



31 March 2021

## **Power Metal Resources PLC**

### **Shareholder AGM Q&A**

Power Metal Resources (“Power Metal” or the “Company”) is pleased to publish a Q&A covering questions received from shareholders that would ordinarily have been addressed at the Company’s Annual General Meeting (“AGM”), held 30 March 2021.

The AGM was held as a closed meeting due to Covid-19 pandemic restrictions and shareholders were unable to attend in person.

Please review the questions and responses below provided by Chief Executive Officer, Paul Johnson.

The Company would draw investors’ attention to our corporate presentation, which provides further information on the Company’s operations. This presentation may be viewed through the following link:

<https://www.powermetalresources.com/Uploads/0650-POW Presentation 8th March 2021.pdf>

Should shareholders have further questions or suggestions for the Company please write to [investorrelations@powermetalresources.com](mailto:investorrelations@powermetalresources.com).

#### **Does the Company consider its operational strategy is progressing in line with expectations?**

Our operational strategies are designed to achieve the ultimate corporate objective of delivering a significant financial return for shareholders.

As a public company, our strategies must focus on shareholders, which we do in various ways including generically with extensive communications and specifically with initiatives such as the shareholder distributions update (see RNS 16-2-21 <https://www.powermetalresources.com/n/n356/shareholder-distributions-update>).

We are striving to operate our business around certain distinct core competencies which we feel can deliver the growth and scale we are looking for. I would say these are:

- Management of funding and financial discipline
- Share price driven management incentivisation
- Access to new pipeline opportunities
- Hub and spoke model with largely self-sufficient management/technical/operational teams in country

- Discovery driven exploration programmes
- Focus on value crystallisation in line with corporate progress

We are strengthening our business as we progress. On balance I feel our operational strategies are effective and we are progressing well overall.

### **What is the ultimate end-goal for the Company?**

On the assumption that we are in a cyclical sector with some impressive highs and distressing lows over the years, the end goal has to be either significant scale with commensurate financial strength to withstand the forward volatility, or an exit (or exits).

At the moment the Company is focused on scale and building its operational activities. This is because we have a belief that the positive growth in the commodity and junior resource sectors will continue for some time. In that environment we consider scale is a sensible and virtuous ambition.

Scale comes quickly with large scale metal discoveries from exploration, which is why we are investing heavily in exploration programmes across our 9 projects (7 active at present, 2 under snow).

If we build our business well, exit opportunities may come in whole or part, and rather than predict the unpredictable we are focused on progressing our projects and building the Company in a manner to invite attention.

### **Why the dual strategy of exploration and spin-outs? Is it not better to just focus entirely on exploration?**

We think the dual approach is a better way of doing business.

The stronger resource companies seem to be those that have financial self-sufficiency. Some companies have producing assets from which they can derive income to maintain operations. Junior exploration companies don't have that 'luxury'.

So, you either default long term to the raise-explore-raise-explore- etc model, or you find a way to build your own financial self-sufficiency, which the spin-out model could accomplish for us.

The question is, do you have the skills and capability to make it happen? That's important, and so the team we are building actually has very extensive corporate transactional experience.

As CEO, I have to lead from the front, and my own corporate transaction experience with UK listed junior resource companies has been extensive since my first role at ECR Minerals in 2012. My wish now is to take that experience from transactions with multiple companies, the positives and negatives that came from it, and apply what I have learnt into one company, Power Metal.

### **How well financed is the company and how can you support the large business operations?**

We are in a robust financial position, and on 19-2-21 we published our then financial position with working capital of £3.28million (including cash and listed company investments – see RNS 19-2-21).

We are not here to merely hold cash, and are intent on investing in exploration and our corporate work, but we are cautious not to over-extend. Our business model is diverse, but all projects have controls on expenditure commitment that we are comfortable with.

Our spin-out model is designed to build our financial strength and grow our working capital organically. Furthermore, being listed on AIM ensures we have access to the capital markets should we so choose, subject to the proviso that as a company we seek the protection of existing shareholders as a priority, so have historically undertaken financings at the market price and not through discounted financings.

We are seeking financial self-sufficiency so we are not dependent on the capital markets in isolation to fund our business operations.

**Will shareholders be able to participate in and benefit from spin-out activities?**

Successful spin-outs by definition benefit shareholders by building the financial strength of the company as its working capital grows. We have also stated our intention to consider shareholder distributions of cash or our shareholdings in other companies in the future. We are doing the accounting, legal and technical work now to position the Company so it can distribute when appropriate.

We have noted the wide interest from shareholders to participate in spin-outs and are factoring that in to our assessment of each transaction.

**What would you describe as your lead project or projects where you consider the most value will be generated?**

We have a capital rationing model applied within the business to help us direct our financial (and managerial) resources to the projects that offer the most potential and deliver the best progress.

We try to avoid the pet-project approach to business, and do not consider any of our projects as favourites until they become so themselves through results delivery. That means we apply capital and monitor results prior to allocating more. It may seem rather dull as an approach but we have a business to run and we want our projects to compete for capital and deliver results.

We are targeting large-scale metal discoveries, so in certain projects have material footprints with district scale potential. This would apply to our Australia Gold JV, Botswana KCB/Ditau JV, Canada Schreiber-Hemlo and the Tanzania Haneti Project JV. But equally our more focused projects have the potential to deliver value, and the work undertaken across our portfolio in this area has been producing promising results as announced.

**When will we hear more regarding project progress?**

(Note this question has been asked in respect of many of the projects within the business so we have provided a brief summary table below showing what has been announced as the latest work streams underway from which news should be expected)

PROJECT	STATUS AND RNS LINK (for further information)
<p><b><u>AUSTRALIA</u></b></p> <p><b>Australian Gold JV</b></p> <p><b>Gold</b></p> <p><b>(POW 49.9%)</b></p>	<p>Initial Public Offer (“IPO”) process work underway.</p> <p>Exploration programmes on 5 granted licences underway.</p> <p>Awaiting further licence grants.</p> <p><a href="https://www.powermetalresources.com/n/n372/australia-gold-joint-venture-further-license-grants-update">https://www.powermetalresources.com/n/n372/australia-gold-joint-venture-further-license-grants-update</a></p>
<p><b><u>BOTSWANA</u></b></p> <p><b>Kanye Resources</b></p> <p><b>Copper, Silver, Rare Earths</b></p> <p><b>(POW 50%)</b></p>	<p>Exploration work underway across all four licences.</p> <p>Licence transfer underway into new holding company, Kanye Resources Pty Ltd, in Botswana.</p> <p>New Kalahari Copper Belt licence acquisitions under due diligence.</p> <p>UK holding company established Kanye Resources plc with corporate work underway – plan to IPO in UK.</p> <p><a href="https://www.powermetalresources.com/n/n374/kalahari-copper-belt-business-update">https://www.powermetalresources.com/n/n374/kalahari-copper-belt-business-update</a></p>
<p><b>BOTSWANA</b></p> <p><b>Molopo Farms Complex</b></p> <p><b>Nickel, Copper, PGMs</b></p> <p><b>(POW with Economic Interest up to 50.96%)</b></p>	<p>Drill assays awaited from first two diamond drill holes</p> <p>Third drill hole well progressed.</p> <p>Witswatersrand University undertaking additional mineralogical work</p> <p>Down hole geophysics report awaited from hole KKME 1-6</p> <p><a href="https://www.powermetalresources.com/n/n376/botswana-molopo-farms-complex-exploration-update">https://www.powermetalresources.com/n/n376/botswana-molopo-farms-complex-exploration-update</a></p>
<p><b>CANADA</b></p> <p><b>Hemlo/Schreiber</b></p> <p><b>Gold, Base Metals</b></p> <p><b>(POW 100%)</b></p>	<p>Preliminary exploration work planning underway.</p> <p><a href="https://www.powermetalresources.com/n/n365/exercise-of-ontario-gold-property-options">https://www.powermetalresources.com/n/n365/exercise-of-ontario-gold-property-options</a></p>

<p><b>CANADA</b></p> <p><b>Silver Peak</b></p> <p><b>Silver</b></p> <p><b>(POW 30%)</b></p>	<p>Planned recommencement of exploration work including completion of the planned drill programme following the snow thaw in Spring 2021 targeting high-grade silver and to establish vein continuity.</p> <p>Project moving into Canadian holding company for IPO on a recognised stock exchange.</p> <p><a href="https://www.powermetalresources.com/n/n370/intention-to-seek-ipo-for-project">https://www.powermetalresources.com/n/n370/intention-to-seek-ipo-for-project</a></p>
<p><b>THE DRC</b></p> <p><b>Kisinka Project</b></p> <p><b>Copper, Cobalt</b></p> <p><b>(POW 70%)</b></p>	<p>Awaiting grant of 25 year Permis d’Exploitation (production licence).</p> <p>Ground magnetics complete and induced polarisation underway following delineation of a 6.8km copper/cobalt anomaly. Reports awaited.</p> <p><a href="https://www.powermetalresources.com/n/n316/kisinka-project-geophysics-programme-commencement">https://www.powermetalresources.com/n/n316/kisinka-project-geophysics-programme-commencement</a></p>
<p><b>TANZANIA</b></p> <p><b>Haneti Project</b></p> <p><b>Nickel, PGMs, Copper, Gold, Lithium</b></p> <p><b>(POW 35%)</b></p>	<p>Drill assays awaited from 1,965m Rotary Air Blast programme.</p> <p><a href="https://www.powermetalresources.com/n/n346/haneti-nickel-pgm-project-drilling-update">https://www.powermetalresources.com/n/n346/haneti-nickel-pgm-project-drilling-update</a></p>
<p><b>USA</b></p> <p><b>Alamo Gold Project</b></p> <p><b>Gold</b></p> <p><b>(POW Earn-in up to 75%)</b></p>	<p>Ground exploration programme completed and detailed operational report received by Power Metal.</p> <p>Full technical review underway to determine next exploration and commercial steps.</p> <p><a href="https://www.powermetalresources.com/n/n314/alamo-gold-project-arizona-usa-exploration-update">https://www.powermetalresources.com/n/n314/alamo-gold-project-arizona-usa-exploration-update</a></p>