ARC MINERALS LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2025

CONTENTS

CORPORATE INFORMATION

Directors

Nicholas von Schirnding	Non-Executive Chairman
Rémy Welschinger	Executive Director & Chief Executive Officer
Brian McMaster	Non-Executive Director
Abyudi James Shonga	Non-Executive Director

Chief Operations Officer
Vassilios Carellas

Chief Financial Officer
Ian Lynch

Company Secretary
Ian Lynch

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CHAIRMAN'S STATEMENT

The year ended 31 December 2025 was a significant period for Arc Minerals, as we advanced our portfolio of high-quality copper exploration assets across two of the world's premier copper districts: the Kalahari Copper Belt ("KCB") in Botswana and the Western Domes region of the Central African Copper Belt ("CACB") in Zambia.

We have built this portfolio at a time when the outlook for copper continues to strengthen. Copper is becoming increasingly critical to global electrification, infrastructure development and the energy transition, yet new supply remains difficult to bring online. Years of underinvestment, permitting challenges and long development timelines continue to constrain future supply, reinforcing the long-term value of high-quality copper projects.

Against this backdrop, our strategy is clear: to secure exposure to district-scale opportunities in proven copper belts alongside major operators, where successful exploration can generate substantial value. The Company's portfolio in Zambia and Botswana provides precisely that exposure.

In Zambia, following the cessation of the joint venture with Anglo American, Arc Minerals regained full control of the highly prospective Kabompo West Project, where extensive exploration has already confirmed widespread mineralisation across a district-scale system. As announced on 27 May 2026 we resolved all outstanding legal matters after a protracted period of legal disputes with certain local Zambian parties through a Settlement Agreement and series of consent judgments lodged with various Zambian courts. Retaining full ownership free from legal disputes provides the Company with significant flexibility as we evaluate the optimal route to advance the project, including potential partnership opportunities.

In Botswana, the Virgo Project has emerged as a key asset for the Company. Positioned within MMG's Zone 5 corridor in the KCB, Virgo is the only junior-held licence package in this highly prospective trend. Initial drilling in 2024 confirmed the key geological contact and associated mineralisation, giving us greater confidence in the exploration model. Building on this, during 2025 we focused on refining our understanding of the system ahead of the next phase of work. This led to the commencement of a geophysical programme in early 2026 across a prospective contact zone extending up to c.15 kilometres, with drilling planned for H2 2026.

The Company also strengthened its leadership during and after the year. Mr Valentine Chitalu stepped down from the Board in July 2025, and in September 2025 Mr Abyudi James Shonga Jnr joined as a Non-Executive Director, bringing significant legal and regulatory expertise in Zambia. In January 2026, Rémy Welschinger was appointed Chief Executive Officer. Rémy brings substantial experience across natural resources and capital markets and is leading the next phase of the Company's development, while I assumed the role of Non-Executive Chairman. Following a review of the executive remuneration structure, management agreed to a 20% reduction in fixed annual fees effective 1 January 2026.

In April 2026, the Company raised £3 million through a placing and subscription to accelerate its exploration strategy. The funding supports expanded activity at our operations while also strengthening the balance sheet through the conversion of liabilities into equity.

We now enter the next phase of Arc Minerals' development with a focused strategy, strong asset base and strengthened financial position. With exposure to two highly prospective copper belts and active exploration programmes underway, I believe the Company is well positioned to generate significant value as it advances its portfolio.

Finally, I would like to thank our shareholders for their continued support. We believe Arc Minerals is entering an exciting period and look forward to updating the market on further progress in the months ahead.

Nicholas von Schirnding
Non-Executive Chairman
25 June 2026

STRATEGIC REPORT

Operational Review

Overview

Arc's portfolio is positioned across two of Africa's most important copper districts: the Kalahari Copper Belt in Botswana and the CACB in Zambia. Both districts continue to attract significant exploration and investment activity from major mining companies seeking exposure to long-term copper supply growth.

During the year, the Company concentrated on:

- Analysing data and advancing exploration plans at the Virgo Project in Botswana;
- Continuing technical work and target evaluation at the Kabompo West Project in Zambia;
- Managing the transition following the conclusion of the Anglo American joint venture;
- Preserving operational flexibility while maintaining disciplined capital allocation.

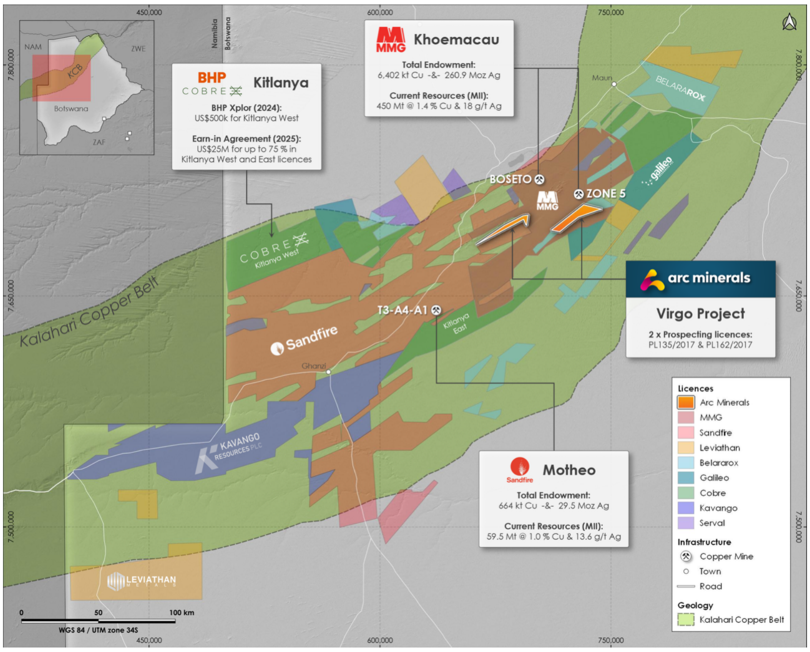
The Board believes the Company remains strongly positioned to benefit from increasing global demand for copper, supported by electrification, renewable energy infrastructure development, grid expansion and the broader energy transition.

Botswana – Virgo Project

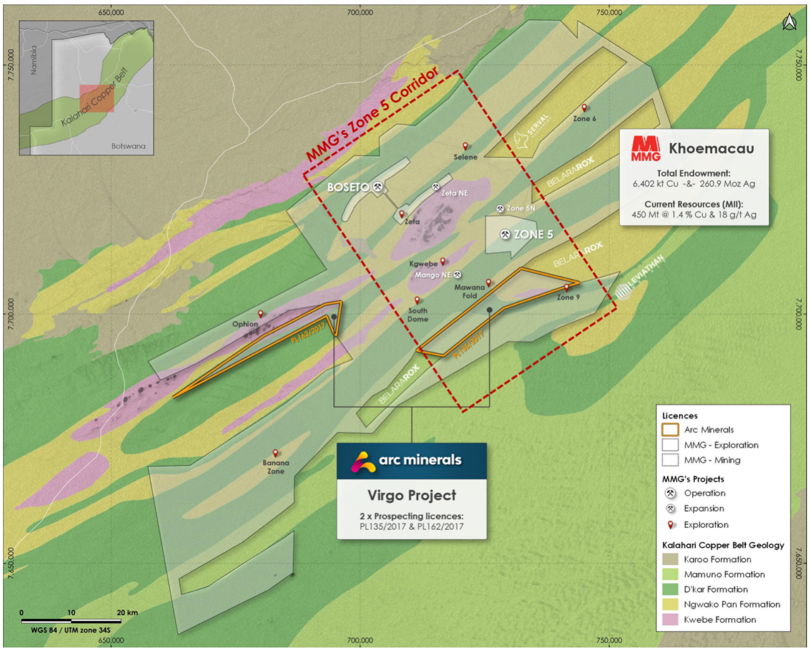
Project Overview

Arc Minerals holds a 75% interest in the Virgo Project, which comprises two prospecting licences, PL135/2017 and PL162/2017, covering more than 208km² within Botswana's Kalahari Copper Belt ("KCB"). The project is situated within the highly prospective Central Structural Corridor, host to several major sediment-hosted copper-silver discoveries, including MMG's flagship Zone 5 underground mine, MMG's expansion deposits (Zone 5N, Mano NE, Zeta NE) and Sandfire Resources' Motheo operations.

The KCB has become one of the world's most attractive emerging copper districts, supported by multiple recent discoveries, expanding infrastructure and increasing interest from both major mining companies and junior explorers.



Arc's immediate exploration focus is on PL135/2017, which covers approximately 138.6km². The licence lies within the MMG Zone 5 Corridor and along the interpreted contact between the D'Kar Formation ("DKF") and Ngwako Pan Formation ("NPF"), the principal mineralised horizon associated with the major known copper deposits in the KCB. Arc believes it is the only junior exploration company holding a licence position within this corridor.



Geological Setting and Regional Prospectivity

Copper mineralisation within the KCB is typically associated with the contact between the DKF and NPF, a key basin-margin structural and stratigraphic horizon that hosts the belt's principal sediment-hosted copper deposits. The interpreted continuation of this contact through the Virgo Project area is considered highly prospective for further discoveries.

Arc believes that up to 15km of prospective and unexplored DKF-NPF contact may extend across the project licences. Current exploration programmes are focused on refining the position of this contact and identifying favourable structural traps capable of hosting significant copper mineralisation.

Exploration to Date

Following early-stage exploration and scout drilling completed in 2022, Arc undertook an IP survey and maiden focused drilling campaign on PL135/2017 in 2024 comprising eight holes for 3,023m, including 1,978m of reverse circulation drilling and 1,045m of diamond drilling.

The programme targeted extensions to mineralisation associated with MMG's adjacent Mawana Fold Discovery and successfully confirmed copper mineralisation and the broader geological model.

Diamond drill hole ALV-DD-004 intersected 3m @1.29% CuEq within a broader 6m @ 0.82% CuEq. Six of the remaining seven holes drilled intersected elevated to anomalous copper mineralisation with initial observations of the core displaying similar geological, stratigraphic and structural settings to that of MMG's operating Zone 5 underground mine.

Subsequent interpretation suggested that drilling intersected the lateral edge of the mineralised system within an iron-rich outer halo, supporting the potential for a larger copper system along strike and at depth.

PL NO.	BHID	From	To	Length (m)	Cu (%)	Ag (g/t)
P135/2017	ALVDD001a	195	195.5	0.5	0.28	6
	ALVRC001	186	187	1	0.46	0.46
	ALVRC002	156	159	3	0.29	4.3
	ALVRC003	143	147	4	0.29	6.5
	ALVDD002	223	224	1	0.08	
	ALVDD003	311	313	2	0.3	7
	ALVDD004	326	329	3	0.93	32
		326	332	6	0.63	16.6
		354	357	3	0.26	6
	ALVDD005	267	268	1	0.21	5
	ALVDD006	257	260	3	0.14	3.6
	ALVDD007	308	312	4	0.21	6.5
		322	323	1	0.24	3
	ALVDD008	402	405	3	0.21	9.3
	ALVDD009	388	391	3	0.14	7.6
PL162/2017	ALVDD010	187	188.6	1.6	0.3	8.3
	ALVRAB-17	24	27	3	1.45	9.33
	ALVRC004	108	109	1	0.49	0.49
	ALVRC005	83	86	3	0.92	20
	ALVRC017	102	105	3	0.1	
	ALVRC018	133	138	5	0.02	

Geological Model

The Company's exploration model is focused on identifying sediment-hosted copper mineralisation associated with the DKF-NPF contact and structurally controlled basin-margin settings. The combination of geophysical studies, confirmed contact geology, structural interpretation and drilling results continues to support the prospectivity of the project.

2026 Work Programme

Arc commenced an expanded ground-based geophysical programme in 2026 designed to refine the geological model and prioritise future drill targets ahead of the next drilling phase, expected to commence in Q3 2026.

The programme comprises up to 295 line kilometres of ground magnetic surveying and approximately 52.5 line kilometres of Gradient Array and Section IP surveying over an interpreted contact zone extending up to 15km in strike length.

The surveys are designed to:

- Improve structural interpretation;
- Accurately define the DKF-NPF contact;
- Identify conductive and chargeable anomalies potentially associated with copper sulphide mineralisation; and
- Generate higher-priority drill targets.

A dedicated field camp has been established to support operations, while geophysical results are expected to feed into follow-up RC and DD drilling campaigns during H2 2026. The Company also continues to assess additional EM survey work as part of its evolving exploration strategy.

The Board believes that the Virgo Project is one of the most strategically positioned junior-held projects within the Kalahari Copper Belt.

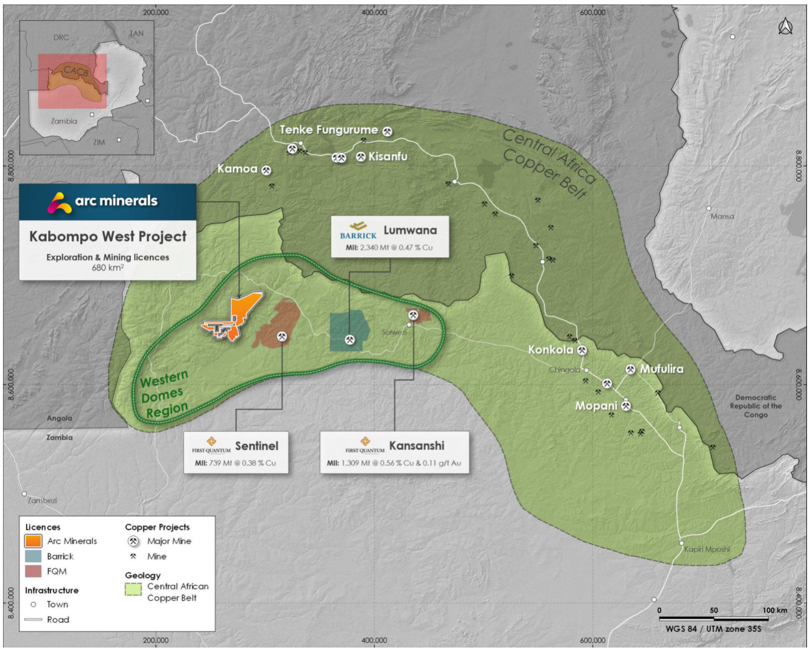
Zambia – Kabompo West

Project Overview

The Kabompo West Project represents one of Arc Minerals' most significant district-scale exploration assets and covers a substantial landholding within Zambia's north-western copper province.

STRATEGIC REPORT

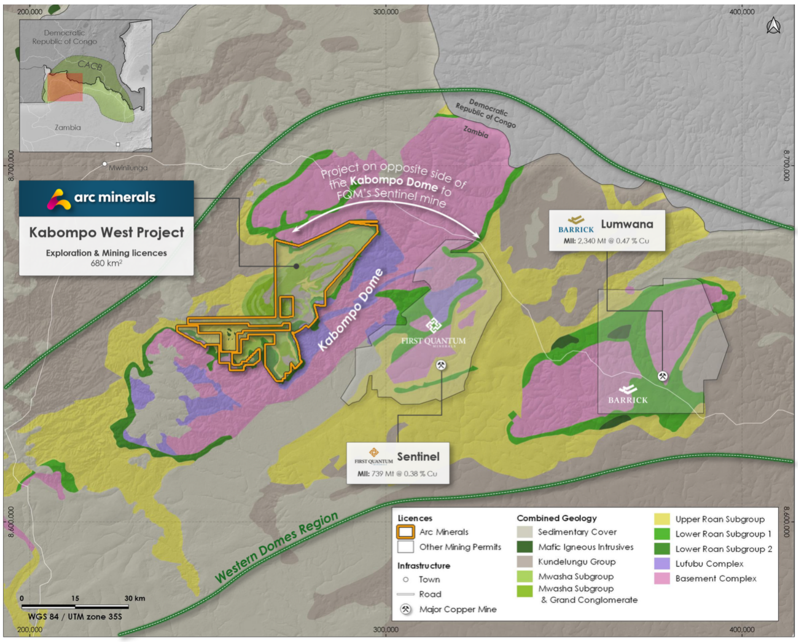
The project lies on the western flank of the Kabompo Dome within the broader Central African Copperbelt and the Lufilian Arc, close to several globally significant copper operations including First Quantum Minerals' Sentinel and Kansanshi mines and Barrick's Lumwana mine.



The Kabompo Dome is regarded as one of the last largely underexplored dome-related copper systems in Zambia despite hosting the same broad geological setting as several Tier 1 copper deposits.

Exploration to Date

Arc has assembled one of the largest exploration footprints around the Kabompo Dome, covering approximately 680km² across multiple large-scale exploration licences.



Historical exploration by Arc and subsequently through the Anglo American joint venture included extensive geological interpretation, geochemistry, airborne and ground geophysics and drilling programmes targeting basin-margin copper systems.

Historic drilling returned several significant copper intersections including 18m grading 2.35% Cu and 39m grading 1.47% Cu. More recent drilling completed under the Anglo American joint venture confirmed further near-surface copper mineralisation east of the Cheyeza East oxide occurrence, with hole KCDD002 intersecting 40.60m grading 0.61% Cu from 22.25m, including 12.75m grading 1.20% Cu and 7.70m grading 1.72% Cu.

Key Prospects

- Cheyeza represents one of the most advanced prospects within the Kabompo West Project and hosts predominantly oxide and sulphide copper mineralisation. Drilling and geophysical interpretation continue to support the presence of a larger mineralised system extending beyond currently defined zones as evidenced by Anglo's discovery hole 1.5km away.
- Muswema remains a high-priority exploration target with mineralisation identified across an extensive trend. Recent Anglo American drilling and geophysical work highlighted the broader potential of the area and identified additional targets requiring follow-up exploration.
- The Nyambwezu and Jatuma areas remain two of several regional target areas requiring further systematic drilling and geophysical refinement.

The Company believes that mineralisation identified across the broader project area supports the existence of a large-scale and vertically extensive copper system.

Anglo American Joint Venture

The joint venture with Anglo American advanced the technical understanding of the Kabompo West Project through geochemical, geophysical and drilling activities. Work completed included the collection of more than 12,000 soil samples, AMT and gravity surveys and approximately 5,000m of drilling across seven holes. Drilling completed during the programme identified copper mineralisation at all targets drilled and confirmed further mineralisation east of the Cheyeza East oxide occurrence.

Following the cessation of the joint venture with Anglo American in October 2025, Arc, through its 67% interest in Unico Minerals Limited, resumed control of the Kabompo West Project and the Handa Resources Ltd group. Further details are provided in Notes 12 and 13.

The Company is currently progressing a dual-track approach at Kabompo West, assessing potential strategic transactions alongside a standalone development pathway. Management believes the scale of the exploration footprint, the quality of the geological setting and the existing exploration database provide multiple pathways to unlock shareholder value.

The Board believes the conclusion of the Anglo American joint venture does not diminish the underlying prospectivity or strategic value of the project.

Licence and Legal Matters

During 2025 and into 2026, the Company continued to progress its Zambian licence applications and protect its interests through the Zambian courts.

As announced in May 2026, the Company executed a comprehensive Settlement Agreement (the "Settlement Agreement"), bringing to a full and final conclusion all outstanding litigation between the parties. The Settlement Agreement allows Arc Minerals to focus entirely on advancing its dual-track strategy at Kabompo West.

Procedurally, the requisite consent judgements are being filed with the relevant Zambian courts and the Company will make a further announcement upon completion of this process.

Chingola Project

Further to the Company's announcements of 7 April 2025 and 14 May 2025 regarding the proposed acquisition of the Chingola Project, the Company confirms that the transaction has not yet satisfied the due diligence conditions to completion. The Company continues to review progress in relation to the transaction.

STRATEGIC REPORT

Copper Market Review

The directors believe that copper remains a critical metal in the global electrification and energy transition themes, with demand supported by renewable energy infrastructure, grid expansion and electric vehicle adoption. At the same time, the industry continues to face challenges in bringing new supply online due to declining grades, permitting complexity and a lack of major discoveries.

These dynamics continue to support industry interest in new copper exploration opportunities, particularly within established copper provinces such as Zambia and Botswana. During the year, Arc continued to advance its portfolio within these highly prospective regions and believes the long-term fundamentals for copper remain supportive of its exploration strategy.

Recent investment and transaction activity across both the Zambian Copperbelt and Kalahari Copper Belt further demonstrates ongoing interest in district-scale copper opportunities.

ESG and Sustainability

Responsible Exploration
Arc Minerals recognises the importance of conducting exploration activities responsibly and maintaining high standards of environmental, social and corporate governance across its operations.

As an exploration-stage company, the Group's activities are currently limited in scale and primarily focused on geological, geophysical and drilling programmes in Botswana and Zambia. Nevertheless, the Board believes that responsible exploration practices, strong stakeholder engagement and sound governance are fundamental to the long-term success of the business.

The Company seeks to minimise the environmental footprint of its activities and to operate in accordance with applicable local laws, regulations and permitting requirements in the jurisdictions in which it operates.

Community and Stakeholder Engagement
Arc continues to engage with local communities, contractors, regulators and relevant stakeholders throughout its exploration activities.

The Company aims to maintain constructive and transparent relationships with stakeholders and, where possible, supports local employment, local contractors and in-country service providers as part of its operational activities.

Management believes that maintaining a strong social licence to operate is an important component of long-term project development.

Environmental Management
Environmental considerations form part of all field activities undertaken by the Group.

Exploration programmes are designed to minimise disturbance where practicable and include appropriate rehabilitation and land management measures relative to the scale of activities being undertaken.

The Company continues to review its ESG practices and reporting framework as projects advance and operational activities expand.

GOVERNANCE

BOARD OF DIRECTORS

Nicholas von Schirnding, Non-Executive Chairman

Nick von Schirnding has over 25 years' experience in the mining sector across a number of geographies. Nick was CEO of Asia Resource Minerals plc, a FTSE listed mining company. Prior to this Nick was a senior executive with Anglo American plc and De Beers. Nick is a non-executive director of Orosur Mining Inc., a non-executive director of Jangada Mines plc, and a non-executive director of Sustineri Group Ltd, a private mining venture.

Rémy Welschinger, Executive Director & Chief Executive Officer

Rémy Welschinger has over 20 years' experience in the finance and commodity sectors. Up until 2018, Rémy was head of commodities sales in Europe for Deutsche Bank. Prior to that, Rémy was an Executive Director in the Fixed Income and Commodities division of Morgan Stanley in London. Rémy is a non-executive director of Firering Strategic Minerals Plc and a director of Sustineri Group Ltd.

Brian McMaster, Non-Executive Director

Brian McMaster has over 20 years' experience in the area of corporate reconstruction and turnaround and performance improvement and 20 years in the mining and exploration industry. Brian's recent experience includes founding Harvest Minerals and Jangada Mines, AIM listed companies with Potash and PGM projects in Brazil respectively, as well as numerous reorganisations and the recapitalisation and listing of 12 Australian companies.

Brian's career to date includes significant working periods in the United States, South America, Asia, India and UK. Brian was a founding director in venture capital and advisory firm, Garrison Capital Pty Ltd, and is also currently a director of a number of ASX and AIM listed companies.

Abyudi James Shonga, Non-Executive Director

Abyudi James Shonga is a lawyer of over three decades good standing at the Zambian Bar. Abyudi is Managing Partner of the firm Shamwana and Company, a law firm that has been in existence for over fifty years. A seasoned litigator, Abyudi has handled diverse cases before trial and appellate courts of Zambia and has participated in local and international arbitration. Abyudi has also offered corporate advice to several Zambian and international firms on a wide range of legal matters. Abyudi has served as Solicitor General and Attorney General for the Republic of Zambia during which period he was the Chief Legal Advisor to the Government of the Republic of Zambia and the focal point for all legal matters in which Government had an interest. He currently holds the position of Commissioner of the Small Claims Court in Zambia and he recently served as President of the Law Association of Zambia. Abyudi has sat on boards for private, public listed and statutory corporations.

DIRECTORS REPORT

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and Auditor's Report for the year ended 31 December 2025.

Principal activities

The Group is engaged in the business of acquiring, exploring and developing mineral properties in Africa. The review of the business and future strategy is covered in the Chairman's Statement on page 3 and Strategic Report on page 4.

Results and Dividends

During the year cash decreased by £1.1m (31 December 2024: increased by £1.4m).

The loss on continuing operations of the Group after taxation amounted to £9.1m (31 December 2024: Loss of £2.1m). There were no dividends paid in the year ended 31 December 2025 (31 December 2024: nil).

Events after the reporting date

Refer to Note 25

Interest >3%

The following shareholders have a notifiable interest in the Company as at 25 June 2026:

Nicholas von Schirnding	5.55%
Karl-Erik von Bahr	3.3%

Directors

The names of Directors who served during the period and up to the date of this report are set out below:

Directors	**Date of Appointment**	**Date of Resignation**
Executive Directors		
Rémy Welschinger	31 May 2019	-
Non-Executive Directors		
Nick von Schirnding	24 January 2017	-
Brian McMaster	1 August 2017	-
Abyudi James Shonga	5 September 2025	-
Valentine Chitalu	27 August 2021	30 July 2025

Directors' Remuneration

The Group remunerates the Directors at levels commensurate with its size and experience of its directors. The Remuneration Committee determines and has reviewed the Directors' remuneration and believes the levels are appropriate and in line with industry sector median levels of remuneration.

Further details can be found on discussion about the Remuneration Committee on page 23 within the Corporate Governance Statement. Details of the Directors' emoluments and payments made for professional services rendered are set out in Note 6 to the financial statements.

Directors' Interest

The beneficial interest of the Directors in the shares and options of the Company are set out as follows:

Director	As at 31 Dec 2025				As at 31 Dec 2024			
	Shares	**Options**	**Restricted Stock Units (RSUs)**	**Warrants**	Shares	Options	Restricted Stock Units (RSUs)	Warrants
Nicholas von Schirnding	23,748.434	14,570,996	21,856,494	5,555,555	23,748,434	-	-	5,555,555
Rémy Welschinger	20,084,399	3,642,748	-	5,555,555	20,084,399	-	-	5,555,555
Brian McMaster	2,555,557	-	-	-	2,555,557	-	-	-
Abyudi James Shonga	-	-	-	-	-	-	-	-
Valentine Chitalu [(i)]	-	3,642,748	-	-	-	-	-	-

(i) Valentine Chitalu resigned effective 30 July 2025.

None of the Directors exercised any share options or warrants during the year.

Corporate Governance

A statement on Corporate Governance is set out on pages 17 to 24.

Key Performance Indicators

The Board monitors the activities and performance of the Group on a regular basis and uses both financial and non-financial indicators to assess the Group's performance.

Non-Financial KPIs

The Board established the following goals for management in 2026:

1. Expanding Arc's portfolio of copper exploration and development assets in Africa
2. Maintaining health and safety standards to ensure a safe working environment and to minimise reportable incidents

Financial KPIs

The current financial KPIs are:

Financial KPIs	Measure	Dec 2025	Dec 2024
Total funds raised (net of share issue costs)	£ 000's	-	4,044
Exploration costs capitalised	£ 000's	9	671

Exploration expenditure capitalised during the year was limited, reflecting that exploration at the Kabompo West Project continued to be undertaken and funded by Anglo American until the termination of the joint venture in October 2025, while activities in Botswana were primarily focused on interpretation of exploration results and planning for the next phase of work.

These KPIs will continue to be the priorities for the Group.

Health and Safety – number of reported incidents

There were no reportable incidents in the current year or prior year.

Risk Management Report

A Risk Management Report is set out on page 14.

DIRECTORS REPORT

Environmental Policy

The Group is aware of the potential impact that its subsidiaries may have on the environment. The Group uses its best efforts to ensure that its subsidiaries comply with local regulatory requirements and the revised Equator Principles.

Employment Policy

The Group is committed to promoting policies to ensure that high calibre employees are attracted, motivated and retained for the ongoing success of the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company and the Group.

Statement of Disclosure to the Auditor

As at the date of this report the serving Directors confirm:

So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware, and;

The Directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of such information.

Auditor

PKF Littlejohn LLP has signalled its willingness to continue in office as auditor.

Going Concern

The Directors have reviewed a detailed cash flow forecast prepared by management covering a period of at least twelve months from the date of approval of these financial statements. The forecast incorporates the Group's currently approved exploration and evaluation activities, expected corporate overheads and working capital requirements.

In reviewing the forecast, the Directors considered assumptions regarding the timing and level of planned expenditure and the availability of certain cash resources currently subject to restrictions, which the Directors expect will become available during the forecast period. The forecast does not include any proceeds from potential warrant or option exercises, future equity fundraisings or other financing arrangements.

Based on this assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and to meet its obligations as they fall due for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

DIRECTORS REPORT

Risk Management Report

The Company's risk exposures and the impact on the Company's financial statements are summarised as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits its exposure to credit risk by maintaining cash balances with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates, government treasury bills and other highly liquid investment-grade instruments that can be readily converted into cash to fund the Company's programmes. The Company does not invest in money market funds. The Company has no risk exposure to asset-backed commercial paper or auction rate securities.

Financing Risk

The development of the Group's properties will depend on the Group's ability to obtain financing through the raising of equity capital, joint venture of projects, debt financing, farm outs or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed, some interests may be relinquished, and/or the scope of operations reduced. The Group seeks to mitigate this risk through maintaining a lean corporate cost base, actively evaluating a range of funding alternatives, including equity issuances, strategic partnerships and joint ventures, and by prioritising expenditure in line with available financial resources.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk through detailed cash flow forecasting, regular monitoring of working capital requirements and prudent management of discretionary expenditure to help ensure sufficient liquidity is maintained to meet obligations as they fall due. The Company's current financial liabilities are anticipated to mature within the next twelve months.

Exploration and Development Risk

There is no assurance that the Group's exploration and development activities will be successful, and statistically few properties that are explored are ultimately developed into profitable producing mines.

The risk is mitigated by conservatively managing exploration funds such that subsequent exploration expenditures are not committed until results from previous stages have been evaluated. There is regular lab testing during the year's exploration program to minimise unwarranted expenditure.

The Group has assembled an experienced team of professionals, complemented by the regular engagement of independent consultants, to support technical decision-making and ensure exploration programmes are designed, implemented and reviewed in accordance with industry best practice.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's obligations are not considered significant.

Foreign Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's reporting currency, pound sterling. The Company expects to continue to raise funds in London and Europe in sterling. The Company conducts its business in Zambia and in Botswana. As the Company reports in Great British Pounds ("GBP"), it is subject to risk due to fluctuations in the exchange rates between the GBP and each of the United States dollar ("USD"), Zambian kwacha ("ZMW") and Botswanan pula ("BWP"). Assets and most liabilities in Zambia and Botswana are denominated in ZMW or BWP, respectively, but the shareholder loans are denominated in GBP or USD. Changes in the currency exchange rates between the GBP and the USD, ZMW and BWP can have a significant impact on the group accounts. The Company does not currently hedge its exposure to currency fluctuations and mitigates this risk by maintaining cash reserves in GBP and USD, monitoring exchange exposures on an ongoing basis and matching local currency expenditures, where practicable, to local currency funding requirements.

Commodity Price Risk

While the value of the Group's mineral resource properties is related to the price of copper and the outlook for this mineral, the Group currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities.

Copper prices have historically fluctuated and are affected by numerous factors outside of the Company's control, including but not limited to: industrial demand; forward sales by producers and speculators; levels of worldwide production; short-term changes in supply and demand because of speculative hedging activities;

Licensing Risk

The Group's exploration and development activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations or performance criteria. Such licences and permits are as a practical matter subject to the discretion of the applicable Government or Government office. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted. The interpretations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition.

Whilst the Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms for their own benefit. There is a risk that negotiations with a Government in relation to the grant, renewal or extension of a licence may not result in the grant, renewal or extension taking effect prior to the expiry of the previous licence period, and there can be no assurance of the terms of any extension, renewal or grant. The Group seeks to mitigate this risk through proactive engagement with relevant governmental and regulatory authorities and by monitoring compliance with licence conditions and applicable regulatory requirements on an ongoing basis.

In Botswana, the Virgo Project Licences PL135/2017 and PL162/2017 expire on 30 September 2026. In order to renew an exploration (prospecting) licence in Botswana, an application must be made to the Minister of Minerals and Energy, through the Department of Mines, at least three months before the expiration of the current licence term. Renewal applications for a further term of 2 years with respect to both licences were submitted on 16 June 2026. The directors have no reason to expect that the renewals will not be granted.

In Zambia, no licence renewals are due within the next 12 months The Group is undertaking the required environmental impact assessments ("EIA") in relation to its large-scale mining licence applications.

Political Risk

In conducting operations in Zambia and Botswana, the Group is subject to considerations and risks related to the political, economic and legal environment in which the Group operates. Among other things, the Group's results may be impacted by changes in the political and social conditions in Zambia and/or Botswana and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

The Group seeks to mitigate this risk through maintaining constructive relationships with government authorities and local stakeholders, monitoring legislative and regulatory developments and operating in accordance with applicable laws, regulations and recognised industry standards.

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. The Group seeks to mitigate this risk through appropriate remuneration arrangements, succession planning, the use of experienced consultants and contractors where appropriate, and by maintaining a broad base of technical and commercial expertise within the organisation.

This Risk Management Report has been approved by the Board and signed on its behalf by:

Rémy Welschinger
Director and Chief Executive Officer
25 June 2026

CORPORATE GOVERNANCE STATEMENT

The Company is committed to maintaining the highest standards in corporate governance throughout its operations and to ensure that all of its practices are conducted transparently, ethically and efficiently. The Company believes that scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value. Therefore, and in accordance with the AIM Rules for Companies (as updated from time to time), the Company continues to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

The key challenges facing the company have been set out above in the Chairman's Statement, the Strategic Report and the Directors' Report.

QCA Code

The Company has adopted the QCA Corporate Governance Code 2023 (the "QCA Code"). The 10 principles of the QCA Code are set out below, together with an explanation of how the Company applies each principle and details of any areas where the Company's governance arrangements do not fully align with the Code.

During the year, the Board continued to review the Company's governance framework to ensure it remained appropriate for the size, complexity and stage of development of the Group. Key governance developments during the year included the resignation of Valentine Chitalu in July 2025, the appointment of Abyudi James Shonga as a Non-Executive Director in September 2025, and, following the year end, the appointment of Rémy Welschinger as Chief Executive Officer and the transition of Nicholas von Schirnding to the role of Non-Executive Chairman. The Board considers that these changes have strengthened the Company's governance, leadership and oversight arrangements.

The Board believes that its governance framework supports the Company's purpose and long-term strategy and remains appropriate for an AIM-quoted exploration and development company.

1. Establish a purpose, strategy and business model which promotes long-term value for shareholders

Arc's strategy is to invest in highly prospective copper-cobalt exploration assets primarily in Africa and to realise their potential either through sale or development. Our aim is to create value for our shareholders by improving on and expanding existing exploration assets and identifying new exploration targets around existing licence areas. Arc is currently focused primarily on its copper-cobalt projects in sub-Saharan Africa.

Arc delivers on its strategic aims by (i) defining additional reserves and resources at its projects and surrounding licence areas; (ii) securing appropriate funding; (iii) developing mineral resources in situ; (iv) maintaining good community relationships; and (v) employing compliant environmental governance practices.

The Board regularly reviews the Company's purpose, strategy and business model to ensure they remain aligned with the objective of creating long-term shareholder value. The Board also monitors the principal risks and opportunities associated with the execution of the Company's strategy and considers the long-term sustainability of the business when making decisions.

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

The corporate culture of the Company is promoted throughout its consultants, contractors, advisers and other stakeholders and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies as set out below so that all aspects of the Company are run responsibly.

It is the Board's view that Arc's corporate culture is consistent with its objectives, strategy and business model. A significant part of the Company's activities is centred upon what needs to be an open and respectful dialogue with consultants, contractors, advisers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that individuals acting on behalf of the Group conduct themselves. The board adheres to its group-wide corporate governance policies which include:

- anti-corruption and bribery;
- whistleblowing;
- health and safety;

- environment and community;
- IT, communications and systems; and
- social media.

The Board seeks to promote a culture based on integrity, accountability, transparency and responsible stewardship of shareholder capital. The Board believes that these values support the Company's purpose and strategy and are particularly important given the jurisdictions in which the Group operates and the long-term nature of mineral exploration activities.

The Board monitors culture through regular engagement with management and advisers, consideration of stakeholder matters and review of decision-making throughout the organisation. The Board expects all employees, consultants and advisers acting on behalf of the Group to conduct themselves in accordance with these principles.

3. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Significant developments are disseminated through the Regulatory News Service ("RNS") and timely updates to the Company's website. Additionally, the Company holds investor update calls when appropriate during which investors have access to the Chairman and other Officers. Arc has an active and effective investor relations programme, which is the responsibility of the Chairman, that includes institutional road-shows and presentations, effective Annual General Meetings with presentations to shareholders and a high level of disclosure of activity to its shareholders.

The Company recognises that maintaining strong communications with its shareholders promotes transparency and will drive value in the medium to long-term. Accordingly, the Company will provide regular updates on the progress of the Company, detailing recent business and strategy developments, in news releases which will be posted on the Company's website. In order to continually improve transparency, the board would be delighted to receive feedback from shareholders. Communications should be directed to info@arcminerals.com. Rémy Welschinger has been appointed to manage the relationship between the Company and its shareholders and will review and report to the board on any communications received.

Arc is committed to providing full and transparent disclosure of its activities, via the RNS system of the London Stock Exchange. Historical annual reports and interim accounts are available on the Company's website.

4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The methods used by the Company to engage with and obtain feedback from stakeholders are discussed under Principle 10.

The board has identified the Company's stakeholders to include consultants, shareholders, suppliers, joint venture and strategic partners, regulators, local and national governments, local communities and other stakeholders relevant to the Company's activities. A key part of Arc's business model is identifying the impact that activities will have on the surrounding communities at Arc's projects. The Company is always looking for opportunity to develop the wider communities in which it operates and Arc behaves ethically in its recruitment, training and engagements. The environmental impact of Arc's activities is also carefully considered and the maintenance of high environmental standards applied. Arc has established relationships with local and national governments in the territories of its projects.

Key Relationships

There are a number of key relationships and resources that are fundamental to the Company's success, such as maintaining good relationships with local communities and governments where the Company operates as well as with engineering and financing groups to ensure that the company has adequate resources to deliver its strategy.

Further information regarding the Company’s environmental, social and governance activities is set out in the ESG and Sustainability section of the Strategic Report.

5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

Whilst the Board is ultimately responsible for identifying and managing areas of significant business risk, it has established an Audit and Risk Committee that ensures effective Risk Management systems are in place that identify and manage key Company risks, establish and maintain effective controls, and ensure compliance with risk management policies and the reporting of any non-compliance occurrences. The Board receives regular reports from management and the Audit and Risk Committee regarding the effectiveness of the Group’s risk management framework and internal control environment.

The Company’s risk management systems have identified the following key risks as applicable to the Company and appropriate mitigation controls are in place as set out in the Risk Management Report on page 14:

- Exploration and Development Risk
- Political Risk in sub-Saharan Africa
- License and Permitting Risk
- Market Risk
- Foreign Currency Risk
- Commodity Price Risk
- Retention of Key Personnel
- Financing Risk
- Liquidity Risk
- Credit Risk

6. Establish and maintain the board as a well-functioning, balanced team led by the chair

Profiles of the Arc directors are set out on page 10 and are also available on the Company’s website at www.arcminerals.com.

The Board is currently comprised of a Non-Executive Chairman (Nick von Schirnding), one Executive Director (Rémy Welschinger), one independent NED (Abyudi James Shonga) and one Senior Independent NED (Brian McMaster).

Abyudi James Shonga and Brian McMaster have been assessed by the Board and is considered to be independent. The Company monitors board independence closely and will consider appropriate appointments in due course. All Directors are expected to devote the necessary time commitments required by their position.

7. Maintain appropriate governance structures and ensure that, individually and collectively, directors have the necessary up-to-date experience, skills and capabilities

Governance Structure

Board of Directors

Arc’s key strategic, financial and operational decisions are reserved exclusively for the Board. The Board aims to meet every six to eight weeks or more frequently if activities require and is supplied with appropriate and timely information. The Directors are free to seek any further information that they consider necessary. All Directors have access to advice from the company secretariat as well as independent professionals at the Group's expense. Training is available for new Directors and other Directors as necessary. The Directors’ biographies can be found on the Company’s website at www.arcminerals.com/about-us/board-and-management.

CORPORATE GOVERNANCE STATEMENT

It is important that the Board itself contains the right mix of skills and experience in order to deliver the strategy of the Company. As such, the Board is comprised of:

- an executive director, whose responsibility is the delivery of the Company's strategy and governance model and communication with shareholders;
- a non-executive chairman, whose responsibility is the leadership of the Board, ensuring its effectiveness and overseeing governance;
- a senior independent, non-executive director; and
- a non-independent non-executive director.

Director experience and qualifications are set out in their profiles on page 10.

The board has appointed Mr Brian McMaster as Senior Independent Director. Additionally, the Non-Executive Chairman is assisted by the company secretariat in preparing for and running effective board meetings, including the timely dissemination of appropriate information. The company secretariat provides advice and guidance to the extent required by the Board on the legal and regulatory environment. The Company does not specify any minimum time commitment from Directors and instead reviews their time commitment as part of their individual evaluations.

Director	Position	Independent (Y/N)	Remuneration Committee Membership	Nomination Committee Membership	Audit & Risk Committee Membership
Nicholas von Schirnding	Non-Executive Chairman	N	Member	Chairman	Member
Rémy Welschinger	Executive Director	N	-	-	-
Brian McMaster	Senior Independent Director	Y	Chairman	Member	-
Abyudi James Shonga	Non-Executive Director	N	-	-	Chairman

The following matters are reserved for the Board:

Management Structure and Appointments

- Executive Director responsibilities.
- Board appointments or removals.
- Board and senior management succession, training, development and appraisal.
- Appointment or removal of Company Secretary.
- Appointment or removal of internal auditor.
- Remuneration, contracts, grants of options and incentive arrangements for Executive Directors and senior management, including any plans to be put to shareholders for approval.
- Delegation of the Board's powers.
- Agreeing membership and terms of reference of board committees and task forces.
- Approval of delegated levels of authority.
- Matters referred to the Board by the board committees.

Strategic/Policy Considerations

- Business strategy.
- Diversification/retrenchment policy.
- Ensuring maintenance of a sound system of internal control and risk management, including:
- Group's risk appetite statements.
- Procedures for detection of fraud and the prevention of bribery.
- Approval of the overall levels of insurance for the group, including directors' and officers' liability insurance.
- Agreement of codes of ethics and business practices.

- An on-going assessment of significant risks and effectiveness of internal controls.
- Calling of shareholders' meetings and approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting, plus any circulars, prospectuses and listing particulars.
- Avoidance of wrongful or fraudulent trading.
- Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- Considering the balance of interests between shareholders, employees, customers and the community.
- Reviewing the group's overall corporate governance arrangements.
- Undertaking an annual review of its own performance, that of its committees and individual directors and the division of responsibilities.

Transactions

- Transactions which are notifiable under the AIM Rules.
- Approval of major capital projects.
- Contracts which are material strategically or by reason of size entered into by the Company in the ordinary course of business e.g. bank borrowings over £1 million and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £1 million.
- Major investments (including the acquisition or disposal of interests of more than 3 per cent. In the voting shares of any company or the making of any takeover offer.
- Contracts not in the ordinary course of business.
- Actions or transactions where there may be doubt over propriety.
- Approval of certain announcements, prospectuses, circulars and similar documents.
- Disclosure of directors' interests.
- Transactions with directors or other related parties.

Finance

- Raising new capital and confirmation of major financing facilities.
- Changes relating to the group's capital structure, including the reduction of capital and/or share issues.
- Treasury policies requested to be put in place by the Board.
- Discussion of any proposed emphasis of matter on the accounts.
- Final approval of annual and interim reports and accounts and material changes to accounting policies.
- Appointment/reappointment or removal of the external auditor, to be put to shareholders for approval in general meeting, following the recommendation of the Board or its Committee.
- Charitable and political donations.
- Approval and recommendation of dividends.
- Approval before each year starts of operating and capital expenditure budgets for the year and any material changes to them.

General

- Major changes to the Group's corporate structure.
- Any changes to the Company's listing status and status as a plc.
- Approval of key policy documents including the share dealing code and MAR policy, anti- bribery policy and whistleblowing policy.
- This schedule of matters reserved for board decisions.

Share Dealing Code

The Company has adopted a share dealing code to ensure directors and certain employees do not abuse, and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under the Market Abuse Regulation ("MAR") which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's share dealing code is complaint with the AIM Rules for companies published by the London Stock Exchange (as amended from time to time).

Under the share dealing code, the Company must:

- disclose all inside information to the public as soon as possible by way of market announcement unless certain circumstances exist in which the disclosure of the inside information may be delayed;
- keep a list of each person who is in possession of inside information relating to the Company;
- procure that all persons discharging managerial responsibilities and certain employees are given clearance by the Company before they are allowed to trade in Company securities; and
- procure that all persons discharging managerial responsibilities and persons closely associated to them notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

Board Skills and Experience

Arc complies with the QCA Code and full biographical details of the directors and their skills and experience can be found at www.arcminerals.com/about-us/board-and-management. The Directors who have been appointed to the Company have been chosen because of the range of their skills and experience and which are appropriate for the strategy and objectives of the Company. The Board recognises that it currently is limited in diversity and this continues to form part of recruitment consideration.

The Board considers the current balance of sector, financial and public market skills and experience which it embodies as appropriate for the size and stage of development of the Company and that the Board has the skills and requisite experience necessary to execute the Company's strategy and business plan whilst enabling each Director to discharge his fiduciary duties effectively.

The Board reviews annually, and when required, the appropriateness of its mix of skills and experience to ensure that it meets the changing business needs.

The Non-Executive Chairman is assisted by the company secretariat in preparing for and running effective board meetings, including the timely dissemination of appropriate information. The company secretariat provides advice and guidance to the extent required by the board on the legal and regulatory environment.

Board Committees

Audit and Risk Committee

Arc's Audit and Risk Committee is responsible for ensuring that the financial performance of the Company is properly monitored and reported and, in this capacity, interacts as needed with the Company's External Auditors. The Committee also considers risk management and internal financial controls.

Some of the Audit Committee's duties include:

- reviewing the Company's accounting policies and reports produced by internal and external audit functions.
- considering whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
- reporting its views to the board of directors if it is not satisfied with any aspect of the proposed financial reporting by the Company.
- reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance.
- overseeing the appointment of and the relationship with the external auditor.

The Audit and Risk Committee has two members and at least one member has recent and relevant financial experience. The current members of the committee are Abyudi James Shonga and Nicholas von Schirnding. The committee chairman is Abyudi James Shonga. The full Terms of Reference of the Audit Committee can be found on the Company's website.

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee

The purpose of the Remuneration Committee is to determine and agree with the board the framework or broad policy for the remuneration of the Company's chairperson and executive directors. The main duties of the Remuneration Committee include:

- reviewing the pay and employment conditions across the Company, including the board of directors.
- approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements.

The Remuneration Committee has two members. The current members of the committee are Brian McMaster and Nicholas von Schirnding. The committee chairman is Brian McMaster. The full Terms of Reference of the Remuneration Committee can be found on the Company's website.

Nomination Committee

The purpose of the Nomination Committee is to evaluate and determine the composition of the Board itself. The main duties of the Nomination Committee therefore include:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the Board and make recommendations to the Board with regard to any changes, succession planning and vacancies.
- identifying suitable candidates from a wide range of backgrounds to be considered for positions on the Board.

The Nomination Committee has two members. The current members of the committee are Nicholas von Schirnding and Brian McMaster. The committee chairman is Nicholas von Schirnding. The full Terms of Reference of the Nomination Committee can be found on the Company's website.

Succession Planning

The Nomination Committee is responsible for reviewing Board composition, succession planning and the balance of skills, experience, independence and knowledge required to support the Company's strategy. The Committee periodically reviews succession requirements for both the Board and senior management and makes recommendations to the Board where appropriate.

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

Arc reviews Board, Committee and individual director performance on an ongoing basis in the context of its contribution to the Company's financial performance.

During the year the Board undertook an informal review of its effectiveness, composition and committee structures. The Board concluded that it continues to operate effectively and that its current governance arrangements remain appropriate for the size and stage of development of the Company. The Board will continue to consider whether a more formal externally facilitated evaluation is appropriate as the Company develops.

The Remuneration Committee compares the performance of the Board with the requirements of its Terms of Reference, the Company Vision and KPI's and critically reviews the composition of the Board. The evaluation of the Board is carried out annually and the Committee may enlist an independent evaluator as and when it deems it appropriate.

The Review Process, includes the following key considerations:

- Board's mission and goals
- Board composition and effectiveness
- Performance against Strategic Plan

- Board's protocols and processes
- Relationships with Stakeholders
- Continuous professional learning of Board Members

9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Board recognises the importance of remuneration arrangements that support the Company's long-term strategy, align management and shareholder interests and promote responsible decision-making. Given the Company's size, the Remuneration Committee comprises the Senior Independent Director and Non-Executive Chairman. The Committee reviews executive and director remuneration having regard to market practice, the Company's financial position, individual performance and shareholder interests. The Board believes that the current remuneration structure is appropriate for the Company's stage of development and supports long-term value creation.

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

The Board seeks to maintain an open dialogue not only with shareholders but also with other relevant stakeholders and considers stakeholder feedback when making decisions affecting the long-term success of the Company. The Company communicates with shareholders and other stakeholders through RNS announcements, its website, annual and interim reports, investor presentations and general meetings. Historical annual reports and interim accounts are available on the Company's website.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Directors' Report, the Risk Management Report, and the Financial Statements in accordance with applicable law and regulations.

BVI Company law ("Company Law") requires the Directors to prepare Group and Company Financial Statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Under Company Law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the Group Financial Statements, the Directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and accounting estimates that are reasonable and prudent;
3. state whether they have been prepared in accordance with IFRS; and
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company. They are also responsible for safeguarding the assets of the Group 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 Arc Minerals website.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARC MINERALS LIMITED

Qualified opinion

We have audited the group financial statements of Arc Minerals Limited (the 'group') for the year ended 31 December 2025 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity and notes to the group financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2025 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Basis for qualified opinion

We were unable to obtain sufficient appropriate audit evidence regarding the bank balances held by Handa Resources Limited and Zaco Investments Limited; entities acquired by the group during the year and over which the group obtained control. Whilst the group had access to the underlying accounting records of these entities, access to the related bank accounts and account information was restricted.

These balances are included within trade and other receivables in the consolidated statement of financial position and amount to approximately £1,041k out of a total balance of £1,190k. Subsequent to the reporting date, the group entered into a comprehensive settlement agreement which resolved all outstanding disputes and litigation impacting the group in Zambia. However, as at the date of this report, access to the bank accounts had not yet been restored as certain administrative processes remained ongoing. Further details regarding these restrictions and subsequent developments are set out in Note 25.

As a consequence of the restrictions, we were unable to obtain a direct bank confirmation, bank statements or other independent evidence relating to the restricted bank accounts. Management have confirmed, including through written representations, that they do not have access to these accounts or to records for the period following the imposition of the restrictions. We attempted to perform alternative audit procedures, including review of relevant legal documentation and correspondence; however, these procedures did not provide sufficient appropriate audit evidence regarding the balances held in these accounts at 31 December 2025.

As a result of this limitation in the scope of our audit, we were unable to determine whether any adjustments might have been necessary in respect of the carrying value of these trade and other receivable balances, or the corresponding effect on profit or loss, other comprehensive income and cash flows. We consider that the possible effects of this matter are material but not pervasive to the group financial statements.

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 group financial statements section of our report. We are independent of the group 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 qualified opinion.

Conclusions relating to going concern

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

- Checking the mathematical accuracy of management's cash flow forecast prepared to 31 July 2027 and confirming the opening cash position,
- Challenging and evaluating the key inputs and assumptions in management's underlying cash flow projections, and
- Reviewing the completeness and appropriateness of management's going concern disclosures in the group financial statements.

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 ability to continue as a going concern for a period of at least twelve months from when the group 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 materiality applied to the group financial statements as a whole was £225,000 (2024: £265,000), based on a percentage of gross assets, as it is from these assets that the group seeks to deliver returns for shareholders.

Performance materiality has been set at 70% (2024: 60%) of materiality. Performance materiality applied to the group financial statements was therefore £158,000 (2024: £159,000).

The threshold for which we communicate errors to the Audit and Risk Committee has been set at £11,300 (2024: £14,850). We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

We apply the concept of materiality in both planning and performing the audit and evaluating the effect of misstatements.

At the planning stage, materiality is used to determine the group financial statement areas that are included within the scope of the audit and the extent of the sample sizes during the audit. Materiality has been reassessed at the closing stages of the audit, taking into consideration new information which arose. There was a significant alteration made to the materiality subsequent to a management adjustment which materially altered the gross assets. The amendments to the materiality at the closing stages have been reflected in all audit procedures during the conclusion of the audit.

Our approach to the audit

Our audit was risk based and was designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size. In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the group financial statements.

In particular we looked at areas involving significant accounting estimates and judgements by the directors such as the carrying value of the exploration and evaluation assets and the acquisition of Handa Resources Limited. As in all of our audits, we also addressed the risk of Management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the financial information of the group's material operating components which, for the year ended 31 December 2025, were Arc Minerals Limited, Unico Minerals Limited and Alvis-Crest (Proprietary) Limited. Specific scope audit was performed on the other operating components for the year ended 31 December 2025 which included Handa Resources Limited and Zaco Investments Limited. The audit was performed in London solely by PKF Littlejohn LLP using a team with experience of auditing mineral exploration and listed entities.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. In addition to the matter described in the Basis for qualified opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Valuation and Classification of Exploration Assets – see Note 9	
The risk associated with the group's exploration and evaluation assets is that they are subject to significant estimation and judgment by management, given the inherent uncertainty involved in assessing the classification and carrying value of exploration projects. The ongoing review for indicators of impairment adds complexity to the estimation and judgment required by management and given the financial significance of these assets to the group's financial statements, we have identified this risk as a key audit matter. **Assertions: Accuracy, valuation, classification and allocation**	Our work in this area included: • Confirming good title to project licences and that any minimum expenditure terms therein have been adequately met or are expected to be met within the contractual terms. • Reviewing management's assessment of impairment indicators and providing appropriate challenge to any significant assumptions. • Performing an independent assessment of whether indicators of impairment are present in accordance with IFRS 6. • Performing substantive testing of a sample of additions to exploration and evaluation assets during the year.

Key Audit Matter	How our scope addressed this matter
	• Assessing progress and results of exploration activities at the group’s projects during the year and post-year end. • Discussing with management and the board their plans regarding future exploration on the licence areas. • Reviewing the associated disclosures within the group financial statements to ensure compliance with IFRS. We draw attention to the Group’s exploration licences PL 135/2017 and PL162/2017 which are due to expire in September 2026, and for which renewal applications will be submitted. The Directors are not aware of any reason why the license will not be renewed.

Other information

The other information comprises the information included in the annual report, other than the group 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 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 group 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 group 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.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the group 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 group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group’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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group 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 group 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 the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the group financial statements. We obtained our understanding in this regard through discussions with management and the application of cumulative audit knowledge and experience of the sector.

- We determined the principal laws and regulations relevant to the group in this regard to be those arising from AIM rules and local mining and exploration regulations applicable to the subsidiaries.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and Regulatory News Services announcements and review of legal and regulatory correspondence.

- We also identified the risks of material misstatement of the group 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 impairment assessment of exploration assets (see Key Audit Matters section above) and valuation of share based payments. We addressed this by challenging the key assumptions and judgements made by management when evaluating any indicators of impairment.

- 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.

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 group 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 group 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 group 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 our engagement letter dated 27 February 2026. 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.

[Signature]

Joseph Archer (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

30 Churchill Place
London
E14 5RE

25 June 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	31 December 2025 £ 000s	31 December 2024 £ 000s
Administrative expenses	3	(2,300)	(1,052)
Operating loss		(2,300)	(1,052)
Handa Group acquisition	13 & 14	(6,733)	-
Distribution from subsidiaries	5	-	528
Share of loss from associate	12	(41)	(1,546)
Loss before income tax		(9,074)	(2,070)
Income tax expense	4	-	-
Loss for the year		(9,074)	(2,070)
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		(19)	10
Total comprehensive loss for the year, net of tax		(9,093)	(2,060)
Loss attributable to:			
Equity holders of the parent		(6,740)	(2,243)
Non-controlling interest		(2,334)	173
		(9,074)	(2,070)
Total comprehensive loss attributable to:			
Equity holders of the parent		(6,754)	(2,235)
Non-controlling interest		(2,339)	175
		(9,093)	(2,060)
Earnings per share attributable to owners of the parent during the year			
- Basic (pence per share)	7	(0.47)	(0.16)

The notes on pages 37 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	31 December 2025 £ 000s	31 December 2024 £ 000s
ASSETS			
Non-current assets			
Intangible assets	9	2,371	2,370
Investment in Associate	12	-	912
Long-term receivable	14	-	6,261
Total non-current assets		2,371	9,543
Current assets			
Trade and other receivables	14	1,190	1,988
Short term investments	16	-	-
Cash and cash equivalents	10	635	1,635
Total current assets		1,825	3,623
TOTAL ASSETS		4,196	13,166
LIABILITIES			
Current liabilities			
Trade and other payables	17	(1,538)	(1,667)
Total current liabilities		(1,538)	(1,667)
Non-current liabilities			
Long term payables	8	(102)	(103)
TOTAL LIABILITIES		(1,640)	(1,770)
NET ASSETS		2,556	11,396
Share Capital	18	-	-
Share premium	20	68,508	68,508
Share based payment reserve	19	250	-
Warrant reserve	19	111	111
Foreign exchange reserve		(113)	(102)
Retained earnings		(64,033)	(57,293)
Equity attributable to equity holders of the parent		4,723	11,224
Non-controlling interest	11	(2,167)	172
TOTAL EQUITY		2,556	11,396

These financial statements were approved by the Board of Directors on 25 June 2026 and signed on its behalf by:

Rémy Welschinger
Director and Chief Executive Officer

The notes on pages 37 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	31 December 2025 £ 000s	31 December 2024 £ 000s
Cash flows from operating activities			
Loss before income tax		(9,074)	(2,070)
Non-cash losses on obtaining control of Handa	13 & 14	6,733	-
Fair value loss on investments	16	-	(28)
Distribution from subsidiary	5	-	(528)
Share of loss from associate	12	41	1,546
Share based payment expense	19	250	111
Gains and Losses on foreign exchange	3	569	(175)
Unwinding of discount (interest)	3	(323)	(401)
Net cash used in operating activities before changes in working capital		(1,804)	(1,545)
Decrease / (Increase) in trade and other receivables [(i)]	14	798	(75)
Decrease in trade and other payables	17	(129)	(583)
Net cash used in operating activities		(1,135)	(2,203)
Cash flows from investing activities			
Purchase of intangible assets	9	(9)	(671)
Proceeds from disposal of short term investments	16	-	96
Proceeds from disposal of Handa (Anglo JV)		-	789
Distribution to minority shareholder of Unico Minerals Ltd (see Note 5)		-	(261)
Net cash used in investing activities		(9)	(47)
Cash flows from financing activities			
Proceeds from issue of ordinary shares – net of share issue costs	20	-	4,044
Share buyback	18	-	(408)
Net cash from financing activities		-	3,636
Net decrease in cash and cash equivalents		(1,144)	1,386
Cash and cash equivalents at beginning of year	10	1,635	281
Exchange gains on cash and cash equivalents		144	(32)
Cash and cash equivalents at end of the year	10	635	1,635

(i) The movement in trade and other receivables for 2024 include the movement in both long- and short-term receivables. There is no long term receivable balance at the end of this financial year.

The notes on pages 37 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2025

	Attributable to equity holders of the Company								
	Share capital	Share premium	Foreign exchange reserve	Share based payment reserve	Warrant reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Balance as at 1 January 2025	**-**	**68,508**	**(102)**	**-**	**111**	**(57,293)**	**11,224**	**172**	**11,396**
Loss for the year	-	-	-	-	-	**(6,740)**	**(6,740)**	**(2,334)**	**(9,074)**
Other comprehensive income(loss) for the year - currency translation differences	-	-	**(14)**	-	-	-	**(14)**	**(5)**	**(19)**
Total comprehensive income for the year	**-**	**-**	**(14)**	**-**	**-**	**(6,740)**	**(6,754)**	**(2,339)**	**(9,093)**
Share capital issued	-	-	-	-	-	-	-	-	-
Cost of issuing shares	-	-	-	-	-	-	-	-	-
Share buy-back	-	-	-	-	-	-	-	-	-
Warrants and Share options expired during the year	-	-	-	-	-	-	-	-	-
Share options and RSU expense during the year	-	-	-	250	-	-	250	-	250
Effect of foreign exchange on opening balance	-	-	3	-	-	-	3	-	3
Distribution (see Note 5)	-	-	-	-	-	-	-	-	-
Total transactions with owners, recognised directly in equity	**-**	**-**	**3**	**250**	**-**	**-**	**253**	**-**	**253**
Balance as at 31 December 2025	**-**	**68,508**	**(113)**	**250**	**111**	**(64,033)**	**4,723**	**(2,167)**	**2,556**

Share capital: This represents the nominal value of equity shares in issue and is nil as the shares have a nil par value.
Share premium: This represents the premium paid above the nominal value of shares in issue.
Foreign exchange reserve: This reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries and the retranslation of monetary items forming part of the net investment in those subsidiaries.
Share-based payments reserve: This represents the value of share-based payments provided to employees and Directors as part of their remuneration and provided to consultants and advisors hired from time to time as part of the consideration paid. The reserve represents the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital and share premium.
Warrant reserve: This represents the fair value of warrants issued by the Group as part of financing arrangements or commercial agreements. The reserve is recognised in equity in accordance with IFRS 2 and is transferred to share premium upon exercise, or to retained earnings upon expiry.
Retained earnings: This represents the accumulated profits and losses since inception of the business and adjustments relating to options and warrants.
Non-Controlling Interest: This represents the Non-Controlling Interest element of Unico Minerals Limited and Alvis-Crest (Pty) Limited.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Foreign exchange reserve	Share based payment reserve	Warrant reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the Company								
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Balance as at 1 January 2024	**-**	**64,464**	**(61)**	**126**	**84**	**(54,063)**	**10,550**	**(3)**	**10,547**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(2,243)**	**(2,243)**	**173**	**(2,070)**
Other comprehensive income(loss) for the year - currency translation differences	**-**	**-**	**8**	**-**	**-**	**-**	**8**	**2**	**10**
Total comprehensive income for the year	**-**	**-**	**8**	**-**	**-**	**(2,243)**	**(2,235)**	**175**	**(2,060)**
Share capital issued	**-**	**4,293**	**-**	**-**	**-**	**-**	**4,293**	**-**	**4,293**
Cost of issuing shares	**-**	**(249)**	**-**	**-**	**-**	**-**	**(249)**	**-**	**(249)**
Share buy-back	**-**	**-**	**-**	**-**	**-**	**(408)**	**(408)**	**-**	**(408)**
Warrants and Share options expired during the year	**-**	**-**	**-**	**(126)**	**(84)**	**210**	**-**	**-**	**-**
Warrants and Share options expense during the year	**-**	**-**	**-**	**-**	**111**	**-**	**111**	**-**	**111**
Effect of foreign exchange on opening balance	**-**	**-**	**(49)**	**-**	**-**	**-**	**(49)**	**-**	**(49)**
Distribution (see Note 5)	**-**	**-**	**-**	**-**	**-**	**(789)**	**(789)**	**-**	**(789)**
Total transactions with owners, recognised directly in equity	**-**	**4,044**	**(49)**	**(126)**	**27**	**(987)**	**2,909**	**-**	**2,909**
Balance as at 31 December 2024	**-**	**68,508**	**(102)**	**-**	**111**	**(57,293)**	**11,224**	**172**	**11,396**

The notes on pages 37 to 63 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. General Information and Authorisation of Financial Statements

The Company is registered in the British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1396532 and is located at Craigmuir Chambers, Road Town, Tortola. The Company's ordinary shares are traded on AIM, a market of the London Stock Exchange.

The principal activity of the Company during the year was that of a holding company for a group engaged in the identification, evaluation, acquisition and development of natural resource projects.

The Financial Statements of Arc Minerals Limited for the year ended 31 December 2025 were authorised for issue by the Board on 25 June 2026.

b. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union.

The consolidated financial statements have been prepared on the historical convention, as modified by the measurement to fair value of financial assets through profit and loss and held for sale assets and liabilities as described in the accounting policies below.

The financial information is presented in Pounds Sterling (£) and all values are rounded to the nearest thousand Pounds Sterling (£000's) unless otherwise stated.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

c. New and amended standards adopted by the Group

There were no new standards, amendments or interpretations effective for the first time for periods beginning on or after 1 January 2025 that had a material effect on the consolidated or company financial statements.

At the date of approval of these financial statements, there were no new standards or amendments to IAS which have not been applied in these financial statements which were in issue but not yet effective and are expected to have a material impact on the consolidated and company financial statements.

d. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries made up to 31 December. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries

Subsidiaries are entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements consolidate the financial statements of Arc Minerals Limited and the financial statements of its subsidiary undertakings made up to 31 December 2025.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

e. Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The Group’s investment in associates includes any goodwill identified on acquisition.

Where the ownership interest in an existing investment is increased whereby significant influence is obtained, the Group re-measures the existing investment immediately prior to obtaining significant influence with resulting gains/losses recognised immediately in profit or loss. The fair value of the existing investment added to the fair value of the consideration of the additional investment is treated as the deemed cost and is continued to be accounted for under the equity method.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group’s share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements is recognised in the other comprehensive income section of the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate and its carrying value and recognises the amount adjacent to ‘share of profit/loss of associate’ in the group statement of comprehensive income.

When the Group loses significant influence over an associate, it derecognises that associate and recognises a profit or loss being the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate at the date significant influence is lost.

Gains and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

When the Group gains control of an associate the fair value of the associate undertaking is then assessed with any gain or loss arising being recognised within the income statement.

NOTES TO THE FINANCIAL STATEMENTS

f. Going Concern

The Directors have reviewed a detailed cash flow forecast prepared by management covering a period of at least twelve months from the date of approval of these financial statements. The forecast incorporates the Group's currently approved exploration and evaluation activities, expected corporate overheads and working capital requirements, with flexibility to defer certain discretionary expenditure if required.

In reviewing the forecast, the Directors considered assumptions regarding the timing and level of planned expenditure and the availability of certain cash resources currently subject to restrictions, which the Directors expect will become available during the forecast period. The forecast does not include any proceeds from potential warrant or option exercises, future equity fundraisings or other financing arrangements.

Based on this assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and to meet its obligations as they fall due for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

g. Business combinations and asset acquisitions

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of the subsidiary is the fair value 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 acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis; either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net asset.

Acquisition related costs are expensed as incurred.

If a business combination is achieved in stages, the acquisition date carrying value of the acquiree's previously held interest in the acquire is re-measured to fair value at the acquisition date; any gain or loss arising from such a re-measurement are recognised in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss in the Income Statement.

Any interest of non-controlling interests in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Asset acquisitions

The considerations for asset acquisitions are similar to business combinations. The acquisition method mentioned above (including calculating the fair value of the consideration transferred, identifying identifiable assets and liabilities, and recognising non-controlling interest, treatment of acquisition related costs as expenses and remeasuring the previously held interest at acquisition date) is still applied.

The excess of consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired, and liabilities as assumed, is recognised in the exploration asset.

In applying the acquisition method to the Handa transaction, where control was obtained through Anglo's withdrawal from the JV agreement, it was determined that the transaction did not meet the definition of a business as defined in IFRS 3 (this includes inputs, processes applied to these inputs, and outputs, resulting in returns to investors). The transaction was therefore accounted for as a step acquisition of a non-business. See Note 13 for further disclosures of the transaction.

h. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board, being the Group's chief operating decision-maker ("CODM").

i. Foreign currencies

The Group presentational currency is pound sterling (GBP). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. At present the functional currency for the Zambian subsidiaries is the Zambian Kwacha ("ZMW"). The functional currency of the Botswana subsidiary is the Botswanan Pula (BWP). The functional currency for all other entities is GBP.

The presentational currency (GBP) is used primarily because the Parent Company Arc Minerals Limited is listed on AIM, a market of the London Stock Exchange, and raises its funding in GBP.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- monetary assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates during the accounting year; and
- all resulting exchange differences are recognised in other comprehensive income where material.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such cumulative exchange differences are subsequently reclassified in the income statement as part of the gain or loss on sale.

j. Taxation

Tax is recognised in the consolidated Statement of Comprehensive Income, 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.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the 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 are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company 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 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.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities are not discounted.

There has been no tax credit or expense for the year relating to current or deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

k. Intangible assets

Exploration and evaluation assets

Exploration and development costs are carried forward in respect of areas of interest where the consolidated entity's rights to tenure are current and where these costs are expected to be recouped through successful development and exploration, or by sale. Alternatively, these costs are carried forward while active and significant operations are continuing in relation to the areas of interest and it is too early to make reasonable assessment of the existence or otherwise of economically recoverable reserves. When the area of interest is abandoned, exploration and evaluation costs previously capitalised are impaired.

Costs incurred by the Company on behalf of its subsidiaries and associated with mining development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining development project is successful, the related expenditures will be written-off over the estimated life (useful economic life) of the commercial ore reserves on a unit of production basis. Impairment reviews are carried out regularly by the Directors of the Company. Where a project is abandoned or is considered to be of no further commercial value, the related costs will be written off to the Statement of Comprehensive Income.

The recoverability of these costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposal of recoverable reserves.

l. Significant accounting judgements, estimates and assumptions

Critical Accounting Estimates and Judgements

The preparation of financial statements using accounting policies consistent with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of income and expenses. The preparation of financial statements also requires the Directors to exercise judgement in the process of applying the accounting policies. Changes in estimates, assumptions and judgements can have a significant impact on the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset, unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

(i) Valuation of exploration, evaluation and development expenditure

Exploration and evaluation assets held as intangible fixed assets on the statement of financial position comprises all costs which are directly attributable to the exploration of a project area. The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure capitalised as exploration and evaluation assets relates to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production. Factors considered include Factors considered in the impairment of exploration, evaluation and development expenditure are set out in Note (1) (r).

In the current year, exploration and evaluation assets include amounts arising from asset acquisitions – for the related considerations, see Note (1) (g)

NOTES TO THE FINANCIAL STATEMENTS

(ii) Valuation of Casa Royalty

There are a number of key factors which affect the valuation of the Casa Royalty which has a face value of US$ 45m (GBP 40m). These include (a) development and construction timeframe; (b) appropriate discount factor; (c) availability of construction financing; (d) political stability (e) gold price and (f) ability to control timing of receipt.

Given these uncertainties the Company has elected to assign nil value to the Royalty. The Company will reassess this carrying value in future as the Misisi Project progresses along the development curve.

Further information can be found in Note 15

(iii) Valuation of short term investments

Short term investments are measured initially, and subsequently revalued at reporting dates, at fair value through profit or loss. Similarly, changes in fair value are recognised through profit and loss. There were no short term investments in the current financial year.

(iv) Investment in associate

The investment in associate arose as a result of the partial disposal in 2023 of Handa Resources Limited (Handa) as a subsidiary. The investment shareholding decreased from 66% (a subsidiary) to 30% (an associate). The assessment that Unico lost control was based on a series of five contractual arrangements entered into for the purposes of the Joint Venture (JV) agreement with Anglo American BV. Consequently, judgement was required in determining that the series of contractual arrangements should be accounted for as a single transaction resulting in the loss of control and recognition of an investment in associate. See Note 13 for details of this agreement).

In the current financial year, Anglo American BV withdrew from the JV Agreement. The Arc group consequently obtained control of Handa Resources Limited on the date of withdrawal (effective 16 October 2025). The investment in associate is therefore only for the period 1 January 2025 until 15 October 2025. See Note 13 for further information.

(v) Valuation of share-based payments

The fair value of share options and Restricted Stock Units ("RSUs") is determined using recognised valuation techniques requiring management to make assumptions including expected share price volatility and the probability of achieving market-based vesting conditions. Changes in these assumptions could materially affect the share-based payment expense recognised. Further details are provided in Note 19.

m. Equity

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;
- "Share based payment reserve" represents stock options awarded by the group;
- "Warrant reserve" represents warrants granted by the group;
- "Foreign exchange reserve" represents the translation differences arising from translating the financial statement items from functional currency to presentational currency and foreign exchange differences arising on the elimination of intercompany loans forming part of the investment of subsidiaries;
- "Retained earnings" represents retained losses.
- "Non-controlling interest" represents the interests of minority shareholders in the assets and liabilities of the Group.

n. Cash and cash equivalents

Cash and cash equivalents comprise current balances with banks and similar institutions and liquid investments generally with maturities of 3 months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

o. Trade and other receivables

Receivables are recognised initially at amortised cost, being their initial fair value. These are classified as loans and receivables and so are subsequently carried at amortised cost using the effective interest method. The Directors are of the view that such items are collectible and that no provisions are required.

Included in trade and other receivables is restricted cash which is temporarily unavailable for use for the Group. This is explained further in Note 14.

p. Financial instruments

(i) Classification

The Group classifies its financial assets at amortised cost and at fair value through the profit or loss or OCI. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition

(ii) Recognition and measurement

Amortised cost

Regular purchases and sales of financial assets are recognised on the trade date at cost – the date on which the Group commits to purchasing or selling the asset. Financial assets are derecognized 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.

Fair value through the profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FTVPL, are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value is determined by using market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)

- Level 2: Observable direct or indirect inputs other than Level 1 inputs

- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Listed investments are valued at the closing. For measurement purposes, financial investments are designated at fair value through the income statement. Gains and losses on the realisation of investments are recognised in the income statement for the period. The difference between the market value of financial instruments and book value to the Company is shown as a gain or loss in the income statement for the period.

Impairment of financial assets

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 ("EIR"). 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.

(iii) 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.

q. **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under IFRS when fair value is require or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

r. Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and is written down to its recoverable amount.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset, unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

s. Share-based payments

The Group provides benefits to senior personnel, consultants and advisors of the Group in the form of share-based payments, whereby such parties render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with such parties is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance or milestone conditions, other than conditions linked to the price of the shares of Arc Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant party become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired, and;

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is included in the determination of fair value at grant date. The charge to the Income Statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. Upon expiry, the associated portion of the share option reserve is derecognised and recorded against retained losses.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings) per share.

t. Earnings per share

Basic EPS is calculated as profit attributable to equity holders of the parent for the period, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. Fully-diluted EPS adjusts Basic EPS to reflect the impact if all share purchase warrants and options were exercised.

2. Segmental analysis

Segment information has been determined based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. No revenue is currently being generated.

Head office activities are administrative in nature whilst the activities in Zambia and Botswana relate to exploration and development work.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocate on a reasonable basis.

31 December 2025	BVI	Zambia	Botswana	**Total**
	£ 000's	£ 000's	£ 000's	**£ 000's**
Result				
Gain / (loss) from continuing operations	(8,989)	(76)	(9)	**(9,074)**
Gain / (loss) before Income Tax	(8,989)	(76)	(9)	**(9,074)**
Other information				
Non-controlling interest	2,332	-	(165)	2,167
	2,332	-	(165)	2,167
Assets				
Non-current Assets	-	-	2,371	2,371
Investment in associate		-	-	-
Current assets excluding cash and cash equivalents	143	1,047	-	1,190
Cash and equivalents (see Note 10)	631	1	3	635
Consolidated total assets	774	1,048	2,374	4,196
Liabilities				
Non-current liabilities	-	-	(102)	(102)
Current liabilities	(1,536)	(2)	-	(1,538)
Consolidated total liabilities	(1,536)	(2)	(102)	(1,640)

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31 December 2024	BVI £ 000's	Zambia £ 000's	Botswana £ 000's	**Total £ 000's**
Result				
Gain / (loss) from continuing operations	(455)	(1,546)	(69)	**(2,070)**
Gain / (loss) before Income Tax	(455)	(1,546)	(69)	**(2,070)**
Other information				
Non-controlling interest	190	-	(18)	172
	190	-	(18)	172
Assets				
Non-current Assets	-	6,413	2,370	8,783
Investment in associate		912	-	912
Current assets excluding cash and cash equivalents	1,836	-	-	1,836
Cash and equivalents	1,613	-	22	1,635
Consolidated total assets	3,449	7,325	2,392	13,166
Liabilities				
Non-current liabilities	-	-	(103)	(103)
Current liabilities	(1,528)	(6)	(133)	(1,667)
Consolidated total liabilities	(1,528)	(6)	(236)	(1,770)

3. Expenses by nature

	Note	**31 Dec 2025 £ 000's**	**31 Dec 2024 £ 000's**
Directors' fees	6	**453**	**608**
Office expenses		**109**	**103**
Travel and subsistence expenses		**37**	**48**
Professional fees – legal, consulting, exploration		**403**	**350**
AIM related costs including Public Relations		**188**	**276**
Auditor's remuneration – audit		**58**	**75**
Gain on disposal of investment	16	**-**	**(28)**
Long term Anglo receivable – unwinding of present value		**(323)**	**(401)**
Share based payments		**250**	**111**
Other expenses		**(6)**	**3**
Loss on settlement of receivable from Regency Mining	14	**475**	**-**
Copala administration costs		**77**	**13**
Alvis-Crest administration costs		**9**	**69**
Gains and losses on foreign exchange		**570**	**(175)**
Total operating expenses		**2,300**	**1,052**

Auditors Remuneration
During the year, the Group obtained the following services from the Company's auditor:

	31 Dec 2025 £ 000's	31 Dec 2024 £ 000's
Fees payable to the auditor for the audit of the consolidated financial statements - current financial year	**58**	**60**
Fees payable to the auditor for the audit of the consolidated financial statements – prior financial year (not accrued in prior year)	**-**	**15**
Total	**58**	**75**

Employee information

The average number of persons employed in the Group through payroll was nil (2024 – nil) at a cost of nil (2024 – nil). See Note 6 for details of key management remuneration.

4. Taxation

	31 Dec 2025 £'000	31 Dec 2024 £'000
Current income tax charge	-	-
Deferred tax charge/ (credit)	-	-
Total taxation charge/ (credit)	-	-

Taxation reconciliation
The charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income:

	31 Dec 2025 £'000	31 Dec 2024 £'000
(Income)/Loss before income tax	**9,074**	**2,070**
Tax on loss at the weighted average Corporate tax rate of 0.27% (Dec 2024: 6.2%)	(25)	(479)
Effects of:		
Permanent differences	-	-
Tax losses carried forward	-	-
Losses not subject to corporation tax	25	479
Total income tax expense	-	-

The weighted average applicable tax rate of 0.27% (2024: 6.2%) used is a combination of the 0% corporation tax in the BVI (2024: 0%), 30% corporation tax in Zambia (2024: 30%) and 22% corporation tax in Botswana (2024: 22%).

A deferred tax asset has not been provided for in accordance with IAS 12 due to uncertainty as to when profits will be generated against which to relieve any such asset. The Group does not have a material deferred tax liability at the year end.

The tax rate used is the weighted average rate of the British Virgin Islands, the Republic of Botswana and the Republic of Zambia. Unused taxable losses available in Botswana approximate BWP 1.723M (£98) at 31 December 2025 (31 December 2024 - BWP 1.563M (£91k)).

5. Distribution

There were no distributions in the current financial year. In the prior year, Unico distributed to its shareholders £789k of which 67% (£528k) was distributed to the Company on 27 November 2024. The net difference of £261k was the distribution to Unico's minority shareholder.

6. Key management remuneration

	31 Dec 2025 £ 000's	31 Dec 2024 £ 000's
Key management remuneration	**1,599**	**1,572**

31 December 2025	Short term benefits £ 000's	Bonus £ 000's	Share based payments £ 000's	Total £ 000's
Executive Directors				
Nicholas von Schirnding	313	-	114	**427**
				-
Non-Executive Directors				**-**
Brian McMaster	48	-	-	**48**
Valentine Chitalu(ii)	28	-	11	**39**
Rémy Welschinger(i)	48	-	11	**59**
Abyudi James Shonga(iii)	16	-	-	**16**
Key Management Personnel				
Ian Lynch (CFO)	135	-	57	**192**
Vassilios Carellas (COO)	168	-	57	**225**
	756	-	250	**1,006**

31 December 2024	Short term benefits £ 000's	Bonus(iv) £ 000's	Share based payments £ 000's	Total £ 000's
Executive Directors				
Nicholas von Schirnding	310	-	-	**310**
Non-Executive Directors				
Brian McMaster	48	-	-	**48**
Valentine Chitalu	48	-	-	**48**
Rémy Welschinger(i)	202	-	-	**202**
Key Management Personnel				
Ian Lynch (CFO)	135	-	-	**135**
Vassilios Carellas (COO)	164	-	-	**164**
	907	-	-	**907**

(i) Includes contractual notice with respect to R Welschinger's former office as Finance Director. Mr Welschinger is considered an executive director effective 1 January 2026 pursuant to his appointment as chief executive officer from that date.
(ii) Valentine Chitalu resigned effective 30 July 2025.
(iii) Abyudi James Shonga was appointed on 5 September 2025.
(iv) Whilst no bonuses were declared or accrued in 2024, bonuses totalling £665k were paid in 2024 being the remaining 50% of the bonuses that were declared in 2023 on a deferred basis.

7. Earnings (loss) per share

The calculation of Earnings per share is based on the loss attributable to equity holders divided by the weighted average number of shares in issue during the year.

	31 Dec 2025 £ 000's	31 Dec 2024 £ 000's
Loss	**(6,740)**	**(2,243)**
Weighted average number of ordinary shares (000s)	**1,448,108**	**1,398,572**
Potential diluted weighted average number of shares (000s)	**1,784,337**	**1,654,661**
Basic earnings per share (expressed in pence)	**(0.47)**	**(0.16)**
Net Profit (loss) per share – Diluted[(i)]	**n/a**	**n/a**

(i) Due to the loss incurred in 2025 and 2024, the effect of options and warrants in calculating a diluted loss per share would be anti-dilutive and was therefore not calculated.

8. Long term payables

	31 Dec 2025 £ 000's	31 Dec 2024 £ 000's
Minority shareholder loans	**102**	**103**
	102	**103**

(i) The minority shareholder loans are payable to the minority shareholder Alvis-Crest (Proprietary) Limited in the amount of BWP 1,797,430 (GBP 102k), as at 31 December 2025 (31 December 2024: BWP 1,797,430 (GBP 103k)). The loans are unsecured and loan holders have agreed to roll forward the loans until a liquidity event occurs.

(ii) The minority shareholder loans rank equally with Arc's working capital loan to Alvis-Crest of BWP 25,477,214 (GBP 1.447M) (31 December 2024: BWP 23,231,411 (GBP 1.327M)), which is eliminated on consolidation. The loans are unsecured and loan holders have agreed to roll forward the loans until a liquidity event occurs.

9. Intangible assets

	Deferred Exploration Assets	Total
	Alvis-Crest	
	£ 000's	£ 000's
At 1 Jan 2025	**2,370**	**2,370**
Additions	9	9
Transfer of intangibles	-	-
Currency gain/(loss)	(8)	(8)
Net book value as at 31 Dec 2025	2,371	2,371

	Deferred Exploration Assets	Total
	Alvis-Crest	
	£ 000's	£ 000's
At 1 Jan 2024	**1,699**	**1,699**
Additions	671	671
Transfer of intangibles	-	-
Currency gain/(loss)	-	-
Net book value as at 31 Dec 2024	2,370	2,370

The Group's Intangible assets are comprised of evaluation and exploration rights and exploration expenses with respect to the licences in Botswana and Zambia.

The exploration project in Botswana is at an early stage of development and there is no JORC (Joint Ore Reserves Committee) or non-JORC compliant resource estimates available to enable value in use calculations to be prepared.

The exploration project in Zambia arises from the step-acquisition of Handa Resources Limited. See Note 13 for further information.

The Directors have undertaken a review to assess whether circumstances exist which could indicate the existence of impairment This review included but was not limited to the following considerations:

- The Group no longer has title to mineral leases.
- A decision has been taken by the Board to discontinue exploration due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the costs incurred will not be fully recovered from future development and participation.

Following their assessment, the Directors concluded that no impairment indicators exist which would require a formal impairment assessment and therefore that no impairment has been recognised.

10. Cash and cash equivalents

Cash and cash equivalents consist of the following cash:

	Group 31 Dec 2025	Group 31 Dec 2024
	£ 000's	£ 000's
Arc Minerals Ltd	**631**	1,613
Alvis-Crest (Pty) Ltd	**3**	22
Foreland Minerals Ltd	**1**	-
Total	**635**	1,635

There are no cash and cash equivalent balances in Unico Minerals Ltd, Afrimin Resources Ltd, and Copala Holdings Ltd.

11. Investment in subsidiaries

At 31 December 2025, the Company held interests in the share capital of the following subsidiary companies.

Company	Place of Business	Ownership Held (%)	Direct/ Indirect Ownership	Nature of business
Alvis-Crest (Proprietary) Limited	Republic of Botswana	75%	**Direct**	Mineral Exploration
Unico Minerals Limited	British Virgin Islands	67%	**Direct**	Holding Company
Handa Resources Limited	Republic of Zambia	100%	**Direct**	Mineral Exploration
Zaco Investments Limited	Republic of Zambia	99%	**Direct**	Mineral Exploration
Afrimin Resources Limited	Republic of Zambia	99%	**Direct**	Mineral Exploration
Copala Holdings Limited	British Virgin Islands	100%	**Direct**	Holding Company
Foreland Minerals Limited	Republic of Zambia	100%	**Direct**	Mineral Exploration

- Unico Minerals Limited registered office at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands, VG 1110.
- Handa Resources Limited registered office at Plot No. 1266, Haile Selassie Avenue, Longacres, Lusaka, Zambia – Handa was an associate until 16 October 2025 when the Arc group obtained control as part of the withdrawal of Anglo American Exploration BV in the joint venture agreement – see Note 13.
- Zaco Resources Limited registered office at Plot No. 1266, Haile Selassie Avenue, Longacres, Lusaka, Zambia – this is a subsidiary of Handa Resources Limited. The Arc group obtained control of this subsidiary as part of the withdrawal of Anglo American Exploration BV in the joint venture agreement – see Note 13
- Afrimin Resources Limited registered office at Plot No. 1266, Haile Selassie Avenue, Longacres, Lusaka, Zambia – this is a subsidiary of Handa Resources Limited. The Arc group obtained control of this subsidiary as part of the withdrawal of Anglo American Exploration BV in the joint venture agreement – see Note 13
- Alvis Crest (Proprietary) Limited is registered at Desert Secretarial Services (Pty) Limited, Plot 64518, Deloitte House, Fairground, PO Box 211008, Bontleng, Gaborone, Botswana.
- Copala Holdings Limited registered office at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands, VG 1110.
- Foreland Minerals Limited registered office at Plot No. A5562, Chamba Valley, Lusaka, Zambia.

The non-controlling interest shown within the primary statement arises as a result of the Group owning less than 100% of a subsidiary company. The movement during the year primarily reflects the minority interest in the losses recognised following the Group obtaining control of the Handa group.

12. Investment in Associate

	Handa Group 31 Dec 2025 £ 000's	Handa Group 31 Dec 2024 £ 000's
Opening balance	**912**	**2,458**
Share of losses	(41)	(1,546)
Derecognition of associate upon Arc gain control on 16 Oct 2025 (see Note 13).	(871)	
At 31 Dec 2025	-	912

The Investment in Associate comprises the investment in the Handa Resources Limited ("Handa") group, being the vehicle for the joint venture with Anglo American BV ("Anglo"). In the current financial year, Anglo withdrew from the joint venture and relinquished all interests and rights, including the deemed surrender of Anglo's equity interests in Handa. In accordance with the terms of the joint venture agreement and withdrawal notice, Anglo surrendered its interest in Handa, resulting in Unico becoming the sole shareholder of Handa and the Group obtaining control with effect from 16 October 2025. The investment in associate is therefore only with respect to the period 1 January 2025 until 15 October 2025. As Anglo's accounting policy was to expense exploration expenditure through profit and loss as incurred, the share of losses recognised in this note includes the Group's share of exploration expenditure incurred during that period.

13. Obtaining control of Handa Resources Limited

On 12 May 2022 the Company announced that it, together with its partners, had entered into an agreement with Anglo American with the intention to form a joint venture in respect of its Zambian copper interests. The key commercial terms of the Joint Venture were that, upon signing of a binding Joint Venture Agreement ("JV Agreement"), Anglo American would have an initial ownership interest of 70% with Arc and its partners holding the balance via Unico Minerals Ltd ("Unico") in which Arc will have a 67% interest. On 20 April 2023, the JV Agreement was signed subject to completing certain conditions precedent including a restructuring of the Group's assets, obtaining approvals from relevant government and regulatory authorities and other customary conditions. For this period, the company accounted for investment as an investment in an associate. See Note 12 for details of the investment in associate.

On 20 October 2025 the Company announced that the JV agreement has by mutual agreement been terminated, and Anglo American has accordingly withdrawn from the joint venture and surrendered its interests, which were held through the joint venture company, Handa Resources Limited ("Handa"). The withdrawal results in Unico obtaining control of Handa through its shareholding being 67%, on 16 October 2025. Handa has been consolidated as a subsidiary from the acquisition date onwards.

The related financial information is set out below:

a) Carrying value of the investment in associate

	Oct 2025
	£ 000's
Carrying value on 1 January 2025	912
Share of losses for the period up to the acquisition date	(41)
Carrying value on 16 October 2025	871

b) Assets acquired and liabilities assumed on 16 October 2025:

	Oct 2025
	£ 000's
Assets	(1,045)
Liabilities	-
Net Asset Value on 16 October 2025	**(1,045)**

c) Loss on remeasurement of investment in associate on 16 October 2025

	Oct 2025
	£ 000's
Carrying value of investment in associate	871
Less:	
Fair value of net assets of Handa (1,045 at 30%)	(313)
Loss recognised in profit and loss	**558**

d) Gain on obtaining control of Handa

	Oct 2025
	£ 000's
Fair value of net assets of Handa	313
Less:	
Net assets of Handa as at acquisition date	(1,045)
Gain recognised in profit and loss	**(732)**

The net loss recognised on obtaining control of Handa of £6.733 million comprised the derecognition of the Anglo deferred consideration receivable in Note 14 (£6.9M), offset by a loss on remeasurement of the previously held interest (£558k) and a gain on obtaining control (£732k).

14. Receivables

Long-term receivables	**Group 31 Dec 2025 £ 000's**	Group 31 Dec 2024 £ 000's
Receivable – Anglo JV (2024 USD 7.84M)	**-**	6,261
Total	**-**	6,261

The Anglo JV long-term receivable component of £6.261M has been de-recognised as a result of the mutual separation. After taking into account discounting of the receivable, the present value of this receivable amounted to £6.9M on the date that control of Handa was obtained. The present value of the receivable on the date that control of Handa was obtained, was written off.

Trade and other receivables	**Group 31 Dec 2025 £ 000's**	Group 31 Dec 2024 £ 000's
Receivable – Anglo JV (USD 1M)	**-**	798
Receivable – Casa Sale (USD 1.25M)	**-**	999
Restricted cash – Handa Group	**1,041**	-
Other Receivables	**143**	191
Handa group receivables	**6**	-
Total	**1,190**	1,988

Restricted cash – Handa Resources and Zaco Investments

Included as restricted cash in trade and other receivables above are balances of £1,039k and £2k being cash and cash equivalents held by Handa Resources Ltd ("Handa"), and Zaco Investments Ltd ("Zaco"), respectively, which were subject to temporary restrictions at the reporting date affecting account access and information requests. Whilst access to these accounts was restricted, the Group retained legal ownership of the underlying funds. However, these balances have been presented outside of cash and cash equivalents in line with relevant account standards and regulatory expectations to clearly separate these from cash and cash equivalents that were available for use at the reporting date. Further details are provided in Note 25.

Receivable – Casa Sale

As announced on 29 April 2022, Regency Mining Ltd ("Regency") acquired a 73.5% interest in the Misisi gold project ("Misisi Project") from Golden Square Equity Partners Limited ("Golden Square"), replacing Rackla Metals Inc. as the acquiror of Misisi. The terms of the transaction were that Arc would be paid USD 250,000 in cash and the equivalent of USD 1,250,000 in shares in a publicly listed company in Canada ("Consideration Shares"). The agreement also provided Arc with a royalty agreement on the same terms as the previous royalty agreement announced on 5 May 2021.

On 30 June 2023, the Company received the first cash payment of USD 125,000 towards the USD 1,500,000 receivable from the disposal of its Casa interests. On 12 September 2023, the Company received the second cash payment of USD 125,000, bringing the aggregate cash payments received by the Company to date to USD 250,000. The balance of USD 1,250,000 is to be settled by the issuance of listed stock which has been delayed due to corresponding delays in the listing process of the underlying entity. Management continues to follow up on progress and the directors consider the balance recoverable.

On 11 July 2025, the company announced that it had entered into a binding settlement agreement in relation to this outstanding receivable. Pursuant to this agreement, Arc received USD 625k in full and final settlement of this receivable, as announced on 3 November 2025, resulting in a loss on settlement of USD 625k recognised in the loss for the year.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

Current trade and other receivables	Group 31 Dec 2025 £ 000's	Group 31 Dec 2023 £ 000's
UK Pounds	**143**	**191**
US Dollars	**-**	**1,409**
Zambian Kwacha	**6**	**-**
Botswana Pula	**-**	**-**
Total	**149**	**1,600**

15. Royalties

Net Smelter Royalty - Casa Mining Ltd

On 18 March 2020 the Company announced the sale of its shareholding in Casa Mining Limited in return for a USD 5,000,000 interest-free note originally payable on 19 March 2021 and a 3% Royalty calculated on net smelter production capped at USD 45,000,000. The USD 5m loan note was subsequently extended and, as announced in the RNS dated 29 April 2022, satisfied in full.

There were a number of key factors which affect the valuation of the Casa Royalty which has a face value of USD 45,000,000. These include (a) development and construction timeframe; (b) appropriate discount factor; (c) availability of construction financing; (d) political stability and (e) gold price.

Given these uncertainties the Company has elected to assign nil value to the Royalty. The Company will reassess this carrying value in future as the Misisi Project progresses along the development curve.

16. Short-term Investments Held at Fair Value Through Profit and Loss

The Group's investments held at fair value through profit and loss consist of investments publicly traded on the London Stock Exchange and the Over-The-Counter (OTC) market. These investments are valued at the mid-price as at year end.

	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	Total £ 000's
At 1 January 2025	-	-	-	-
Additions	-	-	-	-
Profit on disposal	-	-	-	-
Disposals	-	-	-	-
Foreign exchange	-	-	-	-
At 31 December 2025	-	-	-	-

	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	Total £ 000's
Gains on short-term investments held at fair value through profit and loss				
Profit on disposal	-	-	-	-
Realised loss on impairment of investments	-	-	-	-
At 31 December 2025	-	-	-	-

	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	Total £ 000's

At 1 January 2024	**68**	**-**	**-**	**68**
Additions	-	-	-	-
Profit on disposal	28	-	-	28
Disposals	(96)	-	-	(96)
Foreign exchange	-	-	-	-
At 31 December 2024	**-**	**-**	**-**	**-**

	Level 1 £ 000's	**Level 2 £ 000's**	**Level 3 £ 000's**	**Total £ 000's**
Gains on short-term investments held at fair value through profit and loss				
Profit on disposal	28	-	-	28
Realised loss on impairment of investments	-	-	-	-
At 31 December 2024	**28**	**-**	**-**	**28**

17. Trade and other payables

Included in trade and other payables are the following:

Current trade and other payables	**Group 31 Dec 2025 £ 000's**	Group 31 Dec 2024 £ 000's
Surrendered share options payable	**886**	1,181
Minority shareholder loans	**53**	53
Deferred fees	**240**	-
Trade payables, other payables and accruals	**359**	433
	1,538	1,667

18. Share capital

Authorised	£ 000's
Unlimited ordinary shares of no par value	

Called up, allotted, issued and fully paid	Number of shares	Nominal Value	Average price per share (pence)	Gross Consideration Value GBP'000
As at 1 January 2024	**1,232,318,465**			**8,944**
Issued to creditors in lieu of payment	2,840,664	-	1.902	54
Issued pursuant to placing	235,488,880	-	1.800	4,239
Cancelled pursuant to the Share Buy-back(i)	(22,539,746)	-	(1.800)	(408)
As at 31 December 2024	**1,448,108,263**			**12,829**
As at 1 January 2025	**1,448,108,263**			**12,829**
As at 31 December 2025	**1,448,108,263**			**12,829**

Share issue costs in the amount of £nil (31 December 2024 – £249k) were incurred in the year and set off against the share premium account.

(i) The Company announced on 26 March 2024 that it had executed an off-market share buyback agreement pursuant to which it had acquired 22,539,746 ordinary shares of no par value each (the "Buyback Shares") from Sveriges Lärare (formerly Lärarnas Riksförbund) for a total consideration of £405,715.43 (the "Share Buyback"). Each Buyback Share was acquired for 1.8 pence per Buyback Share (being the same price paid by investors in the Company's placing as set out in the Placing Announcements).

19. Share based payments and Warrants

NOTES TO THE FINANCIAL STATEMENTS

Share Based Payments

During the year the following share based payments were issued and valued using the Black Scholes method:

	Weighted Avg Price (pence)	Number	Exercise Price (pence)	Share price at grant (pence)	Weighted Avg Term (years)	Value (000s) **
1 January 2024	**4.56**	**8,933,334**	**-**	**-**	**0.52**	**126**
Expired		(8,933,334)	-	-	-	(126)
Exercised during the year		-	-	-	-	-
Granted		-	-	-	-	-
31 December 2024	**-**	**-**			**-**	**-**
1 January 2025		**-**	**-**	**-**	**-**	**-**
Expired		-	-	-	-	-
Exercised during the year		-	-	-	-	-
Granted – Share Options		36,427,488	2.50	1.45	5.00	114
Granted – RSUs		43,712,988	-	1.45	5.00	136
31 December 2025	**1.14**	**80,140,476**			**4.27**	**250**

On 7 April 2025, the Company announced that the Board had approved the issuance of a combination of Restricted Stock Units ("RSUs") and Share Options.

The RSUs granted on 7 April 2025 vest in three equal tranches subject to the achievement of share price targets of 2.5p, 4p and 6p over a three-year period, and included certain performance-based acceleration milestones, as announced on 7 April 2025. These acceleration milestones included a milestone linked to Anglo American exercising its option to accelerate Phase 1 of the joint venture. Following Anglo's withdrawal from the joint venture during 2025, this acceleration milestone is no longer capable of being achieved and accordingly has ceased to have any practical effect on the vesting of the RSUs.

The Share Options have an exercise price of 2.5p, vest equally over three years and are exercisable at any time after vesting and during the term of five years.

Options can be settled in cash and RSUs are issued as fully paid shares subject to and in accordance with the terms of relevant vesting conditions and performance-based milestones. Share Based Payments are typically granted for a term of between three and five years at the discretion of the Board of Directors upon recommendation by the Remuneration Committee.

There are 36,427,488 Share Options and 43,712,988 RSUs outstanding at 31 December 2025 (31 December 2024: none).

** Under IFRS 2 "Share-based Payments", the Company determines the fair value of options issued to Directors, Employees and other parties as remuneration and recognises the amount as an expense in the Statement of Comprehensive Income with a corresponding increase in equity.

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies. In addition to the inputs in the table above, further inputs as follows:

The model inputs for the Share Options granted on 7 April 2025:
(a) 36,427,488 units.
(b) expiry date: 7 April 2030.
(c) share price at grant date: 1.45 pence.
(d) expected price volatility of the company's shares: 73%.
(e) risk-free interest rate: 0%.

The model inputs for the RSUs granted on 7 April 2025:
(a) 43,712,988 units.
(b) expiry date: 7 April 2030.
(c) share price at grant date: 1.45 pence.
(d) expected price volatility of the company's shares: 70%.
(e) risk-free interest rate: 0%.

In 2024 8,933,334 share options expired unexercised. The value attributed to these expired share options was determined by reference to a pro-rata allocation of the opening share-based payment reserve.

The charge incurred during the year in relation to share based payments was £250k (31 December 2024 – £nil).

Warrants

Grant date	**Number**	**Exercise Price (pence)**	**Term (years)**	**Share Price at grant pence**
1 January 2025	**256,088,879**	3.00	2.23	
Exercised during the year	-			
Granted during the year	-			
Expired during the year	-			
TOTAL 31 December 2024	**256,088,879**			
Weighted Average		**3.00**	**1.23**[(i)]	

(i) Remaining term as at 31 December 2025

The charge incurred during the year in relation to warrants was £nil (31 December 2024 – £111k).

Grant date	**Number**	**Exercise Price (pence)**	**Term (years)**	**Share Price at grant pence**
1 January 2024	**11,815,063**			
Exercised during the year	-			
Granted during the year	256,088,879	3.00	2.23	1.80
Expired during the year	(11,815,063)			
TOTAL 31 December 2024	**256,088,879**			
Weighted Average		**3.00**	**2.23**[(i)]	

(i) Remaining term as at 31 December 2024

20. Share premium

	31 Dec 2025	31 Dec 2024
	£ 000s	£ 000s
Opening Balance	**68,508**	64,464
Total Additions	**-**	4,293
Share issue costs	**-**	(249)
As at 31 December	**68,508**	68,508

See Note 18 for a breakdown of shares issued during the year.

21. Financial instruments and capital risk management

Categories of financial instruments

The categories of financial assets and liabilities included in the statement of financial position are as follows:

	2025	**2024**
	£000	**£000**
Financial assets at amortised cost:		
Long-term receivable	-	6,649
Trade and other receivables	1,190	1,600
Cash and cash equivalents	635	1,635
Financial assets at carrying value using equity method		
Investment in associate	-	912
	1,825	10,796

	2025	**2024**
	£000	**£000**
Financial liabilities at amortised cost:		
Trade and other payables	1,485	1,667
Long-term payables	53	103
	1,538	1,770

Financial Risk Management

Financial Risk Factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency risk and price 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 Board of Directors under policies approved at Board meetings. The Board frequently discusses principles for overall risk management including policies for specific areas such as foreign exchange.

NOTES TO THE FINANCIAL STATEMENTS

a) Market Risk

i) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the pound sterling, US dollar ("USD"), Zambian kwacha ("ZMW") and Botswanan pula ("BWP"). Foreign exchange risk arises from recognised monetary assets and liabilities, where they may be denominated in a currency that is not the Group's functional currency.

The Zambian kwacha appreciated by approximately 15% (depreciated by 7% in 2024). The Group's exposure is through the Handa group from 16 October 2025, and the Foreland Minerals Limited subsidiary.

The Botswanan pula appreciated by approximately 4% (depreciated by 2% 2024), Whilst less volatile than the ZMW, the pula risk is similarly mitigated to that of the kwacha by the fact that the Group's Botswanan entity would only have one month's cash requirement on hand at any one time.

On the assumption that all other variables were held constant, and in respect of the Group and the Company's expenses the potential impact of a 20% increase/decrease in the GBP:ZMW foreign exchange rate on the Group's loss for the year and on equity is as follows:

Potential impact on Zambian kwacha and Botswanan pula expenses: 2024

Increase/(decrease) in exchange rates		Group (BWP) £ 000's	Group (ZMW) £ 000's
	20%	**(11)**	**-**
	-20%	**18**	**-**

Potential impact on Zambian kwacha and Botswanan pula expenses: 2025

Increase/(decrease) in exchange rates			
	20%	**(7)**	**(82)**
	-20%	**11**	**55**

b) Credit Risk

Credit risk arises from cash and cash equivalents.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Group will only keep its holdings of cash and cash equivalents with reputable institutions.

The Group considers that it is not exposed to major concentrations of credit risk.

The Group holds cash as a liquid resource to fund its obligations. The Group's cash balances are held primarily in USD. The Group's strategy for managing cash is to assess opportunity for interest income whilst ensuring cash is available to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts. Short term interest rates on deposits remained very unattractive during the fiscal year and management employed short-term investment strategies to protect working capital reserves.

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an ad hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group Balance Sheet.

The currency profile of the Group's cash and cash equivalent is as follows:

Cash and cash equivalents	**Dec 2025 £ 000's**	Dec 2024 £ 000's
Sterling	**219**	1,024
US Dollars	**412**	589
Zambian Kwacha (ZMK)	**1**	-
Botswana Pula (BWP)	**3**	22
At end of year	**635**	1,635

On the assumption that all other variables were held constant, and in respect of the Group's cash position, the potential impact of a 20% increase in the GBP:USD foreign exchange rate would not have a material impact on the Group's cash position and as such is not disclosed.

c) Liquidity Risk

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

The Group ensures that its liquidity is maintained by a management process which includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring Balance Sheet liquidity and maintaining funding sources and back-up facilities.

Listed securities

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market such as industry knowledge and experience of the Directors.

Risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate.

As at year end, the Company held no investments in companies that are listed on stock markets.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to position as a going concern and to continue its exploration and evaluation activities. The Group has capital, defined as the total equity and reserves of the Group, of £2,758,000 (December 2024: £11,448,000).

The Group monitors its level of cash resources available against future planned exploration and evaluation activities and issues new shares in order to raise further funds from time to time.

NOTES TO THE FINANCIAL STATEMENTS

22. Commitments

Alvis-Crest committed exploration expenditure

Pursuant to the shareholders agreement in relation to Alvis-Crest, until a decision to mine is reached, the Group is committed to spending, during any consecutive three-year period, not less than USD 200,000 per year, on average, on the Virgo Project.

Exploration commitments

Ongoing exploration expenditure is required to maintain title to the Group's mineral exploration permits. No provision has been made in the Group financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.

23. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no other transactions with related parties during the reporting year, except as disclosed below:

Remuneration of Key Management Personnel

The remuneration of the Directors and PDMRs is set out in Note 6.

Of the amounts set out in Note 6:

£168k (2024 – £164k) was incurred with VC Resources Ltd, a PSC owned by Vassilios Carellas, as remuneration for his position as Chief Operating Officer.

£135k (2024 – £135k) was incurred with HFS Consulting Ltd, a company owned by Ian Lynch, as remuneration for his position as Chief Financial Officer.

24. Ultimate controlling party

There is no ultimate controlling party in the opinion of the Board.

25. Events after the reporting date

Zambian settlement agreement

On 27 May 2026, the Company announced that the Settlement Agreement, entered into between the Company, Handa Resources Limited ("Handa"), Unico Minerals Limited ("Unico") and Kopara Investments Limited ("Kopara") (together "Party A") and Zambia Mineral Exchange Corporation Limited ("ZAMEX"), Lunda Resources Limited (formerly Zamsort Limited) ("Lunda") and Mumena Mushinge (together, "Party B"), terminates eight sets of ongoing proceedings across multiple Zambian courts and tribunals and accordingly resolves all ongoing litigation impacting Arc in Zambia. Procedurally, the requisite consent judgements are being filed with the relevant Zambian courts and the Company will make a further announcement upon completion of this process.

One of the legal matters (as announced on 21 July 2025), which was settled per above, involved an attempt at placing Handa into receivership. To protect Handa's bank accounts against wrongful access and potential abuse, Handa's shareholders requested that an investigation be carried out and restrictions be placed on Handa's bank accounts. As a result of this request, the bank accounts of Handa and its subsidiary, Zaco Investments Ltd, were restricted from access and information requests. The underlying funds remained the property of Handa and Zaco throughout this period. Following the Settlement Agreement per above and the discontinuance of the related legal action, the Company requested that the investigation be closed and full access to the bank accounts be restored. The necessary administrative processes have already been commenced, and the Company expects access to be restored imminently.

Financing

As announced on 24 April 2026, the Company raised gross proceeds of £3 million through a placing and subscription of 750,000,000 new ordinary shares at a price of 0.4 pence per share (“Fundraise”). In addition, approximately £1 million of outstanding liabilities owing to certain directors, officers and contractors were settled through the issue of 261,479,051 new ordinary shares at the same price (“Creditor Subscription”). Warrants were issued in the ratio of one warrant for every one new share issued in connection with the Fundraise and Creditor Subscription.