Company Registration No: 10829496 (England and Wales)

ZINNWALD LITHIUM PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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Zinnwald Lithium continues to make significant progress in advancing its integrated lithium hydroxide ('LiOH') project in Germany (the 'Project'), the second-largest hard-rock lithium project in the EU. A key milestone achieved during the year was the publication of an updated Mineral Resource Estimate ('MRE') in June 2024, reaffirming the scale and quality of our deposit and reinforcing the Project's potential within Europe's critical mineral supply chain.

Securing a stable supply of lithium and other critical minerals is essential for Europe's economic resilience and energy transition. As demand surges with the expansion of renewable energy, electric vehicles ('EVs'), and advanced manufacturing, Europe's reliance on imported critical raw materials leaves it exposed to supply chain vulnerabilities. Developing domestic projects such as ours will not only reduce dependency on imports but also strengthen industrial competitiveness and support sustainability targets.

The importance of our Project to Germany and the region was highlighted by its specific mention in the coalition agreement reached between the CDU and SDP in Saxony in December 2024 as part of the region's strategic focus on the raw materials sector. We were also delighted to be invited to attend two meetings in August and December 2024 with German Federal Chancellor Olaf Scholz to discuss raw material security and the Project's potential.

The updated MRE and increased potential scale, longevity, expansion potential and integrated nature of the Project are key elements that underpin its strategic value. This is particularly relevant when looking at the volatility of lithium pricing demonstrated in recent years, which underlines the importance of a project's ability to sustain long term operations that can withstand multiple market cycles. A long life is also important in justifying the significant investment required for a fully integrated operation.

As part of our risk mitigation strategy, we are taking a prudent approach to developing the Project through a phased development approach. In Phase 1, we aim to achieve an annual production of 16-18ktpa of LiOH, up 50% from the 2022 estimate of 12ktpa, with the flexibility to scale up in response to future market demand. Our forthcoming Pre-Feasibility Study ('PFS'), set for publication later this month, will provide further insights into this strategy.

Alongside this, we are advancing the permitting process for Phase 1 of the Project. This includes undertaking environmental base line studies, close engagement with regulatory authorities, and finalising our spatial planning submissions. Additionally, we are progressing with our Environmental and Social Impact Assessment ('ESIA') to ensure compliance with both national and international standards of best practice.

Minimising our environmental footprint remains a top priority as we look to become a sustainable LiOH producer. In line with this, post-period end, we signed a Letter of Intent with Solar-Bau to explore long-term renewable power solutions for the Project. Furthermore, we are conducting extensive hydrogeological and biodiversity studies to ensure responsible resource management.

Delivering a project of this scale requires strong and reliable partners. We continue to collaborate with industry leaders such as Metso, which has played a key role in our process engineering and metallurgical testwork. Our partnerships extend to other world-leading environmental and engineering specialists, ensuring that we develop a project that meets the highest standards of sustainability and operational efficiency.

At Zinnwald Lithium, we deeply value our relationship with the local community, recognising that their support is essential to the success of the Project. We are committed to delivering positive impacts through job creation, economic growth and sustainable development. To promote open dialogue and transparency, we have established a comprehensive stakeholder engagement and communication programme. This includes regular town hall events and meetings at our new local office in Saxony. These events, hosted by our German Managing Director, Marko Uhlig, a native of the region, offer local stakeholders the chance to engage directly with our team, ask questions, and stay informed about the Project's progress. By fostering ongoing interaction, we remain responsive to local needs and concerns, building a strong foundation of trust and collaboration as we work towards a sustainable future.

Although the lithium market has encountered short-term weakness, recent industry forecasts indicate a more balanced supply/demand dynamic in the coming years. Fastmarkets' 2025 Lithium Market Outlook, for instance, forecasts a potential supply deficit by 2026, which could drive restocking and price recovery earlier than previously expected. Such a shift would occur at an opportune time for Zinnwald Lithium as it advances towards the development stage.

Despite the challenges facing the lithium sector, Zinnwald Lithium remains well-positioned to develop one of Europe's most advanced battery-grade lithium projects. With the PFS expected very soon, permitting progressing, and government support reinforcing the Project's strategic importance, we are firmly on track to becoming a key supplier to Europe's growing battery sector.

In closing, I would like to thank our shareholders and stakeholders for their ongoing support and look forward to providing regular updates as we continue to focus on bringing this exciting project to fruition.

Jeremy Martin
Non-Executive Chairman
7 March 2025

The Zinnwald Lithium project is located in east Germany, some 35 km from Dresden and adjacent to the border with the Czech Republic. The Project concept is for a fully integrated underground mine and associated, on site, mineral and chemical processing to produce a battery grade lithium hydroxide. The Company's business model is predicated around utilising its inherent advantages to enable it to become a sustainable project serving the European lithium market. Europe does not currently have a domestic source of lithium supply and there are relatively few projects within the EU. The Project has applied for "strategic project" status under the EU's Critical Raw Materials Act.

Geology and License Areas

The Project is in a granite hosted Sn/W/Li belt that has been mined historically for tin, tungsten and lithium at different times over the past 400 years. Lithium is contained in lithium-bearing mica, which is called "zinnwaldite" takings its name from the nearby village. Several lithium focused projects in Europe are focused on the exploitation of zinnwaldite ore. The Project comprises five license areas:

The Zinnwald Mining License

The Zinnwald Mining License covers the core project area where a resource has been defined. The license covers 256.5 ha and is valid to 31 December 2047. In June 2024, the Project published an updated MRE that showed a total Measured category of 36.3Mt @ 2,500ppm Li (91kt contained lithium metal), a total Indicated category of 157.2Mt @ 2,150ppm Li (337kt contained lithium metal) and a total Inferred category of 33.3Mt @ 2,140ppm Li (71kt contained lithium metal). This establishes the Project as the second largest hard rock lithium project by both resource size and contained lithium in the EU and the third largest in Europe.

Falkenhain, Altenberg, Sadisdorf and Bärenstein exploration licence areas

- **Falkenhain** – the licence covers an area of 2,957,000 m² and, in 2022, the licence was extended for a further three years to 31 December 2025.
- **Altenberg** – the licence covers an area of 42,252,700 m² and in October 2023 the term of the licence was extended to February 2027.
- **Sadisdorf** – the licence covers an area of 2,250,300 m² and is valid to 30 June 2026. Historical exploration work at the Sadisdorf licence by previous licence holders resulted in a December 2017 historic JORC compliant inferred mineral resource of 25 Mt with an average grade of 0.45% Li_2O.
- **Barenstein** – this licence covers an area of 4,934 hectares and was awarded in July 2023 valid to June 2028. This licence closes the gap between the Falkenhain and Altenberg licences.

Project Plans and Timeline

The Group's strategy is to focus on advancing a scalable fully integrated operation that produces battery-grade lithium products; to optimise the Project from a cost perspective; and to minimise the potential impact on the environment and local communities. All aspects of the Project from mining through to production of the end product are planned to be located near to the deposit itself in an area with developed infrastructure, energy sources, services, facilities, and access roads and rail. Power and water are provided by existing regional supply networks. It is also located close to the heart of the German automotive and chemical industries.

The Project completed its PEA in September 2022 based on the revised plan to produce lithium hydroxide. It expects to complete its Pre-Feasibility Study in Q1 2025. The Project published an updated Mineral Resource Estimate in February 2024 and further updated this in June 2024 reflecting greater confidence in the resource, underpinned by the Project's 84 hole, 27,000m in-fill drill programme conducted in 2023. The Mineral Processing Plant basic engineering has already been completed to Definitive Feasibility Study (AACE Class 3) level. The Project is then targeting completion of the full Project DFS in 2026.

Permitting and Environmental Studies

Following engagement and various meetings with the authorities, the Project will follow an integrated permitting procedure. A Spatial Planning Procedure is underway in parallel to the overarching permit, the General Operating Plan ("GOP"). As part of the GOP process, the Project will complete an Environmental Impact Assessment ("EIA"). The Mining Authority of the Federal State of Saxony ("SOBA") will be the single overarching permitting authority for the GOP. The GOP requires a number of supporting documents including the EIA and other related documentation (e.g. Natura 2000 Impact Assessments, Landscape Management Plan and various environmental technical reports). The Project has commenced its work to produce an Environmental and Social Impact Assessment ("ESIA") that will meet both the requirements for permitting under German Federal law as well as being completed to a level suitable for the purposes of seeking finance from International Financing Institutions ("IFIs") who are signatories to the Equator Principles 4 (and related standards).

The Directors present the strategic report for the year ended 31 December 2024.

1. Highlights

12 Months to 31 December 2024

- Announced two updates to the Mineral Resource Estimate ('MRE') - confirmed the Project's position as the second-largest hard rock lithium project in the EU and increasing ore tons in the Measured category.
- Explored potential to expand project in phases, starting with Phase 1 producing 16,000-18,000 tpa of battery-grade Lithium Hydroxide ("LiOH"), a 50% increase from the 2022 estimate of 12,000 tpa.
- Agreed to develop a Pre-Feasibility Study ('PFS') to assess the potential for a Phase 2 expansion and undertake various technical trade-off studies.
- Advanced processing tests with Metso, which continue to generate encouraging results that potentially offer significant advantages in overall recovery, efficiency and environmental impact reduction.
- Applied for the Project to be designated as 'strategic' under the European Critical Raw Materials Act ('CRMA').
- ERM contracted to provide the Environmental and Social Impact Assessment ('ESIA') Scoping Study.
- Received strong expressions of support from Federal and State Governments in Germany with invitation to formally apply for federal grant funding strongly backed by the State of Saxony.
- New CDU-SPD coalition agreement in Saxony highlights the raw material industry as critical to the region's economy, prioritising the simplification and acceleration of mining project approvals, with the Zinnwald Lithium Project being the only project formally referenced.
- Held productive meetings with German Chancellor Olaf Scholz during his visits to the SOBA.
- Strengthened the team to support increased activity.
- Organised events and engaged in regular dialogue with local communities.
- Engaged InvestorHub to streamline communication with shareholders.

Post period end to 7 March 2025

- The PFS remains on track to be published in Q1 2025.
- Detailed mine plan finalised to deliver increased production scenarios, following the publication of an updated MRE in June 2024.
- Metso process engineering and design work in final stages following completion of mineral processing basic engineering and the key calcination, and hydrometallurgical testwork programmes.
- Site layout design and infrastructure completed indicating sufficient supply of key utilities.
- The geotechnical drill programme has been completed as part of detailed planning for constructing an exploration adit to access the Zinnwald orebody.
- Advancing environmental licencing and permitting, with updates to the spatial planning process submitted to Landesdirektion Sachsen.
- LOI signed with solar development company Solar-Bau to explore the option for long term clean power offtake.

2. Strategic Review

2.1. Company Overview – Background and ownership structure

Zinnwald Lithium Plc (ZLP or the "Group") is the ultimate owner of the Project. It is a UK public limited company ("plc") and has been quoted on the AIM market of the London Stock Exchange since December 2017. ZLP is the Project promoter and fund-raising vehicle and provides funding required by the operational subsidiaries in Germany. ZLP owns 100% of Zinnwald Lithium Holdings Ltd (ZLH), which is a UK company, that acts as the holding company for the Project.

ZLH owns 100% of Zinnwald Lithium GmbH (ZLG). ZLG is the main operational company in the Group that is developing the Project. It owns the various mining and exploration licenses in Germany. ZLG will apply for the General Operating Plan permit that will govern the Project as a whole, as well as the subsidiary Main Operating and Special Operating Permits.

ZLP acquired its initial 50% stake in ZLG in October 2020 by way of reverse takeover from the previous owner, Bacanora Lithium Plc (Bacanora). In June 2021, ZLP consolidated its ownership by acquiring the remaining 50% of ZLG from the bankrupt estate of SolarWorld AG.

2.2. Company Strategy and Business Plan

The Zinnwald Lithium Project, as set out above, is the Company's core development asset and the sole focus. This strategy continues to be underpinned by a technically led team with extensive experience in bringing projects from the feasibility stage through to mine production, as well as the capital markets experience to source the funding required for these types of mining projects. The Company will focus on further de-risking the Project as it is advanced towards a financing decision. The overall strategy can be split into the following key work areas across the operational, financing and commercialisation parts.

Operational Strategy

The Company will continue to work on scalable production scenarios through resource expansion (both at the core licence area and satellite exploration licences), and optimised mine planning, including the application of bulk mining techniques and infrastructure and site planning. As part of this, the Project has finalised its preferred processing site selection and will work with relevant landowners and leaseholders to secure the required land.

The Project will continue to further refine the processing route (flowsheet) that supports the primary production of battery grade lithium products including improvements in recoveries, reduced waste generation and the production of valuable by-products. This work will include minimising the carbon footprint through project wide optimisation (transport, material flow, energy consumption, site location).

The Project will continue to work with its globally recognised consultants and engineers to firstly complete a PFS by Q1 2025. Thereafter, the Project will complete its DFS that will include plant engineering work done to AACE Class 3 specifications. As the Project then moves towards final permitting, it will commence the detailed Front-end Engineering ("FEED") work in done to AACE Class 2 and Class 1 that will underpin construction subject to permitting approvals.

Concurrent with this work, the Project is permitting an exploration tunnel that, amongst other wider objectives, will enable the extraction of large-scale representative samples direct from the ore body itself. These bulk samples will provide the feedstock for a continuous pilot plant test to produce large scale (>100kg) battery grade end product samples that can be supplied to potential offtake partners. A continuous pilot scale test is also necessary in order to obtain suitable process guarantees form technology providers which will be critical for debt financing.

The Project will also continue to advance the permitting process that commenced in 2023 that will involve the securing of a General Operating Permit under German mining laws. At the same time, the Project will advance its ESIA work to secure the social license to operate via extensive public participation. The Company recognises the importance of the general public and NGOs in the permitting processes and has committed to proactively engage with all the stakeholders in its projects.

Commercialisation Strategy

As the Project is conceived as an integrated operation from mining to producing a battery-grade lithium product, its commercial strategy will be focussed on securing a commercial offtake partner for that product rather than producing a basic concentrate. In terms of offtake partners, the lithium industry is unusual in the commodity sector in terms of how offtake arrangements are structured. This is primarily due to the lack of homogeneity in high purity lithium products (different levels of contaminants etc) and the requirement to qualify products with specific customers. The result is that any offtake arrangements entered into too far ahead of final production are necessarily somewhat contingent and therefore do not provide material support for traditional project debt financing.

As such, while the Company has held several discussions with potential off-takers in Europe, the strategy has been to keep the off-take "free" for as long as possible such that the value of this strategic aspect of the Project can be maximised. However, the intention is clearly for the material ultimately produced to be supplied to the battery industry in the EU. The demand for this exists in the EU and will also increase significantly in the coming years with the "ramp-up of e-mobility". Our goal is to find an offtake partner that will commit to either a meaningful advance payment on the offtake and/or a meaningful investment in the Company which it must maintain through to production. Zinnwald has had several discussions with potential offtake partners on these terms and continues to be involved in discussions about the progress of the Project.

The Project will also, as part of future phases of work, conduct continuous steady-stage pilot plant test runs to demonstrate the production process and the product quality. ZLG believes that this will significantly de-risk the Project by giving both finance providers and potential off-takers comfort that the production of qualifying material is feasible.

Financing Strategy and Business Plan

Zinnwald's Board will continue to run the Group with an efficient overhead cost base in order to focus resources on advancing the Project. The main challenge faced by the Company is securing sufficient funding to execute the development programme for the Project. The Company maintains a tight control on its budgets and reviews spend against budget on a monthly basis. The Directors' extensive experience of mining projects helps to ensure that funds are spent in the most effective way possible both on a cost basis and in relation to targeting the most effective areas to move the Project through to production and revenue generation.

The Company's quoted status has enabled the Group to target a wide pool of investors, as demonstrated by the issuance of new equity, for cash and assets, several times over the last three years. In the last four years, since the Company first became involved in the Project, the Company issued shares to the value of circa €11m to acquire the Project and has raised a further €34m in cash from investors to finance the Project's development.

The Company will continue to work to secure short term finance to fund near term expenditures necessary to advance the Project to a construction ready state (preparation of a DFS, advancing permitting, construction of initial infrastructure, the FEED Engineering work, and orders for long lead items). This financing activity will involve existing investors as well as the identification of and negotiation with further long-term cornerstone investors. The Company will also identify and negotiate with potential project financing partners that could include banks and national and transnational development organisations. The Project has also already engaged with German Federal and State bodies with regard to securing grant funding to further de-risk the financing of the Project.

2.3. Principal Risks and Uncertainties

Set out below are the principal risks and uncertainties facing the group, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Risks are split into Business, Operational and ESG/Sustainability.

Business Risks

2.3.1. Ongoing Funding requirements

Additional funding will be required to complete the proposed future exploration and development plans towards a BFS and in the longer term for construction of the Project. While the Group has been successful in the past in obtaining equity financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the group and its shareholders.

Mitigation

The Group continues to engage with potential investors that could support the Project in the longer term. It will also continue to endeavour to add complementary sources of funding as it progresses, which may include Debt, Offtake investment, Royalties, Grants or Governmental funding. Since its acquisition of its original 50% of the Project, the Group has issued new shares to the value of €45 million (€34m issued for cash and almost €11m as part consideration to the previous owners of Zinnwald Lithium GmbH).

Trend:

Unchanged – The Group is fully funded through to completion of its PFS and onwards into 2026. The Group continues to engage with potential additional cornerstone investors, as well as other sources of future funding.

2.3.2. Commodity Price - market forces of supply and demand

The Group intends to produce a battery-grade lithium product (currently Lithium Hydroxide, "LiOH") from the Project and sell most or all of its production to future offtake partners on long-term supply contracts for on-sale to battery manufacturers. The market for these long-term supply contracts is opaque and not subject to any globally accepted or hedgeable spot market price. Whilst growth in demand for lithium has been strong in recent years due primarily to increased usage of electric vehicles and grid storage, there is no guarantee that this growth will continue at the same rate. The Group will compete on a supply basis with established competitors, who may be able to increase their production to fill any supply shortfalls.

Furthermore, reserve estimates and feasibility studies using different commodity prices than the prevailing market price could result in material write-downs of the Group's investment in its assets, increased amortisation, reclamation and closure charges or even a reassessment of the feasibility of the Project. Downside price cannot currently be mitigated as no derivatives are currently available on the market.

Mitigation

The Group applied a long term LiOH price of $22,500 per tonne in its PEA, published in September 2022. 2024 saw the continuation of the retrace of lithium prices from the highs of $80,000 per tonne in 2022 to around $14,000 per tonne in the first half of 2024 and around $10,000 in the second half. Most industry commentators continue to forecast a long-term supply/demand imbalance starting towards the end of the 2020s that is supportive of higher lithium prices over the longer term. The Group is internally evaluating its price assumptions for the PFS and will commission a formal independent price forecast report for the subsequent BFS.

Trend:

Unchanged – Lithium product prices will remain one of the group's most significant financial risks.

2.3.3. Geopolitical / Country Risk

The political climate in Germany and Europe is stable and generally held to offer a favourable outlook for foreign investments, but there is no guarantee that it will remain so in the future. Resource nationalism around Critical Raw Materials ("CRM") has increased materially in recent years, as countries and economic blocs have realised the importance of security of supply to support the ongoing development of domestic battery industries. In May 2024, the EU's Critical Raw Materials Act ("CRMA") came into force partly in response to the USA's own Inflation Reduction Act of 2022 that offered $370 billion in incentives. The CRMA details the measures that it will take to protect and support domestic European industries, including the strengthening of its own CRM supply lines. The CRMA specifically refers to a goal of 10% of all mined and 40% of all refined CRM production to come from European sources by 2030.

Mitigation

The Project is ideally placed strategically to support Germany's and the EU's future plans to develop its CRM supply. It has the second largest hard rock lithium deposit in the EU and the third largest in Europe and is a German project specifically designed to directly feed into and support the German (and EU) CRM supply chain. In August 2024, the Project applied for strategic project status under the CRMA under both the designations of Extraction and Processing. The Group believes that the Project meets all the key determining factors to achieve this status and notes that the EU plans to make the first announcements of successful projects in March 2025.

Trend:

Improved – On a global level resource nationalism has only increased in 2024 as well as the concerns around China's market dominance of refined production of all CRMs. The EU's CRMA should be of specific help to the development of the EU's domestic supply chain security and is specifically designed to encourage a prompt permitting process, which would assist the Project in its development.

2.3.4. Competition in the Lithium Industry

The Group's battery-grade lithium products are expected to compete primarily for market share with existing lithium producers and spodumene concentrate producers. The Group is expecting to compete based on the quality of its end product, consistent and long term production and cost per tonne. The Group's competitors, some of which are large multinational corporations, may have substantial strategic advantages over the Group, including existing infrastructure, greater financial resources, strategic relationships with customers and logistical advantages in certain markets and could enhance their competitive position through acquiring, or consolidating interests in, other lithium producers. In addition, new competitors could obtain access to reserves of lithium through new discoveries or to the extent existing or greenfield projects become more economically viable.

Mitigation

There is currently only one hard-rock lithium project that has reached construction stage in Europe. None of the others in development are materially more advanced than Zinnwald and several of these are "on hold" whilst local support is resolved. There are two brine based Direct Lithium Extraction ("DLE") projects in Germany, one of which may move into construction in 2025. However, even if all of these projects do eventually come to fruition, they will not be able to supply the expected long term demand for lithium from EU end users by 2030.

Trend:

Unchanged – Zinnwald's eventual products will inherently face competition from other sources of supply.

2.3.5. Change in Battery Technology

There is no guarantee that lithium-ion batteries will remain the dominant technology in either the EV battery market or in the expanding grid storage sector. Advances have been made in alternative technologies such as solid-state batteries, hydrogen fuel cells, lithium-sulphur, vanadium redox flow batteries, aluminium-graphite, sodium-ion and iron based batteries. Any one of these new technologies may have the potential to supplant or reduce demand for lithium, if sufficient resources are dedicated to commercialising it. However, the basic attractiveness of lithium as one of the lightest elements on the periodic table produce chemical bonds that are some of the strongest per unit of weight and volume. It is also one of the most abundant minerals on Earth.

Mitigation

In terms of type of lithium product, the Project will eventually produce LiOH, which is the primary lithium product in the nickel-based batteries used by European car makers. A significant part of the industry, especially in China, has increasingly moved towards iron-based EV batteries (“LFP”), which use Lithium Carbonate as the source. The Project's flowsheet already goes through a lithium carbonate phase as part of the production of LiOH, so is inherently agnostic to the choice of lithium chemistry. In terms of other battery types, both EV and Grid Storage battery manufacturers have invested heavily in lithium-ion technology and, as yet, show relatively little sign of changing their approach. The price per kilowatt hour of a lithium-ion battery has fallen by more than 97% since 1991 and is now below $100. This has traditionally been seen as the point at which the purchase price of EVs can become comparable with conventional ICE Cars. From a grid storage aspect, the benefits of incumbency and manufacturing scale as well as inherent advantages in terms of longevity and has given lithium-ion batteries a material head start on other battery types.

Trend:

Unchanged – Lithium-ion batteries remain the dominant technology in both the EV and grid storage arenas.

2.3.6. Foreign currency exchange rates

The Group’s operational and functional currency is the Euro, whilst lithium products are generally priced and transacted in US dollars. The Group’s ongoing capital and operational expenditures will primarily be in Euros with some exposure to GBP. The Group’s operations and profitability may be adversely affected by movements in foreign currency exchange rates, particularly by movements in the US dollar and/or Euro relative to the British pound sterling.

Mitigation

The Group’s current primary exposure to the GBP is in relation to the currency of its listed shares and the Group takes the appropriate hedging steps to mitigate fund-raising risks, primarily by keeping most of its cash in Euros.

Trend:

Unchanged - there has been no significant change to the assessment of this Risk.

2.3.7. Market Perception and Share Price Risk

The share price of quoted companies can be highly volatile and the market for traded shares can be illiquid, especially for smaller companies typically valued at less than £100m. These types of companies are generally less well covered by the press and analysts and may not receive coverage and exposure to institutional investors.

The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by many factors, some specific to the Group and its operations and others which may affect quoted companies generally. The market value of the Ordinary Shares can fluctuate and may not always reflect the underlying net asset value or the prospects of the Group. The market price of the Ordinary Shares could be negatively affected by sales of substantial blocks of shareholdings in the public markets, or the perception that these sales could occur.

Mitigation

Despite the global industry-wide weakness in lithium company’s share prices, Zinnwald’s share price maintained a broadly consistent 5 Day VWAP price across 2024 at between 7 and 8p with a peak of just over 11p in June 2024 following the publication of its updated MRE. Over the last three years, as noted in the Remuneration report, the Company’s share price performance against its peer group put it in the second quartile. The Company continues to advance the Project and has materially improved its profile within Germany, the EU and in the wider stock market. The Company’s next material milestone will be the publication of its PFS in Q1 2025.

Trend:

Unchanged - there has been no significant change to the assessment of this Risk.

Operational Risks

2.3.8. Mining and Exploration Risks.

There is no certainty that the expenditure to be made in the exploration and development of the Group's properties in which it has an interest will result in profitable commercial operations. Most exploration projects do not result in the discovery of commercially mineable deposits. The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties and hazards, which even a combination of careful evaluation, experience and knowledge may not eliminate.

Mitigation

In 2024, the Project published an updated MRE derived in large part from the 84 hole, 27,000m drill campaign that establishes the Project as the second largest hard rock lithium project in the EU and the third largest in Europe. The Group has continued to advance its technical studies which includes a mine plan developed in conjunction with Snowden Optiro. The Project expects to publish its PFS in Q1 2025 that will include further detail including a maiden reserve estimate.

Trend:

Improved - The inherent risk around all mining projects remains the same, but with the publication of the updated MRE for the Project, the Company has demonstrated the size and long term mine life of the Project. Zinnwald continues to take the required steps to de-risk the Project moving forward.

2.3.9. Technical Processing Development Risks.

There is no certainty that the technical development work around the Project's flowsheet will result in profitable commercial operations. The successful development of chemical processing plants is speculative and subject to a number of uncertainties and hazards, which even a combination of careful evaluation, experience and knowledge may not eliminate. The Project is currently focussed on using Metso's proprietary alkaline leach flowsheet, which is a novel approach for production of Lithium from zinnwaldite. There is also the risk around the ability to produce saleable by products and handle effluent streams.

Mitigation

Metso has a similar lithium process plant under construction with Keliber in Finland albeit utilising a different feedstock (spodumene). It is an expert in the field of process design and has many years of experience in this area. The Project is currently undergoing extensive testwork with Metso and the Project also has plans for large scale continuous Pilot Plant utilising a representative ore sample. This is intended to replicate operating conditions. The Project expects to publish its PFS in Q1 2025 that will include further detail around the flowsheet. The PFS will include mineral processing plant engineering work and design to AACE Class 3 level (DFS level) and the calcination and hydrometallurgical work will be done to AACE Class 4 level (PFS).

Trend:

Unchanged – The inherent risk around all processing projects remains the same. Zinnwald continues to take the required steps to de-risk the Project moving forward,

2.3.10. Access to Utilities – water and power.

The mine, tunnel construction and the processing plants will require a dedicated high voltage electricity source. The Pyromet plant will also require a gas supply for the kiln and will require a dedicated feed supply from the regional gas supply network. Access to water will be on one of the key environmental matters for the Project, although the area in general is not one that has experience of water shortages or major issues. The Mineral processing phase will need a large volume of water for Wet Magnetic Separation phase and the Hydromet plant clearly also requires a material volume of water. These will need to be factored into the general demands for water in the area and will clearly be a major area with regards to permitting and alleviating local social concerns. There may also be cross-border implications that will need to be considered in design and operation in conjunction with the Cinovec lithium project in the Czech Republic.

Mitigation

The Project has commenced discussions with local providers, the Federal and State Governments for supply solutions on both power and gas supplies. The Project will also explore, as part of the Definitve Feasibility Study (DFS) work, alternative sources to piped gas as a power supply for the kiln, which may include trucked LNG or heat store batteries. The Project is in collaboration with the mining authority ("SOBA") to establish a "task force water" which involves all relevant stakeholders. The Project has contracted ERM to conduct hydrogeological studies. Metso is designing the processing plant aiming to reduce and recycle water to optimise the water balance. ERM is developing a cross border hydrogeological model that also involves Cinovec to better understand the potential impact of both operations

Trend:

Unchanged – The access to power and water will be a critical aspect in terms of both permitting and ongoing operations. The Group continues to take the necessary steps to address these risks.

2.3.11. Further operating licences and permitting requirements

The Group will need to obtain further environmental and technical permits for the construction, development and operation of its commercial operations. There is a risk that these further permits, concessions and licences may not be granted. In addition, the granting of such approvals and consents may be withheld for lengthy periods or granted subject to satisfaction of certain conditions which the Group cannot or may consider impractical or uneconomic to meet.

Mitigation

The Group has already commenced the permitting process including starting its EIA baseline studies and has engaged with the relevant permitting bodies. In 2024, after engagement with the relevant permitting authorities, the Project has identified a proposed site location and method of access to the mine site that should minimise the surface footprint of the Project and the resultant permitting impacts.

Trend:

Unchanged - There has been no significant change to the existential importance of this risk to the Project as a whole, but the Project is taking the requisite steps to expedite the delivery of its permitting pathway.

2.3.12. Personnel retention and recruitment

The Group's ability to compete in the competitive resource sector depends upon its ability to retain and attract highly qualified management, geological, technical and industry experienced personnel. Such personnel are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

Mitigation

In 2024, the Group had a direct headcount in Germany of 14 at the end of 2024, six in the UK (including directors) and a further six full time in-house consultants working on the Project. Zinnwald has continued to build out its operational team in Germany in 2024, including the appointment of a project director and construction engineer and other senior hires.

Trend:

Unchanged – the inherent risk remains unchanged, but the Group has continued to increase the size and experience of its team in Germany and will continue to make other key hires in 2025 as it advances the Project.

ESG / Sustainability Risks

2.3.13. Local Stakeholder Acceptance

The support and acceptance of local stakeholders will be key to advance and permit the Project, in particular from the local communities that will be most directly affected by physical operation, as well as the wider State and Federal stakeholders. Failure to share the benefits of our operations with local communities such as creation of jobs, local procurement or community investment activities, may cause delays or disruptions to our operations and may undermine our social licence to operate.

Mitigation

The Project holds regular meetings with the community and is developing its ESIA and community engagement policies in line with international best practice. The Project will ultimately create a significant number of local jobs and has the potential to generate material tax revenues for the State and Federal authorities. The Project's mining phase is a wholly underground operation and the likely preferred access route from the Mineral Processing plant to the ore body is also an underground tunnel, which will minimise the surface impact. The preferred processing plant site is situated on a large, relatively flat piece of agricultural land next to a motorway that is shielded by the terrain from nearby communities. The Group also has a policy of working with internationally accredited partners for the development of the Project. These currently include Snowden, Metso, K-Utec, Knight Piesold, Fichtner, Dr Sauer & Partners, Solar-Bau, and ERM.

Trend:

Unchanged - ongoing local good relations with, and support from, local communities is a key area of focus for the Group.

2.3.14. Environmental laws and regulations

All phases of the Group's existing and planned operations in Germany will be subject to environmental regulation at a state and federal level concerning, among other things, water discharges, air emissions, waste management, use of toxic materials and environmental clean-up. Environmental laws and regulations continue to evolve, and it is likely the environmental laws and standards that regulate the operations will continue to be increasingly stringent in the future.

Mitigation

The Group will at all times adhere to environmental regulations and endeavour to ensure that the Project will be as "low waste" and environmentally sustainable as possible.

Trend:

Unchanged - there has been no significant change to the assessment of this Risk.

2.3.15. Government regulatory risk - supply chains and processes

The mining industry in Germany is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record, but the Group is unable to predict what additional legislation or amendments may be enacted. Amendments to current laws, regulations and permits governing operations and activities of mining companies, including tax and environmental laws and regulations which are evolving in these countries, or more stringent implementation thereof, could have a material adverse impact on the Group and its business.

In Germany, effective from the start of 2023, companies that supply large German businesses are being questioned about their own supply chains in greater detail. The law requires German businesses with more than 3,000 employees to assess their supply chains for environmental, social or governance issues and then address them, or face fines of up to 2 per cent of their global turnover and exclusion from public contracts for up to three years. From January 2024, smaller German companies were included in the requirements. The law is broader than the UK's 2015 modern slavery legislation, and it covers seven other areas, including union rights, environmental degradation, employment of minors and disposal of waste.

Mitigation

Whilst the Group as a standalone operation will not be covered by the new legislation, as it is too small, in the long run its battery products will likely be supplied to companies that do meet these criteria and will hence expect the Group to comply. The Group takes all ESG and Sustainability matters extremely seriously and seeks to embed best practice at all levels of its operations. The Project will be permitted under German regulations, which are some of the most stringent globally.

Trend:

Unchanged - there has been no significant change to the assessment of this Risk.

2.3.16. Health and Safety

Protecting the safety and health of employees, contractors and local community and other stakeholders is a fundamental issue facing the Group and the wider mining industry. Mine sites (including drill sites) are, by their nature, dangerous places to work particularly due to the use of heavy machinery. Inappropriate use of heavy machinery or the failure to wear appropriate PPE and follow health and safety protocols may lead to serious injuries or loss of life.

Mitigation

The Group complies with the applicable laws and regulations of Germany. Safety is a paramount consideration, and Zinnwald aims to provide a place of work that is safe for everyone. Policies and procedures have been constituted with the aim of identifying the hazards associated with mining activities and that they are effectively managed. All occupational health and safety incidents are recorded, categorised and investigated and where required corrective and preventive actions are implemented. As at 6 March 2025, the Group had gone 450 days without an incident of lost-time due to injury ("LTI") in a period that saw material increase in direct operational work primarily a major drill campaign and associated sample processing.

Trend:

Unchanged - as the Group moves forward with the Project towards construction, the potential for health and safety incidents to occur may increase.

3. Operational Review

2024 saw Zinnwald Lithium accelerate its development strategy for the Project . During the year, the Company's priorities were completion of its MRE, a refinement of its strategy to focus on the PFS and its associated detailed mine planning, flowsheet development and infrastructure planning, and ongoing work towards permitting.

MINERAL RESOURCE ESTIMATE ("MRE")

On 21 February 2024, the Company published its updated independent MRE that showed a substantial increase in its Mineral Resource at the Project with a 243% increase in contained lithium in the Measured and Indicated categories versus the 2018 MRE. This establishes the Project as the second largest hard rock lithium project by both resource size and contained lithium in the EU and clearly highlights its scale and strategic importance.

The MRE incorporated 26,911 metres of new diamond core drilling across 84 drill holes and a reinterpreted and updated geological model since the previous MRE, which was released in September 2018. In addition to the high-grade greisen mineralisation, focus of the recent 2022/2023 drilling was the lithium mineralisation hosted by the broader zone of altered albite granite, which includes internal lenses of higher-grade greisen. The highlights of this initial MRE showed a 445% increase over the previous MRE issued in May 2018, with a total Measured and Indicated resource of 193.5Mt that represents 429,000 tonnes of contained Lithium metal and an Inferred resource of a further 33.3Mt that represents 71,000 tonnes of contained Lithium metal.

On 6 June 2024, the Company announced a further update to the MRE following a geometallurgical testwork programme recommended by Snowden Optiro on 35 variability drill core samples derived from the 2022 / 2023 drilling campaign. It was undertaken to provide a higher level of confidence in the Mineral Resource within the mineralised albite granite, which surrounds the lenses of higher-grade greisen mineralisation. The result was to add an additional 25.0Mt @ 2,090ppm Li (52kt contained lithium metal), in the Measured category representing an increase of 221% in tonnes and 133% in contained metal in the Measured category compared with the February 2024 MRE. The Project now has sufficient material in Measured category alone to support over 20 years of production. This is a major milestone as it further de-risks the resource and adds a higher level of confidence in the detailed mine plan, which is key to future financing plans.

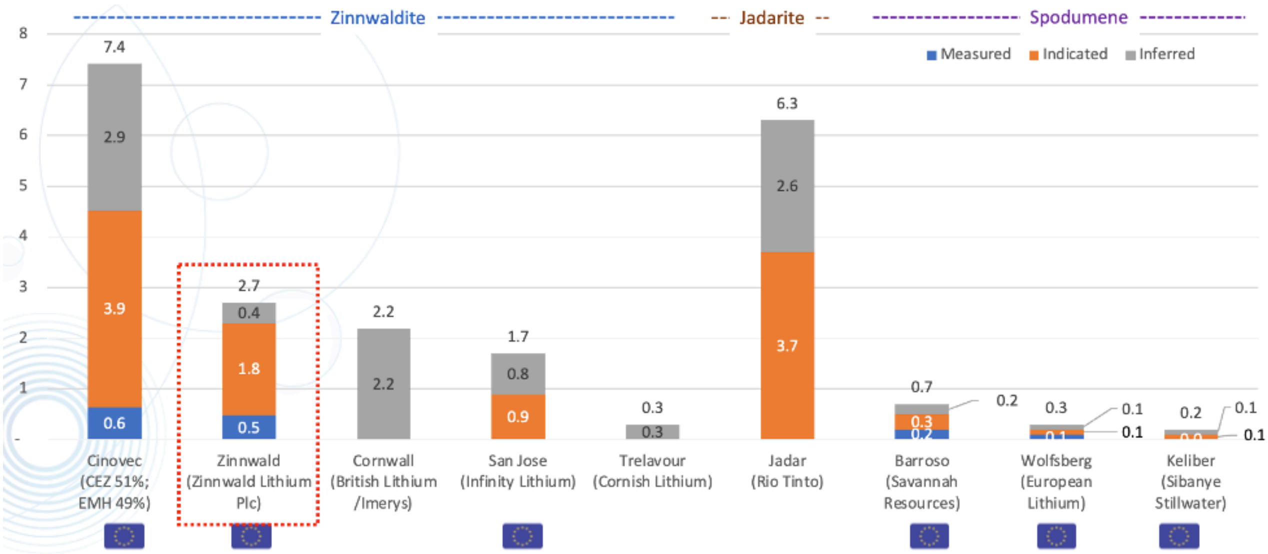
Overall, the total Measured category increased to 36.3Mt @ 2,500ppm Li (91kt contained lithium metal) while the total Indicated category is now 157.2Mt @ 2,150ppm Li (337kt contained lithium metal), as a result of the increase in the Measured category. The total Measured and Indicated category remains unchanged at 193.5Mt @ 2,220ppm Li (428kt contained lithium metal). The Inferred category remained unchanged at 33.3Mt @ 2,140ppm Li (71kt contained lithium metal).

The MRE (detailed below) was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101") by independent consulting firm Snowden Optiro Ltd ("Datamine International") of Bristol, United Kingdom.

Table 0.1 Mineral Resource Statement for Zinnwald Lithium Project, effective 5th June 2024.

Classification	Domain	Tonnes	Mean Grade		Contained Metal	
		(Mt)	Li (ppm)	Li2O (%)	Li (kt)	LCE (kt)
Measured	**External Greisen (1)**	11.3	3,420	0.736	39	206
	Mineralised Zone (2)	25.0	2,090	0.449	52	277
	Internal Greisen	*1.5*	*3,240*	*0.697*	*5*	*27*
	Mineralised Granite	*23.5*	*2,020*	*0.434*	*47*	*250*
	Subtotal (1) and (2)	36.3	2,500	0.538	91	483
Indicated	**External Greisen (1)**	2.1	3,510	0.756	7	40
	Mineralised Zone (2)	155.1	2,130	0.459	331	1,762
	Internal Greisen	*13.2*	*3,330*	*0.717*	*44*	*234*
	Mineralised Granite	*141.9*	*2,019*	*0.435*	*287*	*1,528*
	Subtotal (1) and (2)	157.2	2,150	0.463	338	1,802
Measured + Indicated Subtotal		193.5	2,220	0.478	429	2,285
Inferred	**External Greisen (1)**	0.8	3,510	0.756	3	15
	Mineralised Zone (2)	32.5	2,110	0.454	68	364
	Internal Greisen	*0.6*	*2,880*	*0.620*	*2*	*9*
	Mineralised Granite	*31.9*	*2,090*	*0.450*	*67*	*355*
	Subtotal (1) and (2)	33.3	2,140	0.461	71	379

This updated MRE cemented the Project's position as the second largest resource in the EU and the third largest in Europe as a whole. The chart below puts the Project in context of the other European hard rock lithium projects.



PRE-FEASIBILITY STUDY STRATEGY

Mine Planning Activities

During 2024, following completion of the updated MRE, the Company commenced detailed mine planning with Snowden Optiro and completed this work stream in early 2025 which will feed into the PFS. Large scale sub-level stoping with subsequent backfill has previously been determined to be the optimal mining method, which offers higher capacity, lower operating expenditure and easier backfill process than the Room and Pillar-method assumed in earlier studies. Notably, with 36.3Mt in measured resources and the large dimensions of both the High Grade External Greisen ('HGG') and Albite Granite ('AG') domains now confirmed, significantly larger annual mining volumes can be supported, which will positively impact production of end product.

The updated mine plan incorporates the strategy of higher productivity mining methods and focussed on the understanding of key drivers of costs and efficiency across the entire production operation, taking all technical aspects of the Project into consideration. Detailed understanding of geotechnical aspects at Zinnwald as well as downstream process efficiencies and cost assumptions are crucial to adequately determine future metrics defining the Cut-off-Grade ('COG') and optimal production capacity scenarios.

Having completed detailed mine planning, the work is now focused on preparation of the Reserve Statement. The potential of the ore body to support larger scale mining in the future has also been evaluated and incorporated into the PFS.

PROCESS DEVELOPMENT / TESTWORK / ENGINEERING

Based on representative samples generated from its exploration programme, including both high grade greisen and albite granite ore types found in the deposit, the Company has continued its mineral processing, calcination and hydrometallurgical testwork programmes. These have been undertaken by Metso, a frontrunner in sustainable technologies, end-to-end solutions and services for the aggregates, minerals processing and metals refining industries globally.

Mineral Processing

Following completion of the pilot scale mineral processing testwork in December 2023 at the GTK pilot facilities in Finland by GTK and Metso, which confirmed the earlier bench scale test work, basic engineering for a feasibility study was initiated later that month. In H1 2024, Metso completed its mineral processing flowsheet design and equipment selection. This section of the process is a simple mainstream, proven design with a single crushing stage followed by two production lines consisting of grinding and rougher-scavenger wet magnetic separating and dewatering. The Basic Engineering for the mineral processing circuit was completed in early 2025 to a level of accuracy consistent with a definitive feasibility standard.

Pyro- and Hydrometallurgy

Pilot scale calcination testwork was undertaken at IBU-tec under Metso's supervision during June 2024. A further c. 1 tonne sample was sent to Metso's facility in York, Pennsylvania, USA for a further testwork programme focused, inter alia, on equipment sizing. This testwork was successful and equipment selection has been confirmed. Basic engineering for the pyrometallurgical stage is well advanced.

Calcined material is being used for hydrometallurgical testing at large bench-scale at Metso's facility in Pori, Finland. The remaining testwork is primarily focused on refining the treatment of effluent streams and the production of saleable by-products. All of this testwork will help to define the base line hydrometallurgical process and the mass balance, as well as the resultant basic engineering work.

The Company and Metso believe that the alkaline processing route has the potential to offer significant advantages in terms of overall recovery, efficiency and reduced impact on the environment. While the use of this process for zinnwaldite ore is a new application of the process, it has been successfully demonstrated at continuous pilot scale using spodumene feedstock at other operations such as the Keliber lithium project in Finland, which is under construction.

A representative sample of zinnwaldite concentrate was also tested by K-Utec using the previously developed sulphation roast process during 2024. This confirmed that the large scale tests previously performed by K-Utec based on HGG concentrate are applicable to the material derived from a combination of both HGG and AG. As such, the sulphation roast process route that underpinned the PEA published in 2022 remains a viable processing route for the larger scale operation.

Hydrogeology

Water management and hydrogeology is a critical component of both mine design and the permitting process. In 2024, the Company completed its hydrogeological drill programme that comprised eight groundwater ('GW') monitoring wells. These included six deep wells extending to reach the mineralised Albite Granite, and two shallow drill wells intended to penetrate the Rhyolite rock of the hanging wall. A main operating plan for hydrogeological monitoring in the Zinnwald area was approved by SOBA in November 2024 and is valid until November 2028. This plan outlines a comprehensive framework for evaluating water resources in the area. It includes the establishment and operation of monitoring stations for surface water, groundwater, and mine water, ensuring data collection on water levels, flow, and quality. In 2025, the Project started the conversion of these GW wells to long term ground water monitoring wells to collate the required data on an ongoing basis.

In cooperation with Geomet s.r.o., which is the owner of the Cinovec Project in the Czech Republic, Zinnwald has contracted ERM, the largest global pure play sustainability consultancy, to develop a cross-border hydrogeological model. The model will be used to evaluate the potential impact of mining operations on the hydrogeology

Exploration adit

A geotechnical drill programme was completed in 2024 as part of detailed planning for the construction of an exploration adit to access the Zinnwald ore body. The exploration adit will provide the opportunity to extract a large-scale bulk sample to be used for piloting, as well as providing further detailed information on the ore body.

OTHER OPERATIONAL MATTERS

Infrastructure

In 2024, the Company has continued its work on defining the optimal solutions for the required infrastructure based on the potential for higher production levels supported by the results of the drilling campaign and the metallurgical testwork carried out. The Company is using Fichtner GmbH, a major German consulting group with experience concerning materials handling, road, and rail infrastructure as well as all civil works. The Group will, using trade-off studies, evaluate the most suitable, economical and environmentally friendly options for all surface facilities.

The Company has also continued with its evaluations for tailings management, supported by Knight Piesold (UK), which specialises in tailings management and engineering. The Company is strongly committed to progress planning for a Dry Stack Facility ('DSF'), for which multiple design and site options are being evaluated.

Solar power opportunity

In 2025, the Company has signed a letter of intent ('LOI') with P+S Projektentwicklung Solar-Bau GmbH ('Solar-Bau') to explore the purchase of solar-generated power. Solar-Bau, a solar development company, plans to establish several solar power generation facilities near the Project. This partnership could therefore minimise environmental impact by using solar energy close to its source, thereby reducing energy transfer losses and infrastructure costs, while providing Zinnwald Lithium with a clean energy source to lower the CO_2 content of its final product.

Exploration Licenses

Whilst the Company's primary focus is on the development of its core Zinnwald Licence, it continues to advance targets on its surrounding 100% owned prospective exploration licence areas, including Falkenhain, Altenberg, Bärenstein and Sadisdorf. Work on these licences has mainly involved relogging and sampling historical data and core. Furthermore, the Company applied for and received an extension of its Altenberg exploration licence, which is now valid until 20 February 2027.

In addition, the team is evaluating an extensive historic geological database derived from historical drilling campaigns such as those undertaken by the former Wismut SAG, which has recently been made available to the public. Notably, there is data for over 900 drill holes of various depths within the areas of interest to the Company that has the potential to provide valuable geological and geotechnical information relevant to its licenses and site location options.

Staffing in Germany

The Group has further strengthened the team in Germany in 2024. The local Project team now comprises 14 full time staff of which four are female. The Company also employs six full time consultants with expertise across all the areas of the Project's flowsheet and development plan. In total the Group has twenty-six full-time professionals (including employees, full time consultants and directors) working across disciplines in both the Dresden and London office locations. In addition to the professionals working directly for the Company, more than 30 professionals work for the Project in partner organisations.

ESG and Sustainability

Progress in relation to Permitting, Environmental, Social and Governmental engagement are covered in detail in the report of the Sustainability Committee below.

EUROPEAN UNION AND GERMANY DEVELOPMENTS

Critical Raw Materials Act ("CRMA")

On 23 May 2024, the EU's CRMA passed into law, with its primary emphasis being for material EU production by 2030 with goals for domestic European capacities to be able to extract 10%, process 40% and recycle 25% of its annual consumption of strategic raw materials. In August 2024, Zinnwald Lithium applied for strategic project designation under the Extraction and Processing categories. The European Commission has confirmed the application has passed the initial evaluation stage and anticipates informing applicants of the final outcome in March 2025, following the high number of applications (170 in total, of which 121 were from within the EU). Zinnwald believes the Project holds significant potential for recognition as a Strategic Project, given its significant contribution to LiOH production in the EU, its resource scale, feasibility, sustainability credentials and broader EU benefits

Temporary Crisis and Transition Framework ('TCTF')

In September 2023, the German Federal Ministry for Economic Affairs and Climate Action ('BMWK') announced a new programme for public grant funding under the TCTF, a temporary funding instrument of the EU to promote the production of climate-neutral, strategically important technologies. This specific TCTF programme is to support the "Resilience and Sustainability of the Battery Cell Manufacturing Ecosystem" in Germany.

Zinnwald Lithium submitted an application and, as part of Phase 1 of the application process, underwent a series of detailed reviews with by BMWK's programme management agency, VDI/VDE Innovation + Technology GmbH ('VDI/VDE'). On 27 June 2024, Zinnwald Lithium received an invitation from VDI/VDE to formally apply for the envisaged funding (Phase 2 of the application process) and this review is ongoing. While the invitation does not guarantee funding, it acknowledges the Project's strong potential. Updates will be provided as more information becomes available.

If the application is ultimately successful, any funding would be provided 70% by the Federal State Government and 30% by the State of Saxony. On 4 June 2024, the Saxony Government announced its commitment to provide its portion of any funding, subject in part to receipt of formal approval by the Parliament of the State of Saxony, which was duly received on 21 June 2024.

Saxony Government

On 16 December 2024, the Christlich Demokratische Union Deutschlands ('CDU'), which won the highest individual share of the state elections in September 2024, approved a coalition agreement with the Sozialdemokratische Partei Deutschlands ('SPD') to form a minority coalition government. Zinnwald Lithium was delighted that this agreement specifically refers to the importance of the raw material industry to Saxony and establishes as a key goal the ability to simplify and speed up the planning and approval of mining projects. The agreement specifically refers to the Zinnwald Lithium Project in this context and is the only project formally referenced

Visits by Chancellor Scholz

In August and December 2024, Germany's Federal Chancellor, Olaf Scholz, visited the Saxon Mining Authority ('SOBA') in Freiberg to discuss the future raw material security in Germany with the Saxon Minister of Economics, Martin Dulig. Representatives of Zinnwald Lithium GmbH also attended the meetings at which the potential role of Zinnwald Lithium's Project near Altenberg was discussed.

Chancellor Scholz was enthusiastic about the possibility of mining lithium in Saxony in an environmentally friendly way. He said "We are a country that processes modern raw materials. Germany imports many raw materials from other countries in the world, but some are also available in this country - including lithium. In Saxony, lithium is to be mined on a large scale in an environmentally friendly way in the future. "This creates jobs, prosperity and is therefore a priority", the chancellor wrote on X after the meeting.

4. Lithium Market in 2024

General Lithium Market in 2024

In 2024, the lithium market was marked by volatility and transformation, with oversupply and weak demand being the dominant themes. The main trends that shaped the market included:

- Price Decline: According to Benchmark Mineral Intelligence, Lithium carbonate prices dropped by about 29% in 2024 and lithium hydroxide by around 27%. This decline was attributed to a global surplus of around 4.8% of demand, down from 9.5% in 2023.
- Supply Glut: The global supply of lithium increased substantially due to expanded production capacity. Overall lithium production has risen from 0.7m tonnes of LCE in 2022 to almost 1.2m tonnes in 2024.This oversupply, combined with softer demand, particularly from the electric vehicle (EV) sector early in the year, further pressured prices. A feature of 2024 saw the reduction in planned production or even mothballing of a number of projects from major suppliers, such as Kathleen Valley, Bald Hill, Mt Cattlin and Greenbushes,
- Mergers and Acquisitions (M&A): The lithium sector saw significant M&A activity. Notable deals included the merger between Livent and Allkem to form Arcadium Lithium, and Rio Tinto's acquisition of Arcadium for $6.7 billion. Additionally, Pilbara Minerals acquired Latin Resources, and Sayona Mining merged with Piedmont Lithium1.
- Electric Vehicle Market Dynamics: While EV sales were initially weak in North America, they picked up momentum later in the year, especially in China, where record sales were reported. Overall EV sales exceeded 17m in 2024, an increase of 25% from 2023. However, global EV demand was not strong enough to offset the supply surplus.
- Battery Energy Storage Systems (BESS) growth: One of the brighter areas of growth with more than 200 GWh of new installed capacity, with Europe increasing by 110% alone. This is being driven by the dramatic decline in battery costs (down 40% from 2023) and an increase in storage duration. Lithium-ion batteries remain the dominant option accounting for 87% of total storage, up from 83% in 2023. Rho Motion expects these growth trends to continue into 2025 and beyond.
- Geopolitical Factors: Geopolitical tensions, including trade disputes and tariffs on Chinese EVs; threats by China to restrict export of processing technology; uncertainty in the US around future support for the EV industry and potential tariffs; increased resource nationalism in key supplier countries such as Chile. These all added complexity and volatility to the market landscape.

Lithium Pricing

Definitive and accurate lithium pricing is inherently problematic, due to the opaque nature of what is, in global mining terms, a relatively new and small market by value. Lithium pricing is not quoted on any major exchange. There is no terminal market, although the London Metal Exchange is working to launch a futures contract. There is a spot market visible in China, but this is a small part of the overall lithium market. As there is no industry wide benchmark for pricing, the bulk of the market is sold based on negotiation between buyer and seller on long term contracts with prices fixed on an annual or quarterly revised basis. This is not wholly surprising, as battery grade lithium is a speciality chemical that requires acceptance testing by manufacturers who value the consistency of quality of end product and its impurities and guarantee on supply.

2024 has continued to see ongoing weakness in the price of lithium from the highs of $80,000 per tonne in 2022 to between $10,000-12,000 per tonne in the second half of 2024. The lithium market has grown very rapidly from being a relatively small niche market from a global perspective. Partly as a consequence of this, the pricing of lithium has historically been quite volatile if looked at over a purely short-term basis. The price tends to overshoot in the short term on both the high and low side.

In terms of longer-term forecasts, the prospects for lithium pricing remain encouraging. Benchmark forecasts deficits substantially higher than the current surpluses. In 2034, the lithium market is expected to be in deficit by 572,000 tonnes, around seven times larger than the current surplus. Benchmakr takes the view that “lithium will be the bottleneck for the growth of the battery industry more than any other part of the supply chain. Though more than one million tonnes of mined lithium is expected to be produced in 2024, mined supply will need to reach 2.7 million tonnes to meet demand in 2030, the majority of which is driven by the electric vehicle (EV) market.”

In terms of the pricing forecasts published by integrated lithium projects currently in development (i.e.: excludes concentrate producers), the table below shows the assumed pricing for those projects that have published studies since the beginning of 2023, when lithium prices started the retrace from the abnormal highs in 2022.

Recent Published Feasibility Studies Long term Price Assumptions						
Company	**Project**	**Study**	**Date**	**Market study cited**	**price ($/t)**	**Project background**
Lithium Americas	Thacker Pass	DFS	Dec-24	Benchmark / Internal	24,000	USA - Clay to Carbonate
Jindalee Lithium	McDermitt	PFS	Nov-24	Benchmark / Internal	24,000	USA - Hard Rock to Carbonate
Vulcan	Zero Carbon Lithium	DFS / BES	Nov-24	Fastmarkets/ internal	30,500	Germany - DLE Brine to Hydroxide
E3 Lithium	Clearwater	PFS	Jun-24	Benchmark	31,344	Canada - DLE Brine to Hydroxide
Century Lithium	Clayton Valley	DFS	Apr-24	Benchmark	24,000	USA - Hard Rock to Carbonate
Lithium South	Hombre Muerto North	PEA	Mar-24	Internal	20,000	Argentina - Brine to Carbonate
Lake Resources	Kachi	DFS	Feb-24	WoodMac	35,000	Argentina - DLE Brine to Carbonate
American Lithium	Falchani	PEA	Jan-24	Benchmark	22,500	Peru - Hard Rock to Carbonate
Arizona Lithium	Prairie Lithium	PFS	Dec-23	Global Lithium	21,000	Canada - DLE Brine to Carbonate
Galan Lithium	Hombre Muerto West	DFS	Oct-23	WoodMac	28,000	Argentina - Brine to Carbonate
Standard Lithium	South West Arkansas	DFS	Oct-23	Global Lithium	30,000	USA - DLE Brine to Hydroxide
RockTech Lithium	Guben Converter	DFS	May-23	Internal	31,771	Germany - Hydroxide Processing
Piedmont Lithium	Tenessee Lithium Project	DFS	May-23	Benchmark	26,000	USA - Hydroxide Processing
Frontier Lithium	PAK Lithium	PFS	May-23	Internal	22,000	Canada - Hard rock to Hydroxide/Carbonate
European Lithium	Wolfsberg	DFS	Mar-23	Gambosh Consulting	48,600	Austria - Hard rock to Hydroxide
Source: Company Announcements				Average	**27,914**	
				Average - excl European	**26,437**	

1. Jindalee assumed a 17% discount to BMI's forecast of $28,900 per tonne

2. Vulcan Bridging Study assumed LT price from 2032 of €32,050 per tonne. 10 Year from 2026 to 2035 average €23,885 per tonne

5. Shareholder Evolution in 2024

During 2024, the Company's underlying shareholder base shows an ever-increasing ownership by German and EU investors. Based on the latest share register, the Company now shows UK holders at 43.5% (2023: 46%), large German institutional and corporate investors unchanged from 2023 at 31%, other German and EU investors increased to 15.5% (2023: 13%) and Rest of the World unchanged from 2023 at 10%.

6. Outlook

The Company's strategy is centred on developing a project that is not only significant in scale but also economically attractive and founded on a robust technical and sustainable framework. Current and ongoing workstreams are pivotal to this strategy, with significant progress already achieved and several key milestones on the horizon. These include ongoing metallurgical testwork, continuous advancement of hydrogeological drilling campaigns, and detailed mining planning. Concurrently, the team is engaged in permitting and commercial activities.

The Project's updated MRE that has shown the potential size and scale of the Project has re-positioned it in terms of its relevance to the German and EU Battery Chain. The Company's near-term priorities are to progress and complete the PFS Study for publication in Q1 2025. The Company will also continue to advance the work required to successfully permit the Project, including the Spatial Planning submission and the start of its formal ESIA Scoping Study. Alongside this, advancing the Project from a technical and permitting aspect, the Company will continue to advance its long term financing strategy including discussions with potential financing partners.

7. Financial Review

Notwithstanding that the Company is a UK Plc admitted to trading on AIM, the Company presents its accounts in its functional currency of Euros, since the majority of its expenditure, including that of its subsidiary Zinnwald Lithium, is denominated in this currency.

The Group is still at an exploration and development stage and not yet producing minerals, which would generate commercial income. The Group is not expected to report overall profits until it is able to profitably commercialise its Zinnwald Lithium project in Germany.

During the year, the Group made an operating loss of €3.1m compared with a loss of €2.9m in 2023. In 2024, administrative expenses maintained a consistent level of €2.5m compared with €2.6m in 2023. It includes the costs related to being a public listed company, including the costs of non-executive directors, brokers, nominated adviser and other advisers. There was also a share-based payment expense of €0.7m in 2024, compared with €0.5m in 2023, arising from the issuance of new Options and RSUs and the first issuance of PSUs.

During the year, the Group made an overall loss before taxation of €2.8m compared with a loss of €2.6m for the year ended 31 December 2023. This included interest income of €0.4m on the Group's cash balances.

The Total Net Assets of the Group decreased to €37.7m as at 31 December 2024 from €39.8m at 31 December 2023 due mainly to the operating loss noted above. The Group spent €6.5m on direct development work on the Project focussed on completion of the Mineral Resource Estimate and the extensive testwork and flowsheet development, engineering, permitting and general work required for the forthcoming PFS. This increased the Group's Intangible asset balance to €34.2m at year end from €27.7m at the end of 2023 and cash balances decreased to €5.2m from €14.3m at the end of 2023.

The closing cash balance for the Group at the period end was €5.2m. As at today's date, the Group's cash balance is €3.9m.

Cherif Rifaat
Director, CFO
7 March 2025

The technical information relating to geology and the Mineral Resource Statement has been extracted from the Company's RNS on the updated MRE that was published on 6 June 2024 and was reviewed on behalf of Zinnwald Lithium by Laurie Hassall, Senior Consultant, MSci FIMMM '689775' FGS '1044219', of Snowden Optiro. The technical disclosure on other Project matters, particularly the Flowsheet, has been approved by Qualified Person EurGeol (#641) Christian Masurenko of Zinnwald Lithium, Dipl. Geo., Member EFG, Fellow SEG. Both Mr Hassall and Mr Mazurenko have sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person in accordance with the guidance note for Mining, Oil & Gas Companies issued by the London Stock Exchange in respect of AIM Companies, which outlines standards of disclosure for mineral projects. They consent to their inclusion in this announcement of the matters based on his information in the form and context in which it appears.

8. Directors' Section 172 Statement

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

The requirements of s172 are for the Directors to:

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

The Company operates as a lithium exploration and development company with its sole focus on the Zinnwald Lithium Project and ancillary exploration licenses. The Company is currently undertaking additional work to further expand and develop the Project to enable it to raise the debt and equity required to finance the construction phase of the Project. As such, the Project is at pre-revenue stage and inherently speculative in nature. It does not currently generate regular income and is dependent upon fund-raising for its continued operation. The pre-revenue nature of the business is important to the understanding of the Company by its members, employees and suppliers, and the Directors seek to provide transparency about the Company's cash position and funding requirements as is allowed under applicable regulations.

We have split our analysis into two distinct sections, the first to addresses Stakeholder engagement, which provides information on stakeholders, issues and methods of engagement, disclosed by stakeholder group. The second section addresses principal decisions made by the Board and focuses on how the regard for stakeholders influenced decision-making.

Section 1. Stakeholder mapping and engagement activities within the reporting period.

The Company continuously interacts with a variety of stakeholders important to its success, such as equity investors, royalty holders, workforce, government bodies, local community & vendor partners. The Company strives to strike the right balance between engagement and communication. Furthermore, the Company works within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality of market and/or commercially sensitive information.

Key Stakeholders – Engagement Rationale and Objectives	How Zinnwald engaged with the stakeholders	What came of the engagement
Investors		
The Company requires further funding to develop the Project. As such, existing and prospective equity investors and project finance partners are important stakeholders. Without the provision of further financial investment, the Company cannot create value for our shareholders. We are seeking to promote an investor base that is interested in a long term holding in the Company and will support the Company in achieving its strategic objectives. Over the course of 2024, the Company has continued to increase the size of its German and EU ownership to almost 47% of its shareholder base.	The existing substantial shareholders have regular meetings with the CEO and CFO. The Company has engaged with new potential cornerstone and offtake partners during the period. Engagement with prospective and existing investors is via: • The AGM and Annual and Interim Reports. • Investor roadshows and presentations. • One-on-one investor meetings with the CEO and CFO. • Access to the Company's brokers and advisers • Discussions with providers of research on the Company • Regular news and project updates. • Social media accounts	We engaged with investors on topics of strategy, governance, project updates and performance. The CEO and CFO presented at a number of investor roadshows and one-to-one meetings and have increased the profile of the Group with an international base of potential investors. Discussions with cornerstone investors and potential offtake partners are an inherently long term process.

Key Stakeholders – Engagement Rationale and Objectives	How Zinnwald engaged with the stakeholders	What came of the engagement
Workforce		
The vast majority of the workforce in future will be based in Germany and the Directors consider workforce issues holistically for the Company and the Project as a whole. The Company and the Project's long-term success is predicated on the commitment of our workforce to our vision and the demonstration of our values on a daily basis. The Board have identified that reliance on key personnel is a known risk (see the Principal Risks and Uncertainties). Stakeholder Interests include but are not limited to: • Job creation, fair worker pay and conditions. • Development opportunities and interesting work. • Clear communication with employees • Excellence in health and safety. The Company has six UK employees including its Directors, all of whom are UK based. The rest of the Company's workforce is based in Germany.	UK: The CEO and CFO report regularly to the Board, including the provision of board information. Germany: The Company maintains an open line of communication between its employees, senior management and Board of Directors. The Company is currently too small to require a formal HR Function in Germany, but this will be instituted as the Company grows in size. Senior management regularly visit the operations in Germany and engage with its employees through one-on-one and staff meetings, employee events, project updates, etc. Safety is a key factor in the governance of the Group and senior management hold regular safety meetings.	Board reporting includes sections on engagement with workforce. Meetings were held with staff to provide project updates and ongoing business objectives.
Government Bodies – State and Federal		
The Company requires a number of different licenses to undertake activities. The Company has a mining license and will apply for a General Operating Plan (GOP) permit that will include an EIA. It will only be able to commence production once it receives these licenses and permits. These licenses will come from both State and Federal bodies. The Company will also need to engage with state suppliers of utilities such as power, gas and water.	The Company maintains good relations with the respective government bodies and communicates progress. The Company engages with the relevant departments of the Saxony Government in order to progress the operational licences it will require, especially with the Saxony Mining Authority (SOBA). The Project is currently working with the Spatial Planning authorities on their scoping plans. The updated MRE published in 2024 materially increased the profile of the Project with Government. The Company applied for a grant under the TCTF for the German Battery chain.	The Company has applied for a permit to construct its exploration adit from Zinnwald and expects a final decision in 2025. The Company has met with various departments of the State of Saxony to discuss its development plans. The Company has agreed that the SOBA will be the overall permitting body for all permits. The Company is in the process of submitting its Spatial Planning application. The German chancellor, Mr Scholtz attended two meetings at SOBA with the Company in attendance and extolled the virtues of the Project. The Company was invited to the final round of review under the TCTF, following on from formal support committed by the Saxony government.

		The Project was specifically mentioned as a priority project under the coalition agreement in December 2024.
Key Stakeholders – Engagement Rationale and Objectives	**How Zinnwald engaged with the stakeholders**	**What came of the engagement**
Local Community		
The local community at the Zinnwald site and surrounding area will provide both immediate access rights for drilling and in the longer term the social license to operate. We need to engage with the local community to build trust. Having the community's trust will mean it is more likely that any fears the community has can be assuaged and our plans and strategies are more likely to be accepted. Community engagement will inform better decision making. The local community will provide employees and suppliers to the mine and chemical plant. The Company will in due course have a social and economic impact on the local community and surrounding area. The Company is committed to ensuring sustainable growth minimising adverse impacts. The Company will engage these stakeholders as appropriate.	The Company has opened a new core storage facility and visitors centre in Altenberg and staffs the office at least one day per week to answer community questions. The Company continues to make several donations to local bodies. As part of the ESIA Scoping Study work that started in 2024, the Company is continuing to identify all key stakeholders within the local community. The Group has open dialogue with the local town government and community leaders regarding the project development. The Company has existing ESG/ CSR policies and s management structure at corporate level. The Company will expand on these policies and structures at a local project level as the Company moves through development and on into construction.	The Company held several town hall meetings in Zinnwald to allow the local residents an opportunity to engage with the team. The Company held a well attended open day in June 2024 at its new core shed and visitors' centre. The Company engages with the local community as part of the development of its sustainability initiatives.
Suppliers		
Our suppliers are fundamental to ensuring that the Company can develop a financeable project and ultimately construct the project on time and budget. Using quality suppliers ensures that as a business we meet the high standards of performance that we expect of ourselves and vendor partners. At a local level, we may also partner with a variety of smaller companies, some of whom may be independent or family run businesses.	The Company has a policy of working with internationally respected consultants for the development of its PFS and on towards BFS. The Company will use similar quality engineering groups when it comes to construction of the Project. Management team continue to work closely with engineering and specialised consultancy firms including: • One on one meetings between management and suppliers. • Vendor site visits to ensure suppliers able to meet requirements. • Contact with procurement departments and accounts payable.	During the period the Company has contracted and engaged with the following (see Operations report for more detail): • Snowden Optiro – QP, Mining • Metso – Process flowsheet • Fichtner – Infrastructure • K-Utec – Back-fill • DMT – Electrics and comms • ERM – ESIA and Hydrogeology • Knight Piesold – Talings • Dr Sauer - Tunnel • Gicon/GLU – Planning

Section 2. Key Decisions made by the Board within the reporting period.

The Board defines principal decisions as both those that have long-term strategic impact and are material to the Group, but also those that are significant to its key stakeholder groups. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement, the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company. The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during 2024:

- **Focus on Metso Flowsheet.** In 2023, the Project commenced its initial evaluation of the Metso proprietary Alkaline Leach Flowsheet. Metso is a frontrunner in sustainable technologies, end-to-end solutions and services for the aggregates, minerals processing and metals refining industries globally. While the use of the Metso process for zinnwaldite ore is a new application of the process, it has been successfully demonstrated at continuous pilot scale using spodumene feedstock at other operations such as the Keliber lithium project in Finland, which is under construction. In 2024, the Project successfully completed calcination testwork on large bench-scale level and is currently refining the hydrometallurgical testwork for inclusion in the PFS. The Board continues to believe that the alkaline leach processing route has the potential to offer significant advantages in terms of overall recovery, efficiency, operational costs and reduced impact on the environment. The Board also believes that this relationship will also offer material benefits to the long-term financing of the Project. Accordingly, the Board elected in 2024 to focus solely on the Metso flowsheet option, rather than the historic sulphation route.
- **Interim Pre-Feasibility Study.** The publication in June 2024 of the material increase in the identified resource, coupled with the identification in a potential new processing site, enabled the Board to consider the options to deliver a significantly larger scale project. In order to properly assess the Project's design and scope, the Board decided to undertake an interim step of producing a PFS to allow a detailed analysis of the trade-off and options associated with the increased scope of the Project and the new site options. The PFS remains on course to be completed in Q1 2025 with several parts already reaching Feasibility Study accuracy. Alongside this, the Company continues to progress the spatial planning and permitting process associated with the Project and, as such, does not anticipate that taking the additional step of producing a PFS will delay the overall project timeline. The Board believes that this step will increase the relevance of the Project to the European battery materials markets**.**
- **Engineering and Design Consultants.** As with its previous work on the MRE, the Board has prioritised the use of internationally credible consultants to assist the Project through this phase and onwards to the Feasibility Study as this will lend the credibility required by permitting authorities and ultimately finance partners. For the PFS, the Company is working with Metso for mineral processing and pyro- and hydrometallurgical process design and engineering, Snowden Optiro for mine planning, Knight Piesold for design of the tailings storage facility, K-Utec for backfill design, DMT for mining electrical and communications, ERM for hydrogeology and ESIA scoping, Fichtner for infrastructure and Dr Sauer & Partners for tunnel development.
- **Relocation of German subsidiaries.** In 2024, the Board took the decision to move the corporate location of its German subsidiaries from Freiberg to a new office in Dresden and a new core shed in Altenberg. The Board believes that an office location in Dresden will assist with long term recruitment of its owners' team, as well as locate the team closer to the state government. Opening the new core shed in Altenberg has enabled the opening of a visitors' centre that brings the operations closer to the local community of Zinnwald itself.
- **ESIA.** The Project will complete an EIA as part of its application for its overarching General Operating Plan permit. In addition to this process, the Board has decided to produce an ESIA that will meet both the permitting requirements, but also be completed to a level suitable for the purposes of seeking finance from International Financing Institutions, which in many areas will be more extensive than the permitting process. The Board appointed ERM to complete the ESIA Scoping Study phase, which lead into the process of the full ESIA.

Anton du Plessis
Director, CEO
7 March 2025

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent company financial statements in accordance with UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors present their annual report and audited financial statements for the year ended 31 December 2024.

Principal activities

The principal activity of the Company and Group is that of developing the Zinnwald Lithium Project to become the next lithium producer at the heart of Europe. Details of future developments are included in the Strategic Report.

Results and dividends

The results for the year are set out on page 46.

No ordinary dividends were paid. The directors do not recommend payment of a dividend.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

- Jeremy Martin (Non-executive Chairman)
- Anton du Plessis (CEO)
- Cherif Rifaat (CFO)
- Graham Brown (Non-executive Director)
- Peter Secker (Non-executive Director)
- Dr Stefan Scherer (Non-executive Director)

Directors' interests

The Directors' interests in the shares of the Company are set out on page 34.

Substantial shareholdings

The Directors are aware of the following substantial interests or holdings in 3% or more of the Company's ordinary issued share capital as at 7 March 2025:

Major Shareholder	No of Shares	% of Issued share capital
AMG Critical Materials N.V.	118,996,738	25.1%
Henry Maxey	69,236,495	14.6%
Ganfeng Lithium	25,465,889	5.4%
Mark Tindall	19,752,443	4.2%
Oberon Investments Limited	14,176,076	3.0%

Directors' insurance

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

Supplier payment policy

The Group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

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

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

Working capital and liquidity risk

Cashflow and working capital forecasting is performed in the operating entities of the Group and consolidated at a Group level basis for monthly reporting to the Board. The Directors monitor these reports and rolling forecasts to ensure the Group has sufficient cash to meet its operational needs. The Board has a policy of maintaining at least a GBP 0.5m cash reserve headroom. The Group has no material fixed cost overheads other than its costs of being listed on the AIM market and its leases in Dresden and Altenberg. None of its employee contracts have notice periods of longer than six months and its development expenditure is inherently discretionary.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from one main currency exposure, namely GBP for its Head Office costs and the value of its shares for fund-raising and Euros for most of its operating expenditure. The Group's Treasury risk management policy is currently to hold most of its cash reserves in Euros, as the majority of its current and planned expenditure will be on the Zinnwald Lithium Project in Germany.

Credit and Interest Rate Risk

The Company has no borrowings and a low level of trade creditors and has minimal credit or interest rate risk exposure.

Auditor

PKF Littlejohn LLP has expressed its willingness to continue in office and a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Company is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the Company is aware of that information.

Streamlined Energy and Carbon Reporting

As per the Streamlined Energy and Carbon Reporting ("SECR") Regulations published in 2018, quoted companies and large unquoted companies that have consumed more than 40,000 kilowatt-hours (kWh) of energy in the UK in the reporting period must include energy and carbon information within their directors' report.

Zinnwald Lithium Plc does not qualify as a quoted company or a large unquoted company and therefore is presently exempt from the SECR reporting requirements. It also has minimal UK carbon usage, as its primary base of physical operations is Germany However, in the interests of disclosure, in 2024 the Group estimates that it has consumed circa 1,090,000 kWh (2023: 4,650,000 Kwh) of energy in the period. The majority of this decrease is due to the 2023 comparator figures including the completion of the 84 hole, 27,000m drilling campaign. In 2024, the Project also moved its operations from a large industrial building in Freiberg to a dedicated office in Dresden and a smaller core shed in Altenberg. The Group is developing its reporting systems and KPI metrics to establish baselines for future reporting and will publish these as the Project develops.

On behalf of the board

Jeremy Martin
Director
7 March 2025

Zinnwald Lithium Plc (the "Company") adheres to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in November 2023) to meet the requirements of AIM Rule 26. The Company includes below the material disclosures required under these QCA guidelines. The Company also publishes a more detailed QCA Statement on its website, which is updated annually and last updated in November 2024. This statement includes more comprehensive disclosures considered to be more appropriate in that format.

Board Composition

As at 31 December 2024, the Board comprised two Executive Directors, a Non-Executive Chairman and three other Non-executive Directors. Details of the current Directors are set out within the list of Directors below. The Board will continue to review its structure in order to provide what it considers to be an appropriate balance of executive and non-executive experience and skills.

The Board considers the following Non-Executive Directors to be independent – Jeremy Martin, Graham Brown and Peter Secker. None of these Directors have been employees, have a significant business relationship or close family ties with related parties or represent significant shareholders. The Board notes that the Company follows the QCA guidelines on Corporate Governance that does not prohibit non-executive Directors participating in performance related remuneration schemes, provided that it is mindful of any potential effects on objectivity and director independence. The Board believes that the number of Options granted to Non-Executive Directors is not material in either value or in relative terms to issued share capital. The Board believes that issuing these Options strikes an appropriate balance that preserves the Company's cash whilst enabling it to recruit and retain the calibre of its technically and commercially experienced Directors. The Board is in regular contact with its significant shareholders, none of whom have expressed any concerns around the award of these Options and continue to overwhelmingly vote in favour of resolutions proposed at the Company's AGMs.

Dr Stefan Scherer was appointed as a Non-Executive Director in April 2023 under the terms of the relationship agreement signed with AMG Critical Minerals N.V. ('AMG') as part of its participation in the fundraise in March 2023 that resulted in it owning 25% of the enlarged share capital of the Company. Under the agreement, AMG has undertaken to the Company and Allenby Capital, the Company's Nominated Adviser, that, for so long as it is interested in Ordinary Shares carrying 15% or more of the Company's voting share capital, it will not act to unduly influence the Company or its Board and will ensure that transactions entered into by it with the Company are on an arms' length basis and independently considered by the Company. The Agreement provides AMG with the right to maintain its 25% shareholding in future fundraises. The Agreement also provides that for so long as AMG is interested in Ordinary Shares carrying a minimum of 15% of the Company's voting share capital, AMG shall be entitled to appoint one Director to the board of the Company. Accordingly, Dr Scherer is not considered independent.

Board Terms of Reference and Powers

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

The Board has adopted a 'Charter' that sets out the role and responsibility of the Board and the manner in which it will exercise and discharge these duties. The role of the Board is to determine the strategic direction of the Company, regularly review the appropriateness of it and oversee its implementation. It is not the role of the Board to manage the Company itself but rather to monitor the management and performance of the business. It does this in the following areas:

- Board composition and organisation;
- Strategy, financial and operational matters;
- Financial expenditure;
- Shareholder engagement and communications;
- Governance and general sustainability (ESG) matters; and
- Designated positions of responsibility. The roles of management are covered in relation to their interaction with the Board rather than their day-to-day operational tasks.

The Non-Executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and the Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to the Executive Directors and other senior members of the management team. The Executive Directors enjoy open access to the Non-Executive Directors with or without the Chairman being present.

Director Commitments

The Executive Directors, Anton du Plessis and Cherif Rifaat, are employed on full-time contracts.

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

Board Meetings

The Board looks to meet in a formal manner on a quarterly basis, with additional meetings held as required to review the corporate and operational performance of the Group.

Each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

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

A summary of Board meetings attended in the 12 months to 31 December 2024 is set out below:

	28 March	19 June (also AGM)	9 July	17 September	11 December
Jeremy Martin	✓	✓	✓	✓	✓
Anton du Plessis	✓	✓	✓	✓	✓
Cherif Rifaat	✓	✓	✓	✓	✓
Graham Brown	✓	✓	✓	✓	✓
Peter Secker	✓	✓	✓	✓	✓
Stefan Scherer	✓	✓	✓	✓	✓

Board Committees

The Board has delegated specific responsibilities to the Audit, Remuneration and Sustainability Committees, details of which are set out below. In accordance with the recommendations of the updated QCA Corporate Governance Code, the Board approved the establishment of a Nominations Committee, which was duly constituted in December 2024. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best- practice.

There is currently no internal audit function, given the size of the Group, although the Audit Committee keeps this under annual review.

Audit Committee

The Audit Committee's overall goal is to ensure that the Group adopts and follows a policy of proper and timely disclosure of material financial information and reviews all material matters affecting the risks and financial position of the Group.

The Committee is responsible for overseeing for the Company, its major subsidiaries and the Group as a whole, in relation to the following matters:

- Financial reporting;
- Internal control and risk management systems;
- Internal audit function;
- External audit and the relationship with the external auditors; and
- Whistleblower and fraud programme.

The Audit Committee meets at least twice a year and comprises independent Non-Executive Directors only, with the Chief Financial Officer in attendance and not a member. The external auditors may attend all meetings. The Audit Committee currently comprises Graham Brown as Chairman and Jeremy Martin.

Remuneration Committee

The Remuneration Committee assumes general responsibility for assisting the Board in respect of remuneration policies and strategies for the Company and ensuring they are designed to support strategy and promote long-term sustainable success. It ensures that the Company offers competitive remuneration that is aligned to Company purpose and values, and clearly linked to the successful delivery of the Group's long-term strategy, whilst remaining financially responsible. It also ensures formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration.

- Remuneration policies, including long and short-term incentives;
- Review of executive management performance and recommendations for incentive awards;
- Annual reporting of the Company's remuneration activities;
- Administration of the New Share Incentive Schemes;
- Company policies regarding pension and other benefits; and
- The engagement and independence of external remuneration advisers.

The Remuneration Committee meets as and when necessary. The Remuneration Committee is comprised exclusively of independent Non-Executive Directors and currently comprises Graham Brown and Jeremy Martin as Chairman. No Director is permitted to participate in discussions or decisions concerning his own remuneration.

Sustainability Committee

The Board and Management of the Company are committed to maintaining a high standard of corporate governance. The Company has chosen to adhere to the Quoted Companies Alliance ("QCA") Corporate Governance Guidelines for Small and Mid-Size Companies, which was revised in November 2023 and comprises ten key principles. The purpose of the Sustainability Committee is to provide for the Board's effectiveness and continuing development in meeting these ten principles.

The Sustainability Committee is also responsible for overseeing, on behalf of the Board, the development, implementation and monitoring of the Company's sustainable development in all its internal policies and operations around the three pillars of the Group's Sustainability framework. These are based on the United Nations' set of 17 Sustainable Development Goals (SDGs), of which for mining companies, the key takeaways are to extract responsibly, waste less, use safer processes, incorporate new sustainable technologies, promote the improved wellbeing of local communities, curb emissions, and improve environmental stewardship.

The Sustainability Committee is responsible for overseeing for the Group as a whole, the following matters:

- Corporate Governance matters highlighted by the QCA Code;
- Sustainability matters and policies;
- Undertake and report on an annual basis an ESG Materiality assessment to identify key issues as the Company moves through its evolution from exploration to construction and into production; and
- Reporting of all ESG and Corporate Governance matters in Company publications.

The Sustainability Committee is comprised of Jeremy Martin (Chairman), Graham Brown and Anton du Plessis. Cherif Rifaat has been appointed the Designated Director for sustainability matters and will report to the Sustainability Committee. The Sustainability Committee meets at least twice per year.

Nominations Committee

The Nominations Committee's role is to assist the Board of Zinnwald Lithium plc (the "Board") in regularly reviewing its composition and those of its Committees. The Committee shall be responsible for overseeing for the Company, major subsidiaries and the Group as a whole, the following matters:

- Lead the process on reviewing and recruiting new Board members;
- Regularly review the membership of Board committees; and
- Ensure effective succession planning for the Board and senior management.

The Committee shall comprise of at least three members, the majority of whom shall be non-executive directors that should qualify as "independent", as approved by the Board taking into account discussions with the Nomad and guidance provided by the QCA. The Board is currently evaluating who will sit on this committee alongside a wider review of which Directors shall sit on each committee. The Committee will meet for the first time in 2025.

Board as a whole

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

The Board does not believe that any of the Directors have too many directorship roles at other listed companies and are hence at risk of "over-boarding" as defined by ISS voting guidelines but will continue to monitor this on an ongoing basis. The Board is satisfied that the Chairman and each of the Non-Executive Directors is able to devote sufficient time to the Group's business.

The Directors keep their skillsets up to date by attending industry and qualification relevant seminars and training sessions.

List of Directors in 2024

Jeremy Martin: Non-Executive Chairman

Mr Martin was one of the original founders of the Company in 2012 and has performed both non-executive director and non-executive chairman roles. He is a geologist with over 25 years' experience with a track record of discovery and project development in precious and critical minerals across Latin America and Europe. He has a strong technical background covering early-stage exploration, feasibility study, project evaluation, permitting, sustainability reporting and structuring, and ultimately to project development. He has broad capital markets experience on AIM and the TSX, having completed a number of IPOs, and established JVs and or partnerships with some of the leading major mining companies, including Anglogold, Teck, Glencore and Vale. Mr Martin holds a BSc (Hons) from the Camborne School of Mines and MSc.

Anton du Plessis: Chief Executive Officer

Mr du Plessis joined the Company, originally as Chief Executive Officer, in October 2018. He has over 25 years' experience in the mining, industrial and finance sectors. During this time, he held senior positions at several international investment banks including CIBC, Bank of America Merrill Lynch and Morgan Stanley with a focus on advising natural resources companies on the execution of strategic and financing transactions. He has worked on transactions across a range of commodities and for several leading global companies including Anglogold Ashanti, Rio Tinto and BHP Billiton. Prior to embarking on his investment banking career, He worked for the Anglo American group in a corporate finance and business development capacity.

Cherif Rifaat: Chief Financial Officer

Mr Rifaat has been Chief Financial Officer of the Company since 2017. He is a UK chartered accountant with more than 20 years of venture capital, corporate finance, operational turnaround and investor relations experience since his qualification with KPMG. He has primarily worked with technology, mining and real estate companies, with an emphasis on those in a start-up, pre-IPO or restructuring phase. He has been a corporate and financial adviser to the lithium mining company, Bacanora Lithium Ltd, since it listed on AIM in 2014, and is currently its company secretary. He has been a member of the ICAEW since 1998.

Graham Brown: Non-Executive Director

Mr Brown has served as a non-executive director of the Company since 2017. He has has been a Fellow of the Society of Economic Geologists ("SEG") since 1999, participated in the Colombia Senior Executives programme in 2004 and the Duke Business Leaders programme in 2007. He is a past councillor of the SEG and current British Geological Survey industry adviser and Natural History Museum honorary research fellow. In 2011, he was the co-recipient of the PDAC Thayer Lindsley Award and from 2013 attained both Chartered Geologist and European Geologist professional status. Graham joined Amax as an exploration geologist in 1980 and worked on a variety of exploration and mining operations in the Circum-Pacific region. For almost a decade, he worked as a consultant involved with the exploration and evaluation of a number of major discoveries in both Asia and Europe. In 1994, he joined Minorco as Chief Geologist. Subsequently he became the Europe-Asia region's Vice President Exploration and following the Minorco-Anglo American plc merger in 1999, he served as Vice President Geology. In 2003 he was appointed Senior Vice President Exploration and managed geosciences, technical services, and R&D programmes. In 2005 he was promoted to Head of Base Metals Exploration and in 2010 he took up the position of Group Head of Geosciences for the Anglo American Group. He is currently a senior adviser to Appian Capital, a prominent private equity fund focussed on mining.

Peter Secker: Non-Executive Director

Mr Secker has served as a non-executive Director of the Company since October 2020. He is a mining engineer with over 35 years' experience in the resources industry. During his career, he has built and operated a number of mines and metallurgical processing facilities in Africa, Australia, China and Canada. His operating and project experience spans several commodities, including titanium, copper, iron ore, gold and lithium. For the past 15 years, Peter has been Chief Executive of several publicly listed companies in Canada, the UK and Australia; he is currently CEO of Bacanora Lithium Ltd.

Dr Stefan Scherer: Non-Executive Director

Dr Scherer has served as a non-executive director of the Company since April 2023. He has more than 20 years' experience in the speciality and fine chemical industries having studied chemistry at the Technische Hochschule Darnstadt and completed a PhD in Organic Chemistry at the Goethe University in Frankfurt. He is currently Chief Executive Officer of AMG Lithium GmbH and Chief Commercial Officer of AMG Lithium BV, where he is responsible for AMG's downstream lithium business and its overall lithium development strategy. Prior to this, he held various R&D, operational, and management positions including roles at Albemarle and Rockwood Lithium/Chemetall

Board Advice during the year

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

Lead Independent Director

Due to the size of the Company, the Board does not feel it necessary to appoint a Lead Independent Director. The Board will keep this under review as it progresses towards a financing decision and ultimately construction of the Project.

Company Secretary

The Chief Financial Officer undertakes the role of Company Secretary, as the Board does not feel the size of the company warrants an individual to be employed specifically for this role. Mr Rifaat is an experienced Plc company secretary with extensive experience of the AIM market. The Board will look to appoint an individual company secretary when it is closer to its financing decision on the Project.

Annual Board appraisal

In accordance with current best practice and the Code, the Board conducts an annual formal evaluation of its performance and effectiveness and that of each Director and its Committees. This is conducted during the year by way of interviews with the Chairman. In addition, the Non-Executive Directors meet, informally, without the Chairman present and evaluate his performance. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

Ongoing Board Development

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

Non-Executive Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process.

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate.

Succession Planning

The Board has a minuted emergency succession plan for the Senior Management Team. On an ongoing basis, Board Directors maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members.

Committee Reports – Audit, Remuneration, Sustainability

See separate documents within this Report.

Engagement with all shareholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. General communication with shareholders is co-ordinated by the Chairman, Chief Executive Officer and Chief Financial Officer.

The Company publishes on its website the following information, which the Board believes plays an important part in presenting all shareholders with an assessment of the Group's position and prospects:

- The Company's latest Investor presentation;
- The Company's most up to date technical reports on each of its projects;
- Annual and Half-Yearly Financial Statements;
- All company press releases issued under the RNS service;
- Notice of any General Meetings will be posted on the website as well as announced via RNS;
- Details on the results of all resolutions put to a vote at the most recent AGM;
- Contact details including a dedicated email address (info@zinnwaldlithium.com) through which investors can contact the Company; and
- The results of voting on all resolutions in future general meetings will be posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent. of independent shareholders.

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

Institutional Investors

In general, the Board maintains a regular dialogue with its institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM Rules, MAR and requirements of the relevant legislation. The Company typically holds meetings with institutional investors and other large shareholders following the release of interim and financial results.

Private Investors

The Company is committed to engaging with all shareholders and not just institutional shareholders. As the Company is too small to have a dedicated investor relations department, the Chief Executive Officer is responsible for reviewing all communications received from shareholders and determining the most appropriate response. The Chief Executive Officer works in conjunction with the Company's public relations advisers to facilitate engagement with its shareholders.

Board review

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the Chief Executive Officer , Chairman and the Company's brokers.

Part 1 - Background Statement from the Chairman

On behalf of the Board, I am pleased to present this report on behalf of the Audit Committee (the "Committee"), covering the activities for the twelve months ended 31 December 2024.

During 2024, the Committee's agenda has continued to be built around its primary key recommendations to the Board being the Annual Budget, Review and Approval of the Audited Annual Financial Statements and the review of the half year results. As well as the ongoing reporting requirements, the Committee has also paid close attention to the cash flow requirements of the Group to ensure that the Company maintains a tight control on expenditure and remains well financed.

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

Part 2 – Matters for consideration in 2024

Significant issues and judgements

In considering the financial results contained in the 2024 Annual Report and Financial Statements, the Audit Committee reviewed the significant issues and judgements made by management in determining those results. A summary of these issues is detailed below:

Accounting Issue	Summary	Action Points by Committee
Critical Judgement and estimates Impairment assessment of Zinnwald Lithium Project	Review of impairment indicators under IFRS 6 resulted in recommendation of no impairment of Zinnwald Lithium Project assets.	Review of estimates and accounting treatment prepared by CFO. Recommended to the Board for no impairment.
Going concern Accounting basis of preparation	Reviewed detailed budget and cashflow forecasts for 2025-2026 and whether it is prudent to account on a going concern basis under IAS 1.	Review and interrogation of cashflow forecasts prepared by management; consideration of existing cash balances and development plans for 2025. Recommended approval of the budget and a going concern accounting basis be adopted.
Financial Processes Review of key financial procedures and controls	Review of existing systems, controls and procedures to fully incorporate the financial systems, approval levels and controls of Zinnwald Lithium. The CFO has commenced the early stage planning to scale up the Group's accounting systems to support the Project when it moves into construction phase.	Review of updated Financial Reporting Procedures manual. Recommended approval of the updated manual to the Board. The Committee has reviewed the CFO's initial feedback on long term plans for accounting systems and will continue to monitor as Project progresses.
Risk Management Process Continued development of the risk management process	The Company updates its risk register and disclosures on an annual basis and continues to develop a long-term control framework for the management and mitigation of risk.	Review of updated risk register and disclosures of steps taken to mitigate key risks and trends in the Risks themselves. The Risk control process will continue to be monitored over the coming period.

External auditor

The Company's external auditor, PKF Littlejohn LLP ('PKF') presented their detailed audit plan and final audit findings and recommendations for the twelve months ended 31 December 2024. The Audit Committee agreed with the audit approach at the planning stage and agreed with the materiality thresholds, identification of the key risk areas and significant judgements and estimates.

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

There was no material non-audit work carried out by PKF during the period with the only work being the tax compliance work to assist with the Company's annual returns. Note 6 to the Consolidated Financial Statements provides full details of fees paid during the period.

Whistle blower process

One of the Committee's key delegated responsibilities is to oversee the whistle blower policy and process. The Company is committed to conducting its business with honesty and integrity and expect all staff to maintain high standards in accordance with its Code of Conduct. The Board approved an updated group policy at the time of the RTO in October 2020. The Committee continues to monitor this process and the consideration on when the Company's scale of operations will require a dedicated independent whistle blower hotline.

Internal Auditor

The requirement for the appointment of an internal auditor has been assessed by the Committee and the Board; the level of spend and complexity of the operations being taken into account when considering this decision. To date, the Board has decided that an internal audit function is not required but will continue to assess the situation on a regular basis.

Going Concern

The Directors considered it appropriate to continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements. The going concern statement is detailed in full in Note 1.4 to the Consolidated Financial Statements.

For and on behalf of the Audit Committee

Graham Brown
Chairman of Audit Committee
7 March 2025

Part 1 - Background Statement from the Chairman

On behalf of the Board, I am pleased to present the Directors' Remuneration Report summarising the Company's remuneration policy and providing information on the Company's remuneration approach and arrangements for Executive Directors, Non-Executive Directors ('NEDs') and senior executive management for the year ended 31 December 2024.

This report is prepared in accordance with the Quoted Companies Alliance (QCA) Remuneration Committee Guide for small and mid-sized quoted companies, revised in 2020. A summary of the Remuneration Committee's role, membership and relevant qualifications can be found in the corporate governance section herein or the QCA statement on the website.

Remuneration Committee meetings are ordinarily held at least twice a year with the primary focus of setting goals for the coming period and then assessing results at the end of that period. In December 2024, the Remuneration Committee met to undertake its initial review of performance in 2024 and set targets and KPIs for 2025. The Remuneration Committee has met twice since the year end to review and score the targets for the 2024 period and made its recommendations to the Board in regard to awards under all schemes, which are detailed below and were issued on 31 January 2025.

Part 2 – Remuneration Policy

Zinnwald Lithium's remuneration policy for executives, directors and employees is designed to support the delivery of the Group's sole focus being the development of the Project from exploration stage through to being a meaningful supplier of battery-grade lithium products to the European battery industry. Basic annual remuneration is set at a level to compete with other rival employers to ensure the development of an owners team that can deliver the project. The various short- and long-term incentives schemes, originally developed under advice received from independent consultants and approved by shareholders at the time of the 2020 RTO, are designed to specifically link rewards with long term performance both in terms of delivered key strategic milestones as well as overall returns to shareholders. This policy has been reviewed by major shareholders, which have continued to support the Company by consistently voting significantly in favour of resolutions proposed by Directors at the AGMs. The Board has no plans to amend this overall remuneration policy.

Part 3 - Director remuneration

Remuneration for Executive Directors and Senior Management

All Executive Directors are paid a fixed annual salary and, subject to meeting appropriate targets within their scorecard, are included in the 2020 RSU and PSU share-based incentive plans noted below. All Executive Directors have a six month notice period in their contracts and no "loss of office" payments bar the notice period. All Non-Executive Directors entered into appointment letters at the time of the RTO in October 2020 on a fixed annual fee basis. The Non-Executive Directors have three month notice periods in their letters, apart from the Chairman who has a six-month period to reflect the significance of the role. There are no "loss of office" clauses in the letters.

The tables below detail total emoluments received by each Director for the periods covered by this report, split between cash costs to the Company and non-cash share incentive charges for the period. The Share Incentive Charge represents the value charged to the income statement in the relevant period, which is charged across the total of the relevant vesting periods. It does not represent the value received by the recipient on vesting, in particular the RSUs, which is disclosed separately.

	Cash costs to Company					Non-cash	
Group 2024	Salary / Fees	Other taxable[2]	Pension Costs	Social Security Costs	Total	Share Incentive Charge	Grand Total
	£	£	£	£	£	£	£
Executive Directors							
Anton du Plessis	288,500	92,803	28,850	51,364	**461,517**	247,800	**709,317**
Cherif Rifaat	240,400	42,964	24,040	37,848	**345,252**	160,434	**505,686**
Non-Executive Directors							
Jeremy Martin[1]	118,600	-	-	15,111	**133,711**	15,777	**149,488**
Graham Brown	45,800	-	-	5,065	**50,865**	11,270	**62,135**
Peter Secker	45,800	-	-	5,065	**50,865**	11,270	**62,135**
Stefan Scherer	-	-	-	-	**-**	-	
Total	**739,100**	**135,767**	**52,890**	**114,453**	**1,042,210**	**446,551**	**1,488,761**

Following the year end, the Committee recommended a 4% inflationary increase to salaries and Directors fees that took effect on 1 January 2025.

[1] Effective 1 January 2024, the Company engaged Jeremy Martin in a 12 month consultancy agreement to provide specific technical support to the operational team with the development of the resource and processing parts of the Project's flowsheet. As a related party transaction, this was reviewed by the Board, excluding Mr Martin, which concluded that the agreement was fair and reasonable for the Company's shareholders on the grounds that: the deliverables are directly related to Mr Martin's professional qualifications and extensive experience in the specific fields of Geology, Mining and Mineral Processing; and the rate charged is not materially different to those already being charged to the Company by its existing consultants in these fields. The Board also concluded that the agreement does not impact on Mr Martin's independence in his existing role as Non-Executive Chairman. In December 2024, the Board elected to extend this agreement into 2025 on a three month notice period to cover the ongoing work towards the Project's Bankable Feasibility Study. The payment received by Mr Martin under the agreement in the year ended 31 December 2024 was £44,200.

[2] Other taxable costs relate to the vesting of the RSUs in January 2024. On 15 January 2024, the first tranche of 1,909,531 RSUs originally issued in January 2022 reached their vesting date, and in accordance with the rules of the scheme vested at a price of 7.11p being the 20 Day VWAP price at close on 12 January 2024. The gross value of these vested RSUs equated to £92,803 to Anton du Plessis and £42,964 to Cherif Rifaat as compared with the associated share incentive charge expensed over 2022 and 2023 of £189,000 and £87,500 respectively. The vesting of these RSUs is treated as if a cash bonus and is taxed accordingly through payroll. The Board has discretion under the scheme rules to either pay the tax due from its own cash reserves and issue the net number of shares, which is 53% of the number of RSUs (income tax of 45% and NI of 2%); or to issue the full number of RSUs as shares and the recipients must sell the effective 47% to settle the tax due. The Board concluded that, due to the low-level of current trading volumes in the Company's shares and that a TR-1 showing share sales by Directors, these could risk a negative impact on the Company's share price. The Board elected to settle the tax due from cash reserves with the proviso that this does not create a precedent for future vestings and each annual decision will be made at that date. Accordingly, 691,782 shares were issued to Anton du Plessis (being 53% of 1,305,249 RSUs) and 320,269 shares were issued to Cherif Rifaat (being 53% of 604,282 RSUs).

	Cash costs to Company					Non-cash	
	Salary / Fees	Other taxable	Pension Costs	Social Security Costs	Total	Share Incentive Charge	Grand Total
Group 2023	£	£	£	£	£	£	£
Executive Directors							
Anton du Plessis	272,160	-	27,216	36,799	**336,175**	201,493	**537,668**
Cherif Rifaat [1]	226,800	-	22,680	30,457	**279,937**	104,311	**384,248**
Non-Executive Directors							
Jeremy Martin	70,200	-	-	8,560	**78,760**	16,675	**95,435**
Graham Brown	43,200	-	-	4,785	**47,985**	11,480	**59,465**
Peter Secker	43,200	-	-	4,785	**47,985**	11,480	**59,465**
Stefan Scherer	-	-	-	-	**-**	-	**-**
Total	**655,560**	**-**	**49,896**	**85,386**	**790,842**	**345,439**	**1,136,281**

Part 4 – Directors interests in shares

The table below shows the movement in each Director's interests in shares of the Company. There have been no further movements since the year end.

	Opening at 1 January 2024	Shares acquired / (disposed of)	Shares issued on vesting of incentives	Closing at 31 December 2024
Anton du Plessis	726,351	-	691,782	1,418,133
Cherif Rifaat	795,046	-	320,269	1,115,315
Jeremy Martin	27,000	-	-	27,000
Graham Brown	-	-	-	-
Peter Secker	178,695	-	-	178,695
Stefan Scherer	-	-	-	-

Part 5 – Awards under the 2017 Option Scheme

This Option scheme was put in place at the time of the Company's original IPO on AIM in November 2017. It is now only eligible for Group Employees, Consultants and Non-Executive Directors (Executive Management are covered by the 2020 RSU and PSU schemes). The basic terms of this scheme are as follows:

- Options are granted at the start of each year based on performance against KPIs for the prior year;
- Options vest one third on date of grant, one third after 12 months, one third after 24 months;

- Options expire 90 days after recipient ceases to be an employee, consultant or Director, unless the Board specifically agrees in writing otherwise; and
- Options expire on the fifth anniversary of the date of grant, if unexercised.

The table below shows full details on all existing Options as at 6 March 2025. The table includes awards made after year end, but which relate to a performance period that completed during the 2024 financial year. For further detail on all Option movements in 2024, see Note 22 to the Consolidated Financial Statements:

		As at 6 March 2025			
Name	Grant date	Vested Options	Unvested Options	Expiry Date	Exercise Price
Jeremy Martin	29-Oct-20	100,000	-	28-Oct-25	£0.0500
	15-Jan-22	250,000	-	15-Jan-27	£0.1810
	23-Mar-23	233,333	116,667	23-Mar-28	£0.1041
	15-Jan-24	233,333	116,667	15-Jan-29	£0.0675
	31-Jan-25	116,667	233,333	31 Jan-30	£0.0750
Graham Brown	29-Oct-20	100,000	-	28-Oct-25	£0.0500
	15-Jan-22	150,000	-	15-Jan-27	£0.1810
	23-Mar-23	166,667	83,333	23-Mar-28	£0.1041
	15-Jan-24	166,667	83,333	15-Jan-29	£0.0675
	31-Jan-25	83,333	166,667	31-Jan-30	£0.0750
Peter Secker	15-Jan-22	150,000	-	15-Jan-27	£0.1810
	23-Mar-23	166,667	83,333	23-Mar-28	£0.1041
	15-Jan-24	166,667	83,333	15-Jan-29	£0.0675
	31-Jan-25	83,333	166,667	31 Jan-30	£0.0750
Stefan Scherer		-	-		
Total Directors		**2,166,667**	**1,133,333**		
Staff & Consultants	15-Jan-22	3,450,000	-	15-Jan-27	£0.1810
	23-Mar-23	1,066,667	533,333	23-Mar-28	£0.1041
	15-Jan-24	2,233,334	1,066,667	15-Jan-29	£0.0675
	31-Jan-25	916,667	1,833,333	31 Jan-30	£0.0750
Total Staff & Consultants		**7,666,668**	**3,433,333**		
Total		**9,833,334**	**4,566,667**		

The Board notes that the Company follows the QCA guidelines on Corporate Governance that does not prohibit non-executive Directors participating in performance related remuneration schemes, provided that it is mindful of any potential effects on objectivity and director independence. The Board believes that the number of Options granted to Non-Executive Directors are not material in either value or in relative terms to issued share capital. The Board believes that issuing these Options strike an appropriate balance that preserves the Company's cash whilst enabling it to recruit and retain the calibre of its technically and commercially experienced Directors. The Board is in regular contact with its significant shareholders, none of whom have expressed any concerns around the award of these Options and continue to overwhelmingly vote in favour of resolutions proposed at the Company's AGMs.

Part 6 – Awards under the Executive RSU and PSU Incentive Schemes

With effect from 1October 2020, the Company adopted the RSU and PSU Schemes for Executive Management, both of which were approved by shareholders on 26 October 2020 as part of the RTO of Bacanora's original stake in Deutsche Lithium into Zinnwald. The rules of both schemes replicate scheme structures devised for Bacanora by Pearl Meyer in an independent review of executive remuneration in February 2020.

Short Term RSU Scheme ("2020 RSU Scheme")

The RSU scheme, in essence, is effectively an annual cash bonus system where the pay-outs are in a form of deferred equity. It is a three-year scheme, in line with best practice, comprising one year performance assessment followed by two years to automatic vesting in full on that date. Other important terms are as follows:

- Vesting of RSUs after two years is taxed through payroll as if a cash bonus on that date;
- Value on vesting is the number of RSUs multiplied by the share price on date of vesting;
- Company has sole discretion to make any net after tax payout in cash or ordinary shares;
- Awarded RSUs cannot vest early, unless there is a change in control; and
- Standard good-leaver / bad-leaver provisions, malus and claw-back.

All awards granted under the RSU Scheme are based on assessed scores against KPIs agreed at the start of the year by the Committee relating to personal, financial, strategic and ‘Environmental, Social, and Corporate Governance’ (“ESG”) metrics. The Committee scores performance as a percentage of salary for the period, up to a pre-agreed maximum at the start of the year, divided by the 5 Day VWAP share price at the end of the performance period. For reference, the relative percentage achievements and VWAP prices have been as follows:

- 2021 Performance Period – 70% achievement, VWAP Price of 14.48p
- 2022 Performance Period – 60% achievement, VWAP Price of 7.08p
- 2023 Performance Period – 60% achievement, VWAP Price of 7.32p
- 2024 Performance Period – 40% achievement, VWAP Price of 7.06p

The Board has agreed KPIs for the 2025 Performance period based on a split of 60% Operational, 20% Corporate and 20% ESG targets over and above ordinary role requirements. The maximum potential payout is 100% as a percentage of salary for the period.

The table below shows full details on all outstanding RSUs as at 6 March 2025. The table includes awards made after year end, but which relate to a performance period that completed during the 2024 financial year. For further detail on all RSUs movements in 2024, see Note 22 to the Consolidated Financial Statements:

Name	Number	Grant date	Vest date	P&L Valuation at Grant		Actual Value at Exercise	
				Price	Value	Price	Value
Anton du Plessis	2,135,593	23-Mar-23	23-Mar-25	£0.0708	£151,200	n/a	n/a
	2,306,441	15-Jan-24	15-Jan-26	£0.0732	£168,831	n/a	n/a
	1,431,762	31 Jan-25	31 Jan-27	£0.0806	£115,400	n/a	n/a
Cherif Rifaat	1,271,186	23-Mar-23	23-Mar-25	£0.0708	£90,000	n/a	n/a
	1,922,034	15-Jan-24	15-Jan-26	£0.0732	£140,693	n/a	n/a
	1,193,052	31 Jan-25	31 Jan-27	£0.0806	£96,160	n/a	n/a

Long Term PSU Scheme (“2020 PSU Scheme”)

General criteria

The PSU scheme is a five-year scheme, in line with best practice, comprising three year performance assessment followed by two years to automatic vesting in full on that date. The maximum potential payout of PSUs is calculated at the start of a performance period, based on a fixed percentage of salary and the share price at the start of the period. Other important terms are as follows:

- PSUs vest on the second-year anniversary of grant, but exercise is at the discretion of the recipient;
- PSUs are taxed through payroll on exercise, as if a cash award on that date;
- Value on vesting is the number of PSUs multiplied by the share price on date of vesting;
- Awarded RSUs cannot vest early, unless there is a change in control; and
- Standard good-leaver / bad-leaver provisions, malus and claw-back.

Awards are awarded solely based on results against objective corporate metrics set by the Committee at the start of each year, as follows:

- 50% based on an objective goal(s) relating to corporate strategy for the three-year measurement period, if deemed appropriate at the beginning of the period, and
- 50% based on ‘Relative Total Shareholder Return (“RTSR”)’ against the relevant peer group. In terms of assessing the RTSR payout, the objective criteria were agreed as:
  - 1st Quartile vs Peer Group (ie: above 3rd ranked peer). PSUs = 100% of RTSR Maximum
  - 2nd Quartile vs Peer Group (ie: above 5th ranked peer). PSUs = 50% of RTSR Maximum
  - 3rd Quartile vs Peer Group (ie: above 7th ranked peer). PSUs = 25% of RTSR Maximum
  - 4th Quartile vs Peer Group (ie: below 7th ranked peer). PSUs = Nil

In terms of the base criteria for each performance period currently still “live”, they are as follows. In the event a strategic goal has already been included in a prior period, then if that goal is achieved in the prior performance period then it shall not be assessable in the subsequent period:

- 1 January 2023 to 31 December 2025
  - Maximum Base case payout of 50% of salary divided by 1 January 2023 VWAP of 7.08p. Stretch cash payout of 100% of Base salary if share price stays above 50p for six months
  - Strategic goals being on completion of construction funding by end of H1 2025 and start of construction by end of H2 2025

- 1 January 2024 to 31 December 2026
  - Maximum Base case payout of 50% of salary divided by 1 January 2024 VWAP of 7.32p. Stretch cash payout of 100% of Base salary if share price stays above 30p for six months.
  - Strategic goals being the following:
    - 50% - Secured a portion (>20%) of total project capital requirements in grant funding from EU and/or German state sources, and
    - 50% - Formal Board approval for the construction of the Project by end H2 2026
- 1 January 2025 to 31 December 2027
  - Maximum Base case payout of 50% of salary divided by 1 January 2025 VWAP of 8.06p. Stretch cash payout of 100% of Base salary if share price stays above 30p for six months.
  - Strategic goals being the following:
    - 50% - the Project being in construction by the end of 2027, and
    - 50% - no fatalities in the 3 years

Second Performance Period – 2022 to 2024

The second performance period completed at the end of the 2024 financial year. The strategic goal of completion of a Feasibility study within the three years 2022-2024 was not achieved. The Company's RTSR performance ranked the Company above the 5th ranked peer. Accordingly, an overall award of 25% of the maximum potential was granted, being Nil% for achievement of the strategic goal and 25% (50% quartile x 50% for RTSR metric).

The table below shows full details on all outstanding PSUs as at 6 March 2025. The table includes awards made after year end, but which relate to a performance period that completed during the 2024 financial year. For further detail on all PSUs movements in 2024, see Note 22 to the Consolidated Financial Statements.

Name	Number	Grant date	Vest date	P&L Valuation at Grant		Actual Value at Exercise	
				Price	Value	Price	Value
Anton du Plessis	3,000,000	15-Jan-24	15-Jan-26	£0.0732	£219,600	n/a	n/a
	435,083	31 Jan-25	31 Jan-27	£0.0806	£35,068	n/a	n/a
Cherif Rifaat	1,500,000	15-Jan-24	15-Jan-26	£0.0732	£109,800	n/a	n/a
	258,978	31 Jan-25	31 Jan-27	£0.0806	£20,874	n/a	n/a

Peer Groups for the PSUs

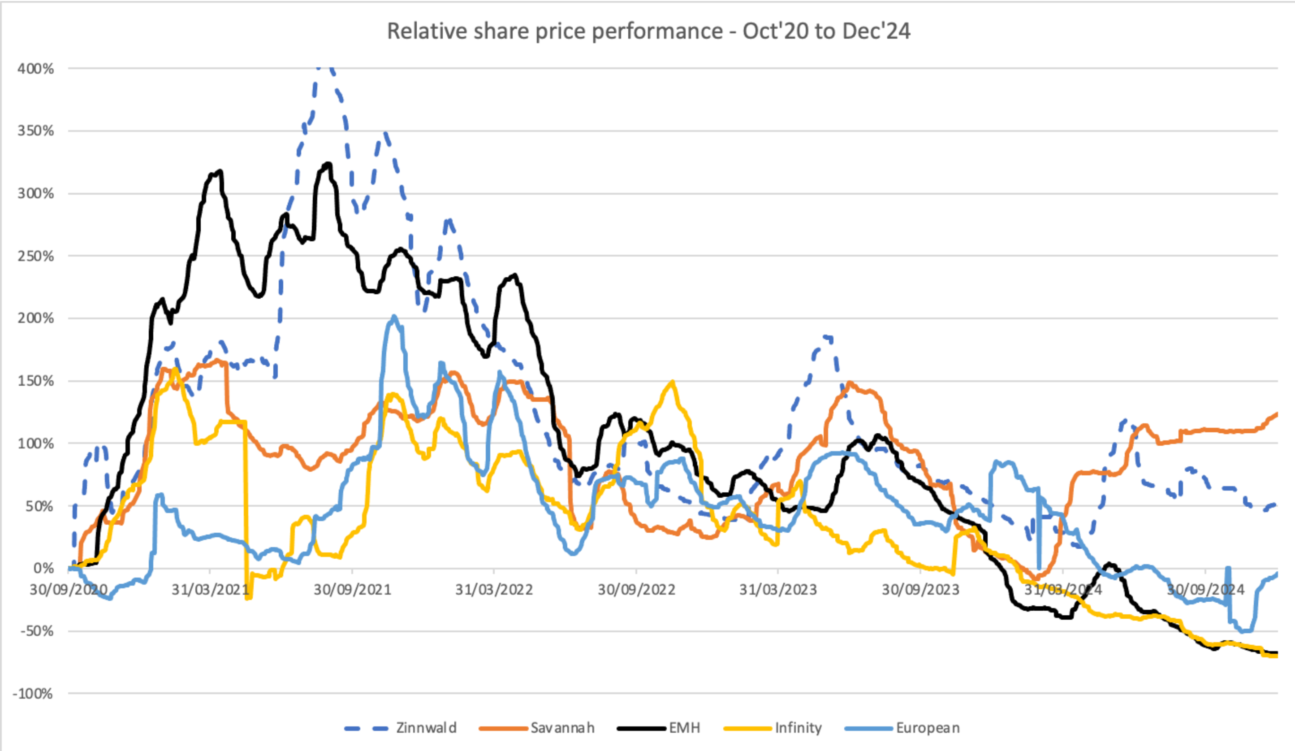
The initial Peer Group for the first performance period comprised all of the listed lithium companies that met the criteria of most or all of being European focussed or listed, pre-production and either hard or soft rock in nature. These peer group companies were Bacanora (AIM:BCN), European Metals Holdings (AIM: EMH), Savannah Resources (AIM:SAV), Kodal Minerals (AIM:KOD), Infinity Lithium (ASX:INF), Vulcan Energy Resources (ASX:VUL), European Lithium (ASX:EUR), and Critical Elements (TSX:CRE). For the second and third performance periods, the Peer Group remained the same aside from Atlantic Lithium (AIM:ALL) replacing Bacanora.

As the overall market of "Listed" Lithium companies has evolved since 2020, in 2024 the Committee reviewed the Peer Group for the fourth performance period and has recommended the replacement of Critical Elements (Canadian spodumene) and Kodal Minerals (African spodumene) with Bradda Head (UK listed Lithium company) and RockTech Lithium (German focussed lithium company).

In 2025, the Committee has maintained the same peer group for the fifth performance period being European Metals Holdings (AIM: EMH), Savannah Resources (AIM:SAV), Infinity Lithium (ASX:INF), Vulcan Energy Resources (ASX:VUL), European Lithium (ASX:EUR), Atlantic Lithium (AIM:ALL), Bradda Head (LSE:BHL) and RockTech Lithium (TSX:RCK).

Part 7 – Relative Share Price performance

In accordance with guidance from the QCA recommendations for remuneration reports, the chart below tracks relative share price growth of the Company against its most relevant peers since the Company was readmitted to AIM in October 2020 on completion of its RTO. The peers chosen are all listed companies with standalone hard rock lithium projects in Europe, being European Metals Holdings (Czech), Savannah Resources (Portugal), Infinity Lithium (Spain) and European Lithium (Austria).



For and on behalf of the Remuneration Committee

Jeremy Martin
Chairman of Remuneration Committee
7 March 2025

Part 1 – Sustainability Statement from the Chairman

On behalf of the Board, I am pleased to present this report on behalf of the Sustainability Committee (the 'Committee'), covering the activities for the twelve months ended 31 December 2024. We use the words Sustainability and ESG (Environmental, Social and Governance) on an interchangeable basis. A summary of the Committee's role, membership and relevant qualifications can be found in the corporate governance section herein or the QCA statement on the website.

Zinnwald continues to comply with the QCA corporate governance code and its guidance on sustainability matters. The Board views sustainability as a guiding principle of its development strategy and is dedicated to delivering on the commitments to its shareholders, future investors, clients, employees, local communities and other stakeholders with this in mind. The Company believes that transparency and ethical behaviour are central to any successful group and undertakes all development with respect to the environment and neighbouring communities

The Board continues to provide leadership and support to our senior management team in order to achieve sustainable added value for shareholders. The Board believe strongly in the value and importance of good corporate governance and in its accountability to all of its stakeholders. Robust corporate governance improves performance and mitigates risk and therefore is an important factor in achieving the medium to long-term success of the Group. The Group maintains a Code of Conduct that includes clear guidance on what is expected of every employee and officer of the Group. Adherence of these standards is a key factor in the evaluation of performance within the Group, including during annual performance reviews.

The Committee has met regularly during 2024 to assist the Executive team with its three main areas of focus to drive its social license to operate. Namely, permitting and environmental studies, its Economic and Social Impact Assessment (ESIA); and direct engagement with the local communities.

Part 2 - Sustainability Philosophy

Zinnwald regards sustainability as a core element of its development strategy and is committed to fulfilling its obligations to all its stakeholders, be they local communities, regulators, employees, investors, customers, suppliers or other impacted parties. Zinnwald fully understands that its social license to operate will be an intrinsic part of the Project's future success. Meaningful and transparent engagement and information disclosure with the local community and other stakeholders on the Project, its impacts and mitigation measures are essential to facilitate community and stakeholder acceptance.

We have the following over-arching Sustainability Philosophy that governs everything we do, which we keep regularly under review:

- Promote responsibility for the environment within the organisation and communicate and implement this policy at all levels within the workforce;
- integrate positively with local communities;
- Reduce the use of energy, water and other resources;
- Minimise waste by reduction, re-use and recycling methods;
- Comply with all relevant environmental legislation/regulation;
- Ensure that our policies and services are developed in a way that is complimentary to this policy;
- Do not prioritise funding needs ahead of sustainability requirements;
- Encourage all stakeholders to commit to the sustainable development philosophy;
- Identify and provide appropriate training, advice and information for staff and encourage them to develop new ideas and initiatives;
- Provide appropriate resources to meet the commitments of this policy; and
- Promote and encourage involvement in local environmental initiatives/schemes.

Part 3 – Sustainability of the Zinnwald Project

The Project is being designed in its entirety to deliver the most sustainable outcomes:

Low impact: The Project will incorporate a wholly underground mine linked to the processing plant site by tunnel, thereby minimising surface impact to nearby Natura 2000 and UNESCO Heritage sites and to the local communities as a whole. In addition, the Project's initial mined waste product, quartz sand, is benign and can be used as back fill for the mine and potentially in the construction industry. The leach residue from the chemical process is being evaluated for its use as a clinker substitute for the cement industry. The project will also produce several saleable co-products including calcium silicate, potassium chloride, calcium fluoride and precipitated calcium carbonate.

High Regulatory standards: The Project will be permitted under German environmental rules, which are some of the strictest globally. OEMs will be able rely on the production being in compliance with EU Battery Chain directives. The Project is also committed to producing an ESIA to the level required for the purposes of seeking finance from International Financing Institutions (e.g. Equator Principle 4 and IFC Performance Standards), which in several areas go beyond the requirements of the national permitting authorities. Furthermore, the Board and management are committed to maintaining the highest levels of transparency and corporate governance consistent with being a UK listed Plc.

Sustainable: The Project incorporates several key elements that are advantageous in terms of sustainability relative to competing global sources of lithium supply. The process has limited water use relative, in particular, to brine producers. The process flowsheet is less energy intensive than traditional spodumene-based production as it involves a single pyrometallurgical step at a lower temperature than is required in a spodumene-based process. The Metso pyro and hydrometallurgical flowsheet does not require material volumes of reagents, unlike sulphation roast technologies. Overall transport costs and emissions are reduced by being an integrated operation located close to end markets especially when compared to Australian sourced spodumene concentrate processed in China. The Project is also exploring the ability to utilise carbon neutral power sources from nearby solar facilities, in conjunction with general German energy sources that currently include a higher overall “low carbon” component than some regions that are currently important suppliers of lithium.

Part 4 – Progress made in 2024

Permitting and Environmental

The Project has an existing mining license valid initially through to 2047 and the Project as a whole will be permitted under the German Federal Mining Act. Following engagement and various meetings with the authorities, the Project will follow an integrated permitting procedure. A Spatial Planning Procedure (under the Saxony State Directorate - Landesdirektion Sachsen – LDS) is underway to feed into the overarching permit the General Operating Plan (GOP). The Mining Authority of the Federal State of Saxony (SOBA) will be the single overarching permitting authority for the GOP. The GOP requires submission of a number of documents including the EIA and other related documentation (e.g. Natura 2000 Impact Assessments, Landscape Management Plan, various environmental technical reports etc.). The Project has been screened under the Mining EIA legal framework and Project Standards. It has been determined that an EIA is mandatory for the Project.

Several baseline environmental studies are already underway to underpin the permitting and ESIA processes. In October 2024, the Project commenced its 12-month baseline flora and fauna studies at the proposed plant site. The assessment areas were defined by Schulz Umweltplanung and approved by the lower nature conservation authority in various consultations.

A main operating plan for hydrogeological monitoring in the Zinnwald area has been submitted to was approved by SOBA in November 2024 (valid for four years). This plan outlines a comprehensive framework for evaluating water resources in the area. It includes the establishment and operation of monitoring stations for surface water, groundwater, and mine water ensuring data collection on water levels, flow, and quality. The plan incorporates legal applications, including water management permits and environmental exemptions, to ensure all activities meet statutory requirements. In cooperation with Geomet s.r.o., which is the owner of the Cinovec Project in the Czech Republic, Zinnwald has contracted ERM to develop a cross border hydrogeological model. The model will cover both sides of the border and support the evaluation of potential impacts of mining operations on the hydrogeology.

Environmental and Social Impact Assessment (“ESIA”) Scoping Study

The Project will complete a full ESIA for the Project done to the level required for the purposes of seeking finance from International Financing Institutions (‘IFIs’) who are signatories to the Equator Principles 4 (‘EP4’). EP4 is a risk management framework adopted by IFIs for determining, assessing and managing environmental and social risks of investments, as well as the requirements of the IFC Performance Standards and the broadly aligned EBRD Performance Requirements. In addition, the WBG EHS Guidelines for Mining and General Guidelines are relevant to meeting international lender standards. The Group also aligns itself to the UN Sustainable Development Goals (‘SDGs’), which are a collection of 17 interlinked global goals supported by 5448 actions.

The social performance and stakeholder engagement requirements and guidance for ESIAs as outlined by the international financing standards require additional rigour and a wider scope than the national requirements. International financing standards contain requirements for stakeholder engagement, information disclosure and grievance management. The national and EU legal framework requires public participation, including stakeholder engagement and information disclosure, although there are some gaps when compared to the requirements contained in international financing standards. These key gaps relate to identification of stakeholders, requirement for a SEP, information disclosure, a grievance mechanism and meaningful consultation comprising a two-way process. Where there are gaps, the Project intends to meet the more stringent requirement.

In August 2024, the Group issued a Request for Quotation ('RfQ') to five leading internationally respected consultancy groups for the production of an ESIA Scoping Study and in October 2024 selected ERM to provide this phase of work. This Scoping Study stage includes the provision of ESIA related inputs to the Stakeholder Engagement Plan ('SEP')', the Land Acquisition & Resettlement Framework ('LARF') and the Environmental and Social sections of the PFS.

Direct stakeholder engagement

With the Project gaining momentum, the Company has continued to build out its long-term operational owners' team in Germany. Engagement with the local community of Zinnwald remains a priority for the Company. Accordingly, the Company's local MD, Marko Uhlig, holds regular meetings with local and regional representatives to foster collaboration and dialogue on community-related matters. In May 2024, as part of its continued commitment to the local community, the Company took out a long-term lease on a new property in Altenberg that now houses the Project's extensive core storage. The Company is in the process of establishing a visitor centre in the Altenburg facility and already staffs the site once per week for any interested party to come and ask questions about the Project. On 1 June 2024, the Company held a well-attended open day for the community at which several hundred people attended as well as representatives from local government and SOBA. The Company will continue to hold town hall events in the coming months to provide further details on the development of the Project, its benefits, and its aim to mitigate impact on the environment and community.

Part 5 – Plans for 2025

The Group has an extensive set of plans for 2025. With regard to ***Environmental and Permitting***, the Company will continue its engagement with all the relevant authorities and other stakeholders including the State Directorate for spatial planning. In December 2024, Zinnwald submitted updates to the LDS with its scoping documents for its sites and expects to receive feedback on the proposed assessments required for its EIA by the end of Q1 2025. This in turn will trigger the submission of its full spatial planning application.

On the ***ESIA*** front, the Company will issue the ESIA Scoping Report to SOBA and publish it following completion of the PFS for wider stakeholder participation. In Q2 2025, Zinnwald will then commence an RFQ process for the full technical and commercial proposal for the full ESIA stage. This will include commercial proposal for related assessments such as Appropriate Assessment under Birds & Habitats Directive (if deemed required during scoping) and a full suite of Environmental and Social Management Plan ('ESMP') documents.

In terms of ***Stakeholder engagement***, engagement with the local community of Zinnwald remains a priority for the Company. Accordingly, the Company's local MD, Marko Uhlig, holds regular meetings with local and regional representatives to foster collaboration and dialogue on community-related matters. The Company is planning to host another town hall event in the coming months to provide further details on the development of the Project, its benefits, and its aim to mitigate impact on the environment and community.

Following completion of the PFS in Q1 2025, the Company will "go live" with its new local German language ***community website*** to enable the local community to access Project information easily and to support participation by providing channels for questions, views and concerns to be raised and answered. This site will include publication of the ESIA Scoping Study, the SEP and LAACF and the formal Grievance mechanism.

For and on behalf of the Sustainability Committee

Jeremy Martin
Chairman of Sustainability Committee
7 March 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZINNWALD LITHIUM PLC

Opinion

We have audited the financial statements of Zinnwald Lithium Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- Reviewing cashflow forecasts and budgets provided by management covering a period up to June 2026 as well as accompanying assumptions;
- Reviewing any potential minimum spend requirements on the license agreements and more generally across the Group to ensure these have been included appropriately in any forecasts;
- Evaluating management's plans for future actions in relation to its going concern assessment and determining whether the management's plans are feasible in the circumstances;
- Reviewing sensitised cash flow forecasts provided by the management which depict the management's plans for expenditures in the event of no additional fund raising being completed during the forecast period;
- Reviewing post year-end spend and ascertaining the latest financial position; and
- Considering the adequacy of the disclosures and accounting policies in the 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 or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Group materiality was set at €811,000 (2023: €853,000) based on 2% of gross assets for the Group. Group performance materiality for the group was set at 70% of overall materiality.

Performance materiality of the parent company was set at €283,000 (2023: €496,000). Performance materiality of the parent company was capped at 50% (2023: capped at 50%) of group performance materiality to ensure adequate audit evidence was obtained over the parent company financial statements in relation to the Group.

The use of asset-based materiality reflects the ongoing investment in Zinnwald Lithium Gmbh and exploration work. The key benchmark is gross assets, given that current and potential investors will be most interested in the recoverability of the exploration and evaluation assets on a Group basis and on the recoverability of the loans to the subsidiaries or investments therein in respect of the parent company.

Component performance materiality for all entities within the group was set lower than our overall group performance materiality and ranged from €283,000 to €453,000 (2023: €496,000 to €712,000).

We agreed with the audit committee that we would report all audit differences identified during our audit in excess of €40,000 (2023: €42,650).

Our approach to the audit

Our audit is risk based and is 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.

An audit of the financial information of the Group's material components which, for the year ended 31 December 2024, were located in the United Kingdom and Germany. As a result of our materiality and risk assessments, we determined which components required a full scope audit of their financial information, with consideration of their materiality to the Group and our risk assessment. On this basis, we have scoped in two components requiring a full scope audit of their financial information based on their significance to the Group. On an overall basis, we ensured to have sufficient coverage over each material class of transaction and account balances based on the Group performance materiality. Both of these components were audited directly, in our London, UK office, without the use of component auditors. The remaining one component was subjected to analytical procedures at the Group level.

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. The recoverability of intangible assets, and recoverability of investments, and the valuation of share-based payments were assessed as areas which involved significant accounting estimates and judgements by management. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

Key Audit Matters	How our scope addressed this matter
Valuation and recoverability of intangible assets (refer note 12) There is a risk that intangible exploration assets may be materially misstated due to expenditure being incorrectly capitalised in the year (not in accordance with International Financial Reporting Standard 6 Exploration for and Evaluation of Mineral Resources (IFRS 6)), or due to the carrying value of the intangible assets exceeding their recoverable amount. The group's projects are still at the exploration stage of development. Independently prepared resource estimates are available, and the group uses these reports in their consideration of impairment indicators per IFRS 6, which requires judgement and estimation. Management has outlined their key judgements and sources of estimation uncertainty in note 2 of the financial statements	Our work in this area included: • Agreeing a sample of additions during the year to invoice/supporting documentation; ensuring that the expenditure is eligible to be capitalised in accordance with IFRS 6 and the Group's accounting policies; • Reviewing and challenging of management's documented consideration of impairment indicators on a project-by-project basis which include consideration of internal and external impairment indicators in accordance with IFRS 6; • Verifying titles to project licenses and compliance with the terms therein; • Assessing progress on the exploration projects during the year; • Ensuring licenses are still valid and that any performance conditions / minimum expenditure requirements were met during the year; and

	• Reviewing the financial statements to ensure the disclosures are in line with the requirements of IFRS 6.
Recoverability of investment in subsidiaries and loans to subsidiaries (Parent company) There is a risk that investments and loans to subsidiaries held by the parent company could be materially misstated if the assets are not appropriately assessed for impairment or when there is material error in the calculation whether unintentionally or as a result of management bias.	Our work in this area included: • Inspecting the individual financial statements of the entities in which the Parent Company has an interest, net assets/liability position and liquidity to identify an impairment indicator which will influence our review of the impairment review and carrying value of the investments; • Assessing the recoverability of the investments in subsidiaries and loans to subsidiaries by reference to the underlying projects since the recoverability of these balances are impacted by the success of underlying projects. We specifically performed the review of indicators of impairment completed under IFRS 6; • For underlying projects, reviewing and challenging management's impairment indicators on a project-by-project basis which include consideration of internal and external impairment indicators in accordance with IFRS 6; and • Reviewing disclosures in the financial statements to ensure they provide sufficient detail about the key assumptions and judgements associated with the recoverability of investments and loans.

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, as well as the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006, UK adopted international accounting standards, AIM regulations, General Data Protection Regulations and the operating terms set out in the exploration licenses.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and the parent company with those laws and regulations. These procedures included, but were not limited to specific enquiries of management, reviewing board minutes, reviewing Regulatory News Service (RNS) announcements and any legal or regulatory compliance correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, whether key accounting estimates and judgements could include management bias. We addressed these risks by challenging the assumptions and judgements made by management when auditing significant accounting estimates. Critical judgements in the financial statements included fair valuation of share-based payments and the variables within the impairment assessments of capitalised exploration costs.
- As with 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 and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business, as well as discussions with management where relevant.

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

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

Use of our report

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

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
7 March 2025

15 Westferry Circus
Canary Wharf
London, E14 4HD

	Notes	31 December 2024 €	31 December 2023 €
Continuing operations			
Administrative expenses		(2,526,650)	(2,560,466)
Other operating income	**7**	110,605	183,143
Share based payments charge	**23**	(688,877)	(528,626)
Operating Loss		(3,104,922)	(2,905,949)
Finance income	**9**	380,607	282,229
Loss before taxation		(2,724,315)	(2,623,720)
Tax	**10**	(11,274)	(18,785)
Loss for the financial year	**27**	(2,735,589)	(2,642,505)
Other Comprehensive Income		65	38
Total comprehensive loss for the year		(2,735,524)	(2,642,467)
Earnings per share from continuing operations attributable to the owners of the parent company	**11**		
Basic (cents per share)	**11**	(0.56)	(0.61)

Total loss and comprehensive loss for the year is attributable to the owners of the parent company.

ZINNWALD LITHIUM PLC
GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	31 December 2024 €	31 December 2023 €
Non-current assets			
Intangible Assets	**12**	34,202,236	27,652,152
Property, plant and equipment	**13**	430,752	386,788
Right of Use Assets	**14**	279,566	-
		34,912,554	28,038,940
Current assets			
Trade and other receivables	**18**	371,142	357,463
Right of Use Assets < 1 year	**14**	-	46,131
Cash and cash equivalents		5,216,085	14,306,191
		5,587,227	14,709,785
Total Assets		40,499,781	42,748,725
Current liabilities			
Trade and other payables	**19**	(1,106,584)	(1,469,564)
Lease Liabilities	**14**	(118,652)	(47,795)
		(1,225,236)	(1,517,359)
Net current assets		4,361,991	13,192,426
Non-current Liabilities			
Deferred tax liability	**20**	(1,382,868)	(1,382,868)
Lease Liabilities > 1 Year	**14**	(164,687)	-
		(1,547,555)	(1,382,868)
Total Liabilities		(2,772,791)	(2,900,227)
Net Assets		37,726,990	39,848,498
Equity			
Share capital	**24**	5,377,253	5,365,379
Share premium	**25**	39,476,355	39,403,810
Other reserves	**26**	2,303,850	1,896,531
Retained losses	**27**	(9,430,468)	(6,817,222)
Total equity		37,726,990	39,848,498

The financial statements were approved by the board of directors and authorised for issue on 7 March 2025 and are signed on its behalf by;

Jeremy Martin
Director

Cherif Rifaat
Director

Company Registration No: 10829496

	Notes	31 December 2024 €	31 December 2023 €
Non-current assets			
Property, plant and equipment	**13**	1,295	2,693
Investments	**01515**	14,523,374	14,523,374
Non-current receivables	**18**	26,642,540	-
		41,167,209	14,526,067
Current assets			
Trade and other receivables	**18**	79,537	15,175,097
Cash and cash equivalents		2,964,450	13,724,866
		3,043,987	28,899,963
Total Assets		44,211,196	43,426,030
Current liabilities			
Trade and other payables	**19**	(129,058)	(236,118)
		(129,058)	(236,118)
Net current assets		2,914,929	28,663,845
Total liabilities		(129,058)	(236,118)
Net Assets		44,082,138	43,189,912
Equity			
Share capital	**24**	5,377,253	5,365,379
Share premium	**25**	39,476,355	39,403,810
Other reserves	**26**	1,615,119	1,207,800
Retained losses	**27**	(2,386,589)	(2,787,077)
Total equity		44,082,138	43,189,912

As permitted by s408 Companies Act 2006, the company has not presented its own income statement. The company's profit for the period was €278,145 (2023: loss of €869,556).

The financial statements were approved by the board of directors and authorised for issue on 7 March 2025 and are signed on its behalf by;

Jeremy Martin
Director

Cherif Rifaat
Director

Company Registration No: 10829496

	Notes	Share Capital	Share premium account	Other reserves	Retained earnings	Total
		€	€	€	€	€
Balance at 1 January 2023		3,316,248	20,289,487	1,367,867	(4,174,717)	20,798,885
Year ended 31 December 2023						
Loss for the year		-	-	-	(2,642,505)	(2,642,505)
Other comprehensive income:						
Currency translation differences		-	-	38	-	38
Total comprehensive loss for the year		-	-	38	(2,642,505)	(2,642,467)
Issue of share capital		2,049,131	19,282,326	-	-	21,331,457
Share issue costs		-	(168,003)	-	-	(168,003)
Credit to equity for equity settled share-based payments	**23**	-	-	528,626	-	528,626
Total transactions with owners recognised directly in equity		2,049,131	19,114,323	528,626	-	21,692,080
Balance at 31 December 2023 and 1 January 2024		5,365,379	39,403,810	1,896,531	(6,817,222)	39,848,498
Year ended 31 December 2024						
Loss for the year		-	-	-	(2,735,589)	(2,735,589)
Other comprehensive income						
Currency translation differences		-	-	65	-	65
Total comprehensive income for the year		-	-	65	(2,735,589)	(2,735,524)
Issue of share capital	**24**	11,874	72,545	-	-	84,419
Share issue costs		-	-	-	-	-
Credit to equity for equity settled share-based payments	**23**	-	-	407,254	122,343	529,597
Total transactions with owners recognised directly in equity		11,874	72,545	407,254	122,343	614,016
Balance at 31 December 2024		5,377,253	39,476,355	2,303,850	(9,430,468)	37,726,990

	Notes	Share Capital	Share premium account	Other reserves	Retained earnings	Total
		€	€	€	€	€
Balance at 1 January 2023		3,316,248	20,289,487	679,136	(1,917,521)	22,367,350
Year ended 31 December 2023						
Loss for the year		-	-	-	(869,556)	(869,556)
Other comprehensive income:						
Currency translation differences		-	-	38	-	38
Total comprehensive income for the year		-	-	38	(869,556)	(869,518)
Issue of share capital	**24**	2,049,131	19,282,326	-	-	21,331,457
Share issue costs		-	(168,003)	-	-	(168,003)
Credit to equity for equity settled share-based payments	**23**	-	-	528,626	-	528,626
Total transactions with owners recognised directly in equity		2,049,131	19,114,323	528,626	-	21,692,080
Balance at 31 December 2023 and 1 January 2024		5,365,379	39,403,810	1,207,800	(2,787,077)	43,189,912
Year ended 31 December 2024						
Profit for the year		-	-	-	278,145	278,145
Other comprehensive income						
Currency translation differences		-	-	65	-	65
Total comprehensive income for the year		-	-	65	278,145	278,210
Issue of share capital	**24**	11,874	72,545	-	-	84,419
Share issue costs		-	-	-	-	-
Credit to equity for equity settled share-based payments	**23**	-	-	407,254	122,343	529,597
Total transactions with owners recognised directly in equity		11,874	72,545	407,254	122,343	614,016
Balance at 31 December 2024		5,377,253	39,476,355	1,615,119	(2,386,589)	44,082,138

	Notes	Year ended 31 December 2024		Year ended 31 December 2023	
		€	€	€	€
Cash flows from operating activities					
Cash used in operations	**32**		(2,583,318)		(1,359,464)
Net cash outflow from operating activities			(2,583,318)		(1,359,464)
Cash flows from investing activities					
Exploration expenditure in Germany	**12**	(6,552,094)		(8,687,649)	
Purchase of property, plant and equipment	**13**	(128,320)		(112,964)	
Interest received		380,607		282,229	
Net cash used in investing activities			(6,299,807)		(8,518,384)
Cash flows from financing activities					
Proceeds from the issue of shares		-		21,331,457	
Share issue costs		-		(168,003)	
Costs related to vested RSUs		(74,861)		-	
Lease payments		(132,120)		(144,000)	
Net cash generated (used in) / from financing activities			(206,981)		21,019,454
Net decrease) / increase in cash and cash equivalents			(9,090,106)		11,141,606
Cash and cash equivalents at beginning of year			14,306,191		3,164,585
Cash and cash equivalents at end of year			5,216,085		14,306,191

	Notes	Year ended 31 December 2024		Year ended 31 December 2023	
		€	€	€	€
Cash flows from operating activities					
Cash used in operations	**33**		(1,196,429)		(1,302,118)
Net cash outflow from operating activities			(1,196,429)		(1,302,118)
Cash flows from investing activities					
Purchase of property, plant and equipment	**13**	-		(1,654)	
Interest received		378,657		282,229	
Loans to group undertakings		(9,867,783)		(9,165,190)	
Net cash used in investing activities			(9,489,126)		(8,884,615)
Cash flows from financing activities					
Proceeds from the issue of shares		-		21,331,457	
Share issue costs		-		(168,003)	
Costs related to vested RSUs		(74,861)		-	
Net cash (used in) / generated from financing activities			(74,861)		21,163,454
Net (decrease)/ increase in cash and cash equivalents			(10,760,416)		10,976,721
Cash and cash equivalents at beginning of year			13,724,866		2,748,145
Cash and cash equivalents at end of year			2,964,450		13,724,866

1. Accounting Policies

1.1 Company Information

Zinnwald Lithium Plc (the "Company") is a public limited company which is listed on the AIM Market of the London Stock Exchange domiciled and incorporated in England and Wales. The registered office address is 29-31 Castle Street, High Wycombe, Buckinghamshire, United Kingdom, HP13 6RU.

The group consists of Zinnwald Lithium Plc and its wholly owned subsidiaries as follows as at 31 December 2024:

Name of undertaking	Registered office	Nature of business	Class of shares held	Direct holding	Indirect holding
Zinnwald Lithium Holdings Ltd	United Kingdom	Exploration	Ordinary	100.0%	-
Zinnwald Lithium GmbH	Germany	Exploration	Ordinary	-	100.0%
Zinnwald Lithium Services GmbH	Germany	Leasing	Ordinary	-	100.0%

On 1 December 2017, Zinnwald Lithium Plc acquired the entire issued share capital of Zinnwald Lithium Holdings Ltd ("ZLH", formerly known as Erris Resources (Exploration) Ltd) by way of a share for share exchange, ahead of the Company's listing on the AIM Market of the London Stock Exchange. Its registered office address is 29-31 Castle Street, High Wycombe, Bucks, HP13 6RU.

On 29 October 2020, Zinnwald Lithium Plc acquired 50% of the issued share capital of Zinnwald Lithium GmbH ("ZLG", formerly known as Deutsche Lithium GmbH). On 24 June 2021, the Company acquired the remaining 50% of the issued share capital of ZLG. ZLG is a company registered in Germany. On 21 June 2024, the Company changed its registration from Chemnitz (HRB 23391) to Dresden (HRB 45396) and its statutory seat from Freiberg to Altenberg. Its business office is at Antonstrasse 3a, 01097, Dresden, Germany.

On 22 February 2023, ZLH incorporated a new company, Zinnwald Lithium Services GmbH ("ZLS") for the purpose of holding all rental and similar operational leases for the Group's operations in Germany. ZLS is a company registered in Germany. On 21 June 2024, the Company changed its registration from Chemnitz (HRB 35711) to Dresden (HRB 45386) and its statutory seat from Freiberg to Altenberg. Its business office is at Antonstrasse 3a, 01097, Dresden, Germany

1.2 Basis of preparation

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The financial statements are prepared in euros, which is the functional currency of the company and the group's presentation currency, since the majority of its expenditure, including funding provided to ZLG and ZLS, is denominated in this currency. Monetary amounts in these financial statements are rounded to the nearest €.

The € to GBP exchange rate used for translation as at 31 December 2024 was €1.209256.

The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise within the accounting policies. The principal accounting policies adopted are set out below.

1.3 Basis of consolidation

The consolidated financial statements incorporate those of Zinnwald Lithium Plc and all of its subsidiaries (i.e., entities that the group controls when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity).

All financial statements are made up to 31 December 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. The Group had a cash balance of €5.2m at the year end (€3.9m at date of this report) and keeps a tight control over all expenditure. The group is fully financed through to at least the completion of its PFS and thereafter into 2026. The Board maintains an ongoing strategy to enable the curtailing of a number of areas of expenditure to enable it to meet its minimum fixed costs for the next 12 months, even without raising further funds, whilst still maintaining all licenses in good standing. Thus, the going concern basis of accounting in preparing the Financial Statements continues to be adopted.

1.5 Intangible assets

Capitalised Exploration and Evaluation costs

Exploration and evaluation assets are capitalised as Intangible Assets and represent the costs incurred on the exploration and evaluation of potential mineral resources, They include direct costs (such as permitting costs, drilling, assays and flowsheet testwork done by consulting engineers), licence payments and fixed salary/consultant costs, capitalised in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". Exploration and Evaluation assets are initially measured at historic cost. Exploration and Evaluation Costs are assessed for indicators of impairment in accordance with IFRS 6 when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Any impairment is recognised directly in profit or loss.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	No deprecation is charged on these balances
Plant and equipment	25% on cost
Fixtures and fittings	25% on cost
Computers	25% on cost
Motor vehicles	16.7% on cost for new vehicles, 33.3% on cost for second-hand vehicles
Low-value assets (Germany)	100% on cost on acquisition for items valued at less than €800

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

1.7 Non-current investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet ready to use and not yet subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with a maturity date of less than 30 days.

1.10 Right of Use Assets and Lease Liabilities

All leases are accounted for by recognising a right-of-use assets due to a lease liability except for:

- Lease of low value assets; and
- Leases with duration of 12 months or less

The group reviews its contracts and agreements on an annual basis for the impact of IFRS 16. The group has such short duration leases and lease payments are charged to the income statement with the exception of the Group's lease for the Freiberg office and core shed, which expired in April 2024 and have been replaced by new office leases in Dresden and Core Shed in Altenberg that both started on 1 May 2024.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

1.11 Financial assets

Financial assets are recognised in the group's and company's statement of financial position when the group and company become party to the contractual provisions of the instrument.

Financial assets are classified into specified categories at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition that are debt instruments depends on the financial assets cash flow characteristics and the business model for managing them.

Financial assets are initially measured at fair value plus transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are "solely payments of principal and interest SPPI" on the principal amount outstanding.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. The group's and company's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised 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 to another entity.

Financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the group and company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Equity

Share capital

Ordinary shares are classified as equity.

Share premium

Share premium represents the excess of the issue price over the par value on shares issued. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Merger reserve

A merger reserve was created in 2017 on purchase of the entire share capital of Zinnwald Lithium Holdings Ltd (formerly Erris Resources (Exploration) Ltd) which was completed by way of a share for share exchange and which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of equity-settled share-based payment transactions.

1.16 Share-based payments

Equity-settled share-based payments with employees and others providing services are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of an appropriate pricing model. Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services, except where the fair value cannot be estimated reliably, in which case they are valued at the fair value of the equity instrument granted.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.17 Foreign exchange

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in administrative expenses in the income statement for the period.

The financial statements are presented in the functional currency of Euros since the majority of exploration expenditure is denominated in this currency.

1.18 Exceptional items

Items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are items that are material, either because of their size or nature, or that are non-recurring.

1.19 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, who is considered to be the group's chief operating decision-maker ('CODM').

1.20 New standards, amendments and interpretations not yet adopted

There were no new standards or amendments to standards adopted by the group and company during the year which had a material impact on the financial statements.

At the date of approval of these financial statements, the following standards and amendments were in issue but not yet effective, and have not been early adopted:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability (Effective date 1 January 2025)
- IFRS 18 Presentation and Disclosure in Financial Statements (Effective date TBC)*
- Amendments to IFRS 9 Financial instruments and IFRS 7 Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments (Effective date TBC)*
- Annual Improvements to IFRS standard – Volume 11 (Effective date 1 January 2026)

*subject to UK endorsement

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group or company.

2. Judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Share-based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity settled transactions with employees at the grant date, the group and company use the Black Scholes model.

Impairment of Capitalised Exploration Costs

Group capitalised exploration costs had a carrying value as at 31 December 2024 of €34,202,236 (2023: €27,652,152), which solely relate to the Zinnwald Lithium Project, Management tests annually whether capitalised exploration costs have a carrying value in accordance with the accounting policy stated in note 1.6. Each exploration project is subject to a review either by a consultant or an appropriately experienced Director to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure as well as the likelihood of on-going funding from equity investors or other sources of long term funding. In the event that a project does not represent an economic exploration target and results indicate that there is no additional upside, or that future funding is unlikely, a decision will be made to discontinue exploration.

In Germany, ZLGs core mining license at Zinnwald is valid to 31 December 2047, which underpins the PEA published in September 2022 and the forthcoming PFS. In February 2024, and further updated in June 2024, the group published an updated Mineral Resource Estimate that showed a materially increased resource that underpins both the size of the Project and its long mine life. It shows that the Project is the second largest hard-rock lithium project in the EU and the third largest in Europe as a whole. ZLG has additional exploration licenses at Falkenhain valid to 31 December 2025, at Altenberg to 15 February 2027, at Sadisdorf to 30 June 2026 and at Bärenstein, newly granted in 2023 and valid to 30 June 2028. The 2022 PEA showed a material increase in size and output of the Project and underpinned a pre-tax NPV of $1.6 billion and a post-tax NPV of $1.0 billion and post-tax IRR of 29%. Accordingly, the Board has concluded that no impairment charge is required for these assets.

Recoverability of investments in and loans to subsidiaries

The Directors review the carrying value of investments in and loans made to subsidiaries for any indications of impairment of potential non-recoverability. Since all investments and loans ultimately relate solely to funding for the Project in Germany and, as noted above, the Directors do not believe that any impairments is required for that asset, accordingly the Directors do not believe there is any impairment to investment or loan value.

3. Financial Risk and Capital Risk Management

The Group's and Company's activities expose it to a variety of financial risks: market risk (primarily currency risks), credit risk and liquidity risk. The overall risk management programme focusses on currency and working capital management.

Foreign Exchange Risk

The Company operates internationally and is exposed to foreign exchange risk arising from one main currency exposure, namely GBP for its Head Office costs and the value of its shares for fund-raising and Euros for a material part of its operating expenditure. The Group's Treasury risk management policy is currently to hold most of its cash reserves in Euros, as the majority of its current and planned expenditure will be on the Project in Germany.

Credit and Interest Rate Risk

The group and company have no borrowings and a low level of trade creditors and have minimal credit or interest rate risk exposure. The Group's cash and cash equivalents is held at major financial institutions.

Working Capital and Liquidity Risk

Cashflow and working capital forecasting is performed in the operating entities of the group and consolidated at a group level basis for monthly reporting to the Board. The Directors monitor these reports and rolling forecasts to ensure the group has sufficient cash to meet its operational needs. The Board has a policy of maintaining at least a

GBP 0.5m cash reserve headroom. The group has no material fixed cost overheads other than its costs of being listed on the AIM market and its leases in Dresden and Altenberg. None of its employee contracts have notice periods of longer than six months and its development expenditure is inherently discretionary.

4. Segmental reporting

The Group operates in the UK and Germany. Activities in the UK include the Head Office corporate and administrative costs whilst the activities in Germany relate to ongoing development work at the group's wholly owned Zinnwald Lithium Project. The reports used by the Board and Management are based on these geographical segments. Non-core Assets related to the historic Abbeytown Zinc Project, which was sold in April 2023.

	Non-core Assets 2024 €	Germany 2024 €	UK 2024 €	Total 2024 €
Administrative expenses	-	(1,013,403)	(1,675,736)	(2,689,139)
Share based payment charge	-	-	(688,877)	(688,877)
Gain/loss on foreign exchange	-	-	170,006	170,006
Other operating income	-	110,605	-	110,605
Finance income	-	1,950	378,657	380,607
Interest paid	-	(7,517)	-	(7,517)
Tax	-	(11,274)	-	(11,274)
Loss from operations per reportable segment	-	(919,639)	(1,815,950)	(2,735,589)
Reportable segment assets	-	34,476,535	6,082,411	40,558,946
Reportable segment liabilities	-	2,429,932	402,024	2,831,956

	Non-core Assets 2023 €	Germany 2023 €	UK 2023 €	Total 2023 €
Administrative expenses	(8,837)	(872,958)	(1,717,060)	(2,598,855)
Share based payment charge	-	-	(528,626)	(528,626)
Gain/loss on foreign exchange	-	-	42,240	42,240
Other operating income	-	183,143	-	183,143
Finance income	-	-	282,229	282,229
Interest paid	-	(3,851)	-	(3,851)
Tax	-	(18,785)	-	(18,785)
Loss from operations per reportable segment	(8,837)	(712,451)	(1,921,217)	(2,642,505)
Reportable segment assets	-	27,046,520	15,702,205	42,748,725
Reportable segment liabilities	-	2,436,646	463,581	2,900,227

5. Operating loss

	2024 €	2023 €
Operating loss for the year is stated after charging / (crediting)		
Exchange gains	(170,008)	(42,240)
Loss on disposal of subsidiary	-	3,672
Amortisation of intangible assets	2,010	1,662
Depreciation of property, plant and equipment	84,421	53,741
Depreciation of Right of Use Assets	126,711	139,154
Share-based payment expense	688,877	528.626
Operating lease charges	36,641	41,105
Exploration costs expensed	824,709	687,224

6. Auditor's remuneration

Fees payables to the company's auditor	2024	2023
	€	€
For audit services		
Annual Audit of group, parent company and subsidiary undertakings	45,914	41,979
Review of interim group financial statements	3,557	3,274
	49,471	45,254
For other services		
Taxation compliance services	7,759	5,354

7. Other operating income

	2024	2023
	€	€
Other operating income	110,605	183,143

Other operating income primarily comprised rental and utilities income from sub-lessors at the Group's former offices in Freiberg.

8. Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2024	2023	2024	2023
	Number	Number	Number	Number
Directors	6	6	6	6
Employees	14	20	-	1
	20	26	6	7

Their aggregate remuneration comprised	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Wages and salaries	1,823,149	1,621,204	875,722	819,393
Social security costs	235,368	200,980	137,050	101,657
Pension costs	113,329	139,841	63,370	64,571
	2,191,846	1,962,025	1,076,142	985,621

Aggregate remuneration expenses of the group include €913,998 (2023: €942,695) of costs capitalised and included within non-current assets of the group.

Aggregate remuneration expenses of the company include €NIl (2023: €63,543) of costs capitalised and included within non-current assets of the group.

Directors' remuneration is disclosed in report of Remuneration Committee.

9. Finance income

	Group	
	2024	2023
	€	€
Interest income		
Interest on bank deposits	380,607	282,229

10. Taxation

Income Tax Expense	Group 2024 €	2023 €
UK Corporation tax expense – current year	-	-
Overseas current tax expense – current year	2,383	18,785
Overseas real estate tax expense – current year	8,891	-
Total current tax expense	11,274	18,785

	€	€
Loss before taxation	(2,735,588)	(2,642,505)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2023: 19.00%)	(519,762)	(502,076)
Disallowable expenses	132,436	119,407
Non-taxable gains	-	-
Unutilised tax losses carried forward	388,786	394,237
Difference in overseas tax rate	922	7,216
Overseas real estate tax expense	8,891	-
Taxation charge for the year	11,274	18,785

Losses available to carry forward amount to €9,578,000 (2023: €7,539,000). No deferred tax asset has been recognised on these losses, as the probability and timing of available future taxable profits is not something that can currently be estimated.

Foreign tax liabilities are calculated at the prevailing tax rates applicable in the overseas tax jurisdictions, being Germany.

11. Earnings per share

	2024 €	2023 €
Weighted average number of ordinary shares for basic earnings per share	474,497,857	430,096,224
Effect of dilutive potential ordinary shares		
- Weighted average number of outstanding share options	22,706,856	6,106,301
Weighted average number of ordinary shares for diluted earnings per share	497,204,713	436,202,525
Earnings		
Continuing operations	(2,724,315)	(2,642,505)
Loss for the period for continuing operations		
Earnings for basic and diluted earnings per share distributable to equity shareholders of the company	(2,724,315)	(2,642,505)
Earnings per share for continuing operations		
Basic and diluted earnings per share		
Basic earnings per share - cents	(0.56)	(0.61)

There is no difference between the basic and diluted earnings per share for the period ended 31 December 2024 or 2023 as the effect of the exercise of options would be anti-dilutive.

12. Intangible Assets

Group	Germany	Ireland	Total
	€	**€**	**€**
Cost			
At 1 January 2023	18,967,989	2,059,272	21,027,261
Additions – group funded	8,687,649	-	8,687,649
Disposals	-	(2,059,272)	(2,059,272)
At 31 December 2023	27,655,638	-	27,655,638
Additions – group funded	6,552,094	-	6,552,094
At 31 December 2024	34,207,732	-	34,207,732
Amortisation and impairment			
At 1 January 2023	1,824	2,059,272	2,061,096
Amortisation charged for the year	1,662	-	1,662
Disposals		(2,059,272)	(2,059,272)
At 31 December 2023	3,486	-	3,486
Amortisation charged for the year	2,010	-	2,010
At 31 December 2023	5,496	-	5,496
Carrying amount			
At 31 December 2024	34,202,236	-	34,202,236
At 31 December 2023	27,652,152	-	27,652,152

Intangible assets comprise capitalised exploration and evaluation costs (direct costs, licence fees and fixed salary / consultant costs) of the Zinnwald Lithium project in Germany, as well as the fully impaired Ireland Zinc Project that was sold in April 2023.

The Company has had no directly owned intangible assets since 2020.

13. Property plant and equipment

Group	Leasehold, land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
Cost	**€**	**€**	**€**	**€**
At 1 January 2023	40,990	277,196	66,593	384,779
Additions – group funded	30,000	82,964	-	112,964
Exchange adjustments	-	103	-	103
At 31 December 2023	70,990	360,263	66,593	497,846
Additions – group funded	30,000	98,320	-	128,320
Exchange adjustments	-	331	-	331
At 31 December 2024	100,990	458,914	66,593	626,497
Depreciation and impairment				
At 1 January 2023	-	39,638	17,614	57,252
Depreciation charged for the year	-	40,555	13,286	53,741
Exchange adjustments	-	65	-	65
At 31 December 2023	-	80,158	30,900	111,058
Depreciation charged for the year	-	71,135	13,286	84,421
Exchange adjustments	-	266	-	266
At 31 December 2024	-	151,559	44,186	195,745

Carrying amount				
At 31 December 2024	100,990	307,355	22,407	430,752
At 31 December 2023	70,990	280,105	35,693	386,788

Company	Computers
Cost	**€**
At 1 January 2023	5,082
Additions – group funded	1,654
Exchange adjustments	103
At 31 December 2023	6,839
Additions – group funded	-
Exchange adjustments	331
At 31 December 2024	7,170
Depreciation and impairment	
At 1 January 2023	2,515
Depreciation charged for the year	1,566
Exchange adjustments	65
At 31 December 2023	4,146
Depreciation charged for the year	1,463
Exchange adjustments	266
At 31 December 2024	5,875
Carrying amount at 31 December 2024	1,295
Carrying amount at 31 December 2023	**2,693**

14. Right of Use Assets and Lease Liabilities

In May 2022, Zinnwald Lithium GmbH entered into a commercial lease agreement for and office and core shed property in Freiberg, Germany. The duration of the lease is for 2 years and expired in April 2024. The instalments for the lease are €12,000 per month, fixed for the duration of the lease. The right of use asset and lease liability was recognised on 1 May 2022 on inception of the lease.

In May 2024, Zinnwald Lithium Services GmbH entered into two new commercial lease agreements for an office in Dresden and a Core Shed in Altenberg. The duration of both leases are for 3 years with no break clauses and expire in April 2027. The Dresden lease can be renewed for two further 3-year periods in 2027 and 2030 The Altenberg lease can be renewed for a further 3-year period in 2027 and a further 4-year period in 2030. The monthly combined leases instalments are €10,515 per month, fixed for the duration of the leases. The right of use asset and lease liability for each new leases were recognised on 1 May 2024on inception of the leases. Movements in the year are shown as follows:

Group	Leases expired in the year	New Leases in the year	Total
	€	**€**	**€**
Right of Use Asset			
At 1 January 2023	185,285	-	185,285
Depreciation	(139,154)	-	(139,154)
At 31 December 2023	46,131	-	46,131
Initial recognition in the year	-	360,146	360,146
Depreciation	(46,131)	(80,580)	(126,711)
At 31 December 2024	-	279,566	279,566

Lease Liability			
At 1 January 2023	187,944	-	187,944
Interest charged in the year	3,851	-	3,851
Lease payments in the year	(144,000)	-	(144,000)
At 31 December 2023	47,795	-	47,795
Initial recognition in the year	-	360,146	360,146
Interest charged in the year	205	7,313	7,518
Lease payments in the year	(48,000)	(84,120)	(132,120)
At 31 December 2024	-	283,339	283,339
- Recognised in short-term payables	-	118,652	118,652
- Recognised in payables > 1 year	-	164,887	164,887

15. Investments

Company	**2024**	**2023**
	€	**€**
Investments in subsidiaries	14,523,374	14,523,374

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

Movement in non-current investments

	Shares in group undertakings
Cost	
At 1 January 2023	14,523,375
Disposals	(1)
At 31 December 2023 and 31 December 2024	14,523,374
Carrying amount	
At 31 December 2023 and 31 December 2024	14,523,374

The disposal in 2023 relates to the sale of the €1 share capital of Erris Zinc Ltd to Ocean Capital Partners in June 2023.

16. Trade and other receivables - credit risk

Fair value of trade and other receivables

The directors consider that the carrying amount of trade and other receivables is equal to their fair value.

17. Financial Instruments

	Group		**Company**	
	2024	**2023**	**2024**	**2023**
	€	**€**	**€**	**€**
Financial instruments at amortised cost				
Trade and other receivables	235,783	221,114	26,781,242	15,052,474
Cash and bank balances	5,216,085	14,306,191	2,964,450	13,724,866
	5,451,868	14,527,305	29,745,692	28,777,340

Financial liabilities at amortised cost				
Trade and other payables	1,106,584	1,469,564	129,058	236,118
	1,106,584	1,469,564	129,058	236,188

18. Trade and other receivables

	Group		Company	
	2024	**2023**	**2024**	**2023**
Amounts falling due greater than one year:	**€**	**€**	**€**	**€**
Amounts owed by group undertakings	-	-	26,642,540	-
Amounts falling due within one year:				
Amounts owed by group undertakings	-	-	-	15,031,909
Trade receivables	439	4,418	-	-
Other receivables	235,344	216,696	23,576	20,566
Prepayments and accrued income	135,359	136,349	55,961	122,622
	371,142	357,463	79,537	15,175,098

Other receivables primarily comprise VAT recoverable, which were received following the year end. The Company has reclassified its intercompany loan receivable to greater than one year from 2024 onwards.

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
Euros	203,495	210,328	7,371	575,045
British Pounds	167,647	147,135	26,714,706	14,600,052
	371,142	357,463	26,722,077	15,175,097

19. Trade and other payables

	Group		Company	
	2024	**2023**	**2024**	**2023**
Amounts falling due within one year:	**€**	**€**	**€**	**€**
Trade payables	343,391	234,817	18,430	94,945
Other taxation and social security	61,465	54,082	40,231	35,022
Other payables	61,234	30,892	-	275
Accruals and deferred income	640,494	1,149,773	70,397	105,876
	1,106,584	1,469,564	129,058	236,118

All Trade payables have been settled since the year end.

The carrying amounts of the Group and Company's current liabilities are denominated in the following currencies:

	Group		Company	
	2024	**2023**	**2024**	**2023**
Euros	808,725	1,144,295	-	64
British Pounds	297,859	325,268	129,058	236,055
	1,106,584	1,469,563	129,058	236,118

20. Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2024 €	Liabilities 2023 €
Zinnwald Lithium intangible assets – fair value adjustment	1,382,868	1,382,868

The deferred tax liability set out above relates to a 25% provision made on the fair value uplift of the company's acquisition of control of Zinnwald Lithium GmbH.

21. Retirement benefit schemes

Defined contribution scheme	2024 €	2023 €
Charge to profit or loss in respect of defined contribution schemes	63,370	64,571

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22. Share based Incentives

The Directors believe that the success of the Group will depend to a significant degree on the performance of the Group's senior management team. The Directors also recognise the importance of ensuring that the management team are well motivated and identify closely with the success of the Group. The Company adopted an initial Share Option Plan in December 2017 and will continue to issue options to key employees, consultants and Non-Executive Directors. In October 2020, the Company's shareholders approved additional short-term and long-term incentive schemes for Executive Management, the key terms of which are detailed in the Remuneration Committee report.

Share Option Plan (2017)

Movements in the number of share options, under the Share Option Plan (2017), outstanding and their related weighted average exercise prices are as follows:

	Year ended 31 December 2024		Year ended 31 December 2023	
	Average exercise price (£/share)	Number of Options	Average exercise price (£/share)	Number of Options
At beginning of year	£0.1487	6,650,000	£0.1748	4,200,000
Granted during the year	£0.0675	4,350,000	£0.1041	2,450,000
Lapsed during the year	£0.0675	(133,332)	-	-
Exercised during the year	-	-	-	-
At end of year	£0.1172	10,866,668	£0.1487	6,650,000
Exercisable at the year end		7,283,335		3,683,333
Weighted average remaining exercise period, years		3.06		3.44

Option classification

Issue Date	No of Options	Exercise Price	Expiry Date
29 October 2020	200,000	£0.0500	28 October 2025
15 January 2022	4,000,000	£0.1810	15 January 2027
23 March 2023	2,450,000	£0.1041	23 March 2028
15 January 2024	4,216,668	£0.0675	15 January 2029
	10,866,668	£0.1172	

RSU Scheme (2020)
Movements in the number of RSUs, under the RSU Plan (2020), outstanding and their related weighted average exercise prices are as follows

	Year ended 31 December 2024		Year ended 31 December 2023	
	Average exercise price (£/share)	RSUs	Average exercise price (£/share)	RSUs
Beginning of Period	n/a	5,316,310	n/a	1,909,531
Granted	n/a	4,228,475	n/a	3,406,779
Lapsed	n/a	-	n/a	-
Exercised	£0.0711	(1,909,531)	-	-
At end of period	n/a	7,635,254	n/a	5,316,310
Weighted average remaining exercise period, years		0.68		0.80

RSU Classification

Issue Date	No of RSUs	Vesting date
23 March 2023	3,409,779	23 March 2025
15 January 2024	4,228,475	15 January 2026
	7,635,254	

PSU Scheme (2020)
Movements in the number of PSUs, under the PSU Plan (2020), outstanding and their related weighted average exercise prices are as follows

	Year ended 31 December 2024		Year ended 31 December 2023	
	Average exercise price (£/share)	PSUs	Average exercise price (£/share)	PSUs
Beginning of Period	n/a	-	n/a	-
Granted	n/a	4,500,000	n/a	-
Lapsed	n/a	-	n/a	-
Exercised	-	-	-	-
At end of period	n/a	4,500,000	n/a	-
Weighted average remaining exercise period, years		1.04		-

PSU Classification

Issue Date	No of PSUs	Vesting date
15 January 2024	4,500,000	15 January 2026
	4,500,000	

23. Share based payment transactions

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Expenses recognised in the year				
Options issued under the Share Option Plan (2017)	201,811	174,633	201,811	174,633
RSUs issued under the RSU Scheme (2020)	381,834	353,993	381,834	353,993
PSUs issued under the PSU Scheme (2020)	105,232	-	105,232	-
	688,877	528,626	688,877	528,626

Awards made under the various share incentive schemes will be expensed over the relevant vesting periods for each scheme. Options and PSUs have been expensed based on a Black Scholes calculation using an option life of 5 years and a risk-free interest rate of 3.9%. The Company has used a volatility rate of 65.6% looking back 3 years from the date of grant to account for the material distorting event of the Company's readmission to AIM in October 2020 following its reverse takeover acquisition of the Zinnwald Project. The Company will use a 4 year look-back for the grants made in January 2025 and thereafter a 5 year look back for all future grants going forward.

24. Share Capital

	Group and Company 2024	2023
Ordinary share capital	**€**	**€**
Issued and fully paid		
474,536,675 ordinary shares of 1p each	5,377,253	5,365,379
	5,377,253	5,365,379

The Group's share capital is issued in GBP £ but is converted into the functional currency of the Group (Euros) at the date of issue of the shares.

Reconciliation of movements during the year:	**Ordinary Number**	**Ordinary Value**
	€	**€**
Ordinary shares of 1p each		
At 1 January 2023	473,524,624	5,365,379
Issue of fully paid shares (vesting of RSUs)	1,012,051	11,874
At 31 December 2023	474,536,675	5,377,253

25. Share Premium account

	Group 2024	Group 2023	Company 2024	Company 2023
	€	€	€	€
At beginning of year	39,403,810	20,289,487	39,403,810	20,289,487
Issue of new shares	-	19,282,326	-	19,282,326
Exercise of share options / RSUs	72,545	-	72,545	-
Share issue expenses	-	(168,003)	-	(168,003)
	39,476,355	39,403,810	39,476,355	39,403,810

26. Other reserves

Group	**Merger reserve**	**Share based payment reserve**	**Translation reserve**	**Total**
	€	**€**	**€**	**€**
At 1 January 2023	688,731	679,074	62	1,367,867
Additions	-	528,626	38	528,664
At 31 December 2023	688,731	1,207,700	100	1,896,531
Share Option charge for the year	-	688,877	-	688,877
Release of RSU provisions	-	(159,280)	-	(159,280)
Lapsed share incentives	-	(122,343)	-	(122,343)
Other additions	-	-	65	65
At 31 December 2024	688,731	1,614,954	165	2,303,850

Company	**Share based payment reserve**	**Translation reserve**	**Total**
	€	**€**	**€**
At 1 January 2023	679,074	62	679,136
Additions	528,626	38	528,664

At 31 December 2023	1,207,700	100	1,207,800
Share Option charge for the year	688,877	-	688,877
Release of provisions	(159,280)	-	(159,280)
Lapsed share incentives	(122,343)	-	(122,343)
Other additions	-	65	65
At 31 December 2024	1,614,954	165	1,615,119

27. Retained earnings

	Group		Company	
	2024	**2023**	**2024**	**2023**
	€	**€**	**€**	**€**
At the beginning of the year	(6,817,222)	(4,174,717)	(2,787,077)	(1,917,521)
Loss for the year	(2,735,589)	(2,642,505)	278,145	(869,556)
Lapsed share incentives	122,343	-	122,343	-
At the end of the year	(9,430,468)	(6,817,222)	(2,386,589)	(2,787,077)

28. Financial commitments, guarantees and contingent liabilities

Bacanora Royalty Agreement

The company and Bacanora entered into on completion of the Acquisition a royalty agreement which provides that the Company agrees to pay Bacanora a royalty of 2 per cent. of the net profit received by the company pursuant to its 50 per cent. shareholding in Zinnwald Lithium GmbH (“ZLG”) and earned in relation to the sale of lithium products or minerals by ZLG’s projects on the Zinnwald and Falkenhain licence areas. The royalty fee shall be paid in Euros and paid by ZLG half yearly. The agreement is for an initial term of 40 years and shall automatically extend for additional 20 year terms until mining and processing operations cease at ZLG‘s projects at the Zinnwald and Falkenhain licence areas. The company has undertaken to Bacanora to abide by certain obligations in relation to ZLG’s projects at the Zinnwald and Falkenhain licence areas such as complying with applicable laws and ensure that these projects are operated in accordance with the underlying licences and concessions granted to Zinnwald Lithium. The company shall have the right, but not the obligation, to extinguish at any time its right to pay a royalty fee to Bacanora prior to the expiry of the term by paying a one-off payment of €2,000,000.

Whilst the Directors acknowledge this contingent liability, at this stage, it is not considered that the outcome can be considered probable or reasonably estimable and hence no provision has been made in the financial statements. The Directors note that the Royalty is only applicable to 50% of ZLG’s production and does not apply to the additional 50% of ZLG acquired by the Company in June 2021. The Directors also note that the Royalty obligation remains due to Bacanora, which now a wholly owned subsidiary of Ganfeng Lithium Limited.

Osisko Royalty Agreements

As part of the sale of Erris Zinc Ltd to Ocean Capital Partners on 13 June 2023, the historic royalty due by the group to Osisko Gold Royalties was novated to Erris Zinc ahead of completion. Accordingly, this historic contingent liability has now been removed from the group. The Osisko royalty did not apply to the Zinnwald Lithium project.

29. Agreements with Ocean Capital Partners

Under the terms of the sale of Erris Zinc Limited to Ocean Capital Partners on 13 June 2023, the Company was granted a 1% Net Smelter Royalty and a €200,000 cash payment due six months after the start of commercial production. As agreed in the Sale and Purchase Agreement, the company also has the right to buy Erris Zinc Ltd back for €1 if the additional exploration spend of €100,000 over 2024 to 2025 is not made by March 2025. This deadline has been extended by mutual agreement to August 2025 and it has been confirmed that the licenses remain in good standing. Whilst the Directors acknowledge these contingent assets, at this stage, it is not considered that the outcome can be considered certain to be recognised and receivable and hence no asset has been recognised in the financial statements.

30. Events after the reporting date

On 31 January 2025, the Company made a grant of a total of 2,624,814 RSUs and 3,600,000 Options under the Company's Long-Term Incentive Plans relating to performance in 2024, and a total of 694,081 PSUs relating to performance from 1 January 2022 to 31 December 2024. The RSUs and PSUs were issued to Executive Management under the relevant schemes approved by shareholders in October 2020. The Options were primarily issued to Employees and Consultants under the terms of the Option Scheme approved by shareholders in 2017.

31. Related party transactions

In 2024, the Company engaged Jeremy Martin in a consultancy agreement to provide specific technical support specific technical support to the operational team with the development of the resource and processing parts of the Project's flowsheet, in light of his professional qualifications and experience (further detail is included in the report of the Remuneration Committee). No consultancy fees or expenses were incurred with Related Parties in 2023.

32. Cash (used in)/generated from group operations

	2024	2023
	€	€
Loss for the year after tax	(2,735,589)	(2,642,505)
Adjustments for:		
Investment income	(380,607)	(282,229)
Lease interest	7,518	3,851
Depreciation of property, plant and equipment	84,421	53,741
Depreciation of Right of Use Assets	126,711	139,154
Amortisation of intangible assets	2,010	1,662
Loss on disposal of subsidiary	-	3,672
Equity-settled share-based payment expense	688,877	528,626
Movements in working capital:		
(Increase) in trade and other receivables	(72,843)	(52,089)
(Decrease) / increase in trade and other payables	(303,816)	886,653
Cash used in operations	(2,583,318)	(1,359,464)

33. Cash (used in)/generated from operations – company

	2024	2023
	€	€
Profit / (Loss) for the year after tax	278,145	(869,556)
Adjustments for:		
Investment income	(378,657)	(282,229)
Group loan interest	(1,742,846)	(708,861)
Depreciation and impairment of property, plant and equipment	1,463	1,566
Loss on disposal of subsidiary	-	1
Equity-settled share-based payment expense	688,877	528,626
Movements in working capital:		
Decrease / (Increase) in trade and other receivables	4,484	(97,029)
(Decrease) / increase in trade and other payables	(47,895)	125,364
Cash used in operations	(1,196,429)	(1,302,118)