxes. The net cash flows were discounted at 12.69% (which represents Marshall Miller & Associates estimate of the constant US dollar, risk adjusted weighted average cost of capital for likely market participants if the subject resources were offered for sale). The net present value of the discounted cash flows, over the life of the mines, at a discount rate of 12.69%, was calculated to be $25,700,000.

The deferred purchase consideration of $4,485,428, payable to The former owner, is comprised of re-imbursement of reclamation bonds ($1,412,637), which has been reduced by $24,117, following the early repayment and transfer to the Group of the reclamation bonds, and royalty payments (being $3,072,791) over the life of the mines. In May 2021, $130,000 was paid to Ben's Creek Holding LLC in respect of the re-imbursement of reclamation bonds with the outstanding amount payable by 31 October 2021 which nevertheless was settled early on 23 July 2021. The balance outstanding accrued interest at 7.5% per annum. Accrued interest has been included in calculating the deferred consideration, which was paid on 23 July 2021. The royalties payable, at a rate of $2 per tonne of coal mined and sold, over the life of the mines were discounted at 12.69% in calculating the deferred consideration. The life of the mine is projected to be from October 2021 until May 2028. The production tonnage assumptions on which the royalties were calculated are as follows:

Year To	Tonnage
April 22	169,500
April 23	408,000
April 24	408,000
April 25	418,667
April 26	434,667
April 27	311,833
April 28	176,667
April 29	8,666
Total	2,336,000

Note 22 of these financial statements sets out the deferred consideration payable at 31 March 2022, following the early repayment to the former owner of the reclamation bonds.

30. Directors' emoluments

		Year ended 31 March 2022				
	Notice period months	Short-term benefits salary $	Short-term Bonuses $	Share based payments $	Total $	Share options No.
Executive Directors						
Adam Wilson	6	259,489	459,848	925,322	1,644,659	10,500,000
Raju Haldankar	6	43,759	98,539	-	142,298	-
Non-executive Directors						
Robin Fryer	-	21,428	26,277	-	47,705	-
David Harris	-	16,151	19,708	-	35,859	-
Mohammed Iqbal		-	-	-	-	-
		340,827	**604,372**	**925,322**	**1,870,521**	**10,500,000**

Mohammed Iqbal resigned on 30 September 2021.

On 19 October 2021, Adam Wilson was granted 10,500,000 share options in the Company at an exercise price of 5p per ordinary share. The vesting conditions of the grant were related to performance criteria as set out in the Group's admission document. The performance criteria were such that three targets of 3,500,000 share options would vest on conditions that the ordinary share price of the Group's shares would increase by 100%, 200% and 300% of the admission price of the Group following its IPO on 19 October 2021. These conditions were met during the period from 19 October 2021 to 31 March 2022.

Short term benefits paid to Adam Wilson include a discretionary bonus of $459,848 (£350,000) in connection with his employment contract with Bens Creek Operations WV LLC. Short term benefits paid to Raju Haldankar includes a discretionary bonus of $98,539 (£75,000). The discretionary bonuses paid to both Adam Wilson and Raju Haldankar were in recognition of their efforts in managing the affairs of the Group's subsidiaries including the rapid development of the business to achieve a fundamental milestone, the commencement of mining operations in December 2021.

Notes to the Financial Statements continued

31. Share capital and share premium

	Shares issued	Ordinary shares $	Share premium $	Total $
Incorporation	1	-	-	-
Issue of shares – 11 August 2021	999	1	-	1
Issue of shares – 10 September 2021	49,999,000	68,543	-	68,543
Issue of shares – 22 September 2021	192,827,930	264,340	26,133,439	26,397,779
Issue of shares – 30 September 2021	14,450,000	19,809	-	19,809
Issue of shares – 19 October 2021	22,722,070	31,149	3,083,726	3,114,875
Issue of shares – 19 October 2021	70,000,000	95,960	9,500,051	9,596,011
Issue of shares – 27 November 2021	200,000	274	32,284	32,558
Issue of shares – 3 December 2021	1,500,000	2,056	203,573	205,629
Issue of shares – 14 December 2021	370,880	508	50,334	50,842
Issue of shares – 20 January 2022	900,000	1,234	122,144	123,378
Issue of shares – 14 February 2022	85,435	117	11,595	11,712
Issue of shares – 25 February 2022	600,000	823	81,429	82,252
Issue of shares – 25 March 2022	85,435	117	11,595	11,712
Issue of shares – 25 March 2022	250,000	342	33,928	34,270
Share issuance costs	-	-	(552,090)	(552,090)
	353,991,750	**485,273**	**38,712,008**	**39,197,281**

On 11 August 2021, the Group issued 1,000 new ordinary shares in the capital of the Company at a price of 0.1 pence per share raising £1.

On 10 September 2021, the Group issued 49,999,000 new ordinary shares in the capital of the Company at a price of 0.1 pence per share raising £49,999 ($68,543).

On 22 September 2021, the Group entered into a purchase agreement to acquire the membership interests of BC Carbon for a consideration of $26,433,984 (£19,282,793). The consideration was satisfied by the issue of 192,827,930 ordinary in the Group. Details of the share for share exchange are noted below:

MBU Capital Group	159,227,930
Adam Wilson	28,000,000
Larkin Hoskins	5,600,000
	192,827,930

On 30 September 2021, the Group issued 14,450,000 new ordinary shares in the capital of the Company at a price of 0.1 pence per share raising $19,809 (£14,450).

On 19 October 2021 the Group issued 22,722,070 new ordinary shares in the capital of the Company at a price of 10p per share to a number of convertible loan note investors of MBU in settlement of funding provided to the Subsidiaries, raising $3,114,875 (£2,272,207).

On 19 October 2021 the Group issued 70,000,000 new ordinary shares in the capital of the Company were issued at a price of 10p per share pursuant to its initial public offering on 13 October 2021, with trading in the shares having commenced on 19 October 2021, raising $9,596,011 (£7,000,000).

On 27 November 2021, the Group issued 200,000 new ordinary shares in the capital of the Company at a price of 11.875p per share under a contractual agreement for services.

On 3 December 2021, warrants were exercised for 1,500,000 new ordinary shares in the capital of the company at a price of 10p per share, with the proceeds of issue amounting to $205,629 (£150,000).

On 14 December 2021, warrants were exercised for 370,880 new ordinary shares in the capital of the company were issued on 14 December 2021, at a price of 10p per share, with the proceeds of issue amounting to $50,842 (£37,088).

On 20 January 2022, warrants were exercised for 900,000 new ordinary shares in the capital of the Company at a price of 10p per share, with proceeds of the issue amounting to $123,378 (£90,000).

On 14 February 2022, warrants were exercised for 85,435 new ordinary shares in the capital of the Company at a price of 10p per share, with the proceeds of issue amounting to $11,712 (£8,543).

On 25 February 2022, warrants were exercised for 600,000 new ordinary shares in the capital of the Company at a price of 10p per share, with the proceeds of issue amounting to $82,252 (£60,000).

On 25 March 2022, warrants were exercised for 85,435 new ordinary shares in the capital of the Company at a price of 10p per share, with the proceeds of issue amounting to $11,712 (£8,543).

On 25 March 2022, warrants were exercised for 250,000 new ordinary shares in the capital of the Company at a price of 10p per share, with the proceeds of issue amounting to $34,272 (£25,000).

32. Share-based payments reserve

Share options and warrants

Share options and warrants outstanding at the end of the year have the following expiry dates and exercise prices:

Share options

Grant Date	Expiry Date	Exercise price in £ per share	31 March 2022
19 October 2021	18 October 2031	0.05	10,500,000
19 October 2021	18 October 2031	0.05	3,500,000
04 January 2022	04 January 2032	0.05	1,750,000
16 February 2022	15 February 2032	0.05	450,000
09 March 2022	08 March 2032	0.05	100,000
			16,300,000

Notes to the Financial Statements continued

Warrants

Grant Date	Expiry Date	Exercise price in £ per share	31 March 2022
19 October 2021	18 October 2024	0.10	40,000
19 October 2021	18 October 2024	0.10	118,250
30 November 2021	29 November 2024	0.10	500,000
14 January 2022	13 December 2024	0.28	971,000
17 February 2022	16 February 2025	0.40	661,764
			2,291,014
Total			**18,591,014**

The Company and Group have no legal or constructive obligation to settle or repurchase the options or warrants in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below using the weighted average:

	2022 Options	2022 Warrants
Granted:	2022	2022
Life (years)	10 years	3 years
Exercise price (pence per share)	5 pence	26 pence
Risk free rate	1.25%	1.25%
Expected volatility	23.6%	23.6%
Fair value per share	£0.0979	£0.18344

Volatility is calculated looking back at the historic exchange rate movement.

A reconciliation of share options and warrants granted and lapsed during the year ended 31 March 2022 are shown below:

	Number
Outstanding as at 1 April 2021	-
Granted	22,382,764
Exercised	(3,791,750)
Outstanding as at 31 March 2022	**18,591,014**
Exercisable at 31 March 2022	**18,591,014**

The total fair value of the options and warrants granted in the current year resulted in a charge of $2,095,151 to the Consolidated Statement of Comprehensive Income. The total charge to share premium at 31 March 2022 was $552,091 due to the broker warrants which had not been exercised at the year-end.

33. Capital commitments

On 13 April 2022, the Group entered into a lease arrangement with Star Ridge Land LLC over the mining rights for 2,640 acres contiguous to the Group's property Mingo County, West Virginia. This agreement commits the Group to pay an annual royalty of $120,000 per annuum from October 2024, which is recoupable from any sales made from the coal assets of the property.

The group has provided certificates of deposit as collateral to secure mine reclamation obligations as required by the West Virginia Department of Environmental Protection. The certificates are not released until the underlying reclamation obligations have been completed by the group to the satisfaction of the WDEP (see note 16 for more details).

34. Related party transactions

MBU, at 31 March 2022, owned 59.25% of the voting issued share capital of the Company.

The Group is party to the following arrangements with MBU:

MBU loan facility

MBU, which was a member of Ben's Creek Carbon LLC until 22 September 2021, has a GBP £10,000,000 draw down facility with the Group. This facility commenced on 1 November 2020 and is repayable in full by 30 June 2023 or such earlier date as may be agreed between lender and borrower. The facility also allows MBU to convert any funding provided, along with accrued interest, into ordinary shares of the Group at a premium of 50% of the IPO price of 10p per share. Accordingly, the conversion price is 15p per share. The interest applicable on this facility is 7% per annum, which accrues monthly. As at 31 March 2022, $3,043,619 was drawn down by Ben's Creek Carbon LLC from the loan facility. During the year $237,208 was charged as interest on the loan. This is included in note 10 above and remains outstanding at 31 March 2022.

On 7 April 2022, the Group renegotiated and agreed with MBU, the balance of the unused facility, if drawn down by the Group, can be converted at a price of 60p per ordinary share, if MBU exercises its option to convert into shares of the Group rather than seeking repayment of it loan and accrued interest.

MBU first bridging facility

On 23 July 2021, MBU provided a short-term bridging loan of $1,258,520 to enable the Subsidiaries to pay the purchase consideration in respect of the reclamation bonds. This facility, along with the outstanding interest of $28,488, was repaid in full on 20 October 2021 from the net proceeds of the Company's initial public offering on 19 October 2021.

MBU second bridging facility

On 27 August 2021, MBU provided a second short-term bridging loan of $1,000,000 to enable the Subsidiaries to fund ongoing remediation works for the plant, repairs to the rail facility and to provide working capital. This facility, along with the outstanding interest of $11,279, was repaid in full on 20 October 2021 from the net proceeds of the Company's initial public offering on 19 October 2021.

MBU share Issuance to connected parties

On 30 September 2021, the Company issued 14,450,000 shares to employees and connected persons of MBU who subscribed for these shares at par value. The aggregate consideration payable for these was £14,450, which was paid during the year.

MBU Services Agreement Licence

On 19 October 2021, the Group entered into a Services Agreement and Licence for the supply of support services, covering information technology, human resources, legal and compliance and the use of a logo. The monthly cost of these services to the Group amounted to £10,833 per month. Accordingly, the aggregate amount charged during the year to 31 March 2022 by MBU was £60,804, of which £20,464 remained outstanding at 31 March 2022 and is included within trade and other payables.

Notes to the Financial Statements continued

Ben's Creek Carbon LLC

During the year the Group provided funding of $15,777,986 to its Subsidiary; Ben's Creek Carbon LLC, along with accrued interest of $248,810. The interest rate applicable on the loan is an annual rate of 6%.

Executive Directors

The Board of Directors includes two Executive Directors; Adam Wilson (CEO) and Raju Haldankar (CFO during the year), who are regarded as related parties by virtue of their employment with MBU GBR Limited, a 100% subsidiary of MBU.

Adam Wilson was until 5 May 2022, an employee of MBU GBR Limited, On 6 May 2022, he commenced employment with Hamra Limited, a 75% owned subsidiary of MBU.

Raju Haldankar was an employee of MBU GBR Limited during the year.

Directors' emoluments is disclosed in note 30 to these financial statements.

35. Investment in Subsidiary

	Company 31 March 2022 $
Shares in Group	
At beginning of period	-
Consideration	25,400,390
Deferred consideration for subsidiaries	2,985,339
At end of period	**28,385,729**

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision. Investments are eliminated upon consolidation.

Name of subsidiary	Country of incorporation and place of business	Proportion of ordinary shares held by parent (%)	Nature of business
Ben's Creek Carbon LLC	United States	100% Direct	Mining
Ben's Creek WV Operations LLC	United States	100% Indirect	Mining
Ben's Creek Land WV LLC	United States	100% Indirect	Lease rights

The registered address of all three subsidiary companies is 109 Capitol St, Charleston, WV, 25301. The subsidiaries are exempt from individual audits.

36. Ultimate Controlling Party

As at 31 March 2022, MBU Capital Group Limited is the ultimate controlling party as a result of owning 59.25% of the Group.

37. Events After Reporting Date

On the 13 April 2022, the Group entered into a further lease arrangement with Star Ridge Land LLC over the mining rights of an additional 2,640 acres of adjacent property, also located in Mingo County. The acquisition is contiguous with the first Bens Creek property, which adds to our reserves and extends the life of the mine.

Additionally, the Group agreed revised terms on an unsecured loan facility provided by MBU. The revised terms, effective from April 2022, ensure that in the event that MBU were to seek to exercise their conversion rights under the loan facility, this would now be done at price of 60p per ordinary share instead of 15p, as noted in the Group's admission document, in respect of any drawdowns from April 2022. The Group exercised its right to draw down from the MBU loan facility in April 2022, drawing down $6,500,000 (£5,000,000).

Other material events after the reporting period included, in chronological order:

- Completion of the remediation of the Group railway facility, which was formally approved for use by Norfolk Southern during April 2022;
- The commencement of underground mining during May 2022;
- The commencement of delivery of the Group's stock of clean met coal via its railway facility to the Group's offtake partner Integrity;
- The grant of 2,000,000 share options to Raju Haldankar, the Group's outgoing CFO, who retains an executive role with the Board;
- Post year-end 408,250 warrants were exercised by various brokers. .
- The purchase of a fleet of earth moving equipment at a cost of $5,405,000 to supplement the machinery operated by a contractor; and.
- The placing of 20,000,000 ordinary shares of the Group at a price of 30p per ordinary share. The aggregate gross proceeds of this issue was $7,200,000 (£6,000,000).
- Draw down of $6,138,000 for an equipment financing facility to aid the purchase of further earth moving equipment as the Group moves from a contractor model to an equipment owner.

Company information

Directors:	Robin Fryer (Independent Non-Executive Director and Chairman) Adam Wilson (Chief Executive Officer) Raju Haldankar (Executive Director) David Harris (Independent Non-Executive Director)
Company Secretary:	Ben Harber Shakespeare Martineau 60 Gracechurch Street London EC3V 0HR
Registered Office:	53 Davies Street London United Kingdom W1K 5JH
Company Number:	13559916
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Joint Broker:	Optiva Securities Limited 49 Berkeley Square Mayfair, London W1J 5AZ
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