

MANTRA TANZANIA LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

MANTRA TANZANIA LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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MANTRA TANZANIA LIMITED

**CORPORATE INFORMATION
AS AT 31 DECEMBER 2022**

REGISTERED OFFICE

Plot No: 1520
Masaki IKON Building
Bains Singh Avenue, Msasani Peninsula
P. O Box 23451
Dar es Salaam

AUDITOR

KPMG
The Luminary
P. O. Box 1160
Dar es Salaam, Tanzania
Plot No.574, Haile Selassie Road, Msasani
Peninsula Area
TIN: 100-144-921
Auditor's PF number: 0020

LAWYERS

Lawfront Advocates
3rd Floor, Jued Business Centre Plot No. 487
Kambarage Road Mikocheni B
P. O. Box 31312
Dar es Salaam

FB Attorneys
8th Floor, Amani Place Ohio Street
P. O. Box 19813
Dar es Salaam

BANKERS

Absa Bank Tanzania Limited
Slipway Branch
P. O. Box 5137
Dar es salaam, Tanzania

NMB Bank Plc
Oyster Plaza Branch Haile Selassie Road
P. O. Box 162409
Dar es Salaam, Tanzania

Citibank Tanzania Limited
Citibank House
Plot 1962 Toure Drive, Oysterbay
P. O. Box 71625
Dar es Salaam, Tanzania

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

The Directors present this report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of Mantra Tanzania Limited ("the Company").

1. INCORPORATION

The Company is incorporated in Tanzania under the Companies Act, 2002 as a private Company limited by shares.

2. COMPANY'S VISION

To be the leading global uranium producer, maximizing shareholder value through growth, innovation and efficient operations.

3. COMPANY MISSION

We will achieve our vision through:

- Conducting our activities in a safe and environmentally responsible manner;
- Developing and capitalizing on synergies with other companies in the Group;
- Utilizing our existing high quality asset portfolio as a platform for growth;
- Developing and building on organizational capability and capacity needed to achieve and sustain our growth strategy;
- Occupying a preferred position in the supply portfolios of global nuclear utilities;
- Leveraging our merger and acquisition skill sets to complement our organic growth; and
- Establishing good relations with all stakeholders including the Government and the local communities in which we operate.

4. COMPANY VALUES

We believe that how we conduct our business, how our employees act in fulfilling their jobs and the organizational culture that Mantra Tanzania creates, is vital to successful achievement of our long-term business strategies. This is captured in our values namely:

1. Safety
2. Accountability
3. Respect
4. Efficiency
5. Unity
6. Innovation

5. COMPANY'S OPERATIONS AND ACTIVITIES

The Company started construction of their Pilot Mineralisation Extraction Operation ("PMEO") in 2022.

This was achieved by satisfying all Governmental requirements, including but not limited to local content requirements, by awarding the tender to METC- PAULSAM Joint venture, part of the decision was made due to their existing experience in the mining industry.

The Camp facilities were updated in line with operational requirements. A very strong emphasis was placed on our environmental monitoring that was ongoing with a specific focus on water monitoring.

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5. COMPANY'S OPERATIONS AND ACTIVITIES (CONTINUED)

The Main project development will still take place as described in our works program, all contractors that we contracted for earthworks, civils and other suppliers were in line with mining commission guidelines including local content requirements.

The approved work program allowed for the development of the Pilot plant development is scheduled to span over five years from 2022 to 2027, followed by main project development. During the year 2022, the PMEO execution plan was developed, which included the appointment of the Engineering, Procurement, Construction ("EPC")/Engineering, Procurement, Construction, Management ("EPCM") contractor for various scope of work.

Principal activities undertaken during the year

During the year, the Company started construction of Pilot Plant, the main contractor was METC-PAULSAM. Construction is expected to be completed in June 2023. As at the end of year 2022, 68% of the overall project was completed.

Mkuju River Project ("MRP") Camp

The camp facilities were updated in line with operational requirements. A very strong emphasis was placed on our Environmental monitoring that was ongoing with a specific focus on water monitoring.

MRP geological information

The revised Detailed Feasibility Study ("DFS") III Mineral Resource Estimate ("MRE") which was issued in 2013 is still appropriate. The mineral resource was calculated at a cut-off grade of 100 ppm U₃O₈ and the summary of the results are presented in the table below:

Mkuju River Project – Nyota Prospect Mineral Resource Estimate – 2013 Reported at a cut-off grade of 100 ppm U ₃ O ₈ (Unchanged from 31 December 2018)			
	Tonnage (Million tons)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (Million pounds)
Measured Resource	113.9	327	82.1
Indicated Resource	72.9	264	42.5
Total Measured & Indicated	186.8	591	124.6
Inferred Resource	54.5	228	27.5
Grand Total	241.3	819	152.1

Notes

- (1) The resource is estimated at a lower cut-off grade of 100 ppm U₃O₈
- (2) All figures are rounded to reflect appropriate levels of confidence. Differences may occur due to rounding

All geological information as required by the revised Mining Regulations (legislations) was delivered to the Tanzanian Government geology department. A proof of delivery was received and filed with Mantra's documentation.

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5. COMPANY'S OPERATIONS AND ACTIVITIES (CONTINUED)

Principal activities undertaken during the year (Continued)

Way forward work (Front End Engineering and Design ("FEED"))

All the DFS III front-end engineering design way forward work is completed and will only restart on main MRP execution.

New works programme that includes the Pilot Mineral Extraction Operation "PMEO":

The works program for the PMEO is estimated to take five years. During the year 2020, approval was received from the Mining Commission to compile a feasibility design that was completed for the development of the Pilot Mineral Extraction Operation (PMEO) in 2021. In the same year a company called METC- PaulSam (JV) completed the PMEO feasibility study, which was then submitted to the Mining Commission to seek approval for the execution of the pilot operation. In 2021, Tanzania Atomic Energy Commission (TAEC) permit was obtained, and the Environmental Management Plan (EMP) was updated and approved by National Environmental Management Council (NEMC).

There were two permits that were pending in relation to the construction of a pilot plant. The first permit related to water permit under the Ministry of Water for the Tailing Facility Storage (TSF) which was obtained and approved in April 2022. The contractor METC-PaulSam (JV), who was appointed in December 2021 as the contractor by the Mining Commission, completed the detailed designs in March 2022 of the TSF final design meetings started earlier. The second permit related to consent to operate in the National Park which was obtained in March 2022.

Other Permits

Principal permits which had been secured and are still in place for DFS III include:

- United Nations Educational, Scientific and Cultural Organization ("UNESCO's") World Heritage Committee approval to the Government for a minor boundary modification to the world heritage status of the Selous Game Reserve ("SGR") thus allowing the Project area to be outside the World Heritage site but inside the SGR Environmental Impact Assessment Certificate ("EIA") which was granted by the Minister of State in the Vice President Office – Environment; and was issued to the Company by the National Environmental Management Council ("NEMC") in October 2012. The EIA Certificate was to expire in October 2015, a request was submitted to NEMC for the approval to conduct an Environmental Management Plan Update ("EMPU") of which was granted in May 2016. The first submission on the EMPU was issued to NEMC on the 5th of November 2015; the certificate was received in October 2016. Annual self-auditing is ongoing as requested in the reply until the restart of the project.
- All permits for water utilisation from the Rufiji Basin Water Authority have been updated and approved.
- All permits from Tanzania Atomic Energy Commission ("TAEC") for construction of plant was obtained.
- Permit relating to start of TSF construction was obtained.
- OSHA and Fire and other operational permits was obtained as per legal requirements.
- Special Mining License ("SML") No. SML 489/2013 was issued by the Ministry of Energy and Minerals on 5 April 2013; with revised Works Program approved on 5th February 2015 as per the Mining Act, 2010. SML is extendable throughout the life of the mine. Again, the revised work program was served to the Ministry and acknowledged in September 2017.

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6. FINANCIAL PERFORMANCE

The results of the Company for the year are set out on page 20 of the financial statements.

7. SOLVENCY

The Company's state of affairs as at 31 December 2022 is set out on page 21 of these financial statements.

8. GOING CONCERN

All the Company's tenements are still at either exploratory or evaluation phase, consequently the Company has not started generating revenue. During the year, the Company incurred net loss of US\$ 219,261 (2021: US\$109,691) with a net liability position of US\$ 71,818,547 (2021: US\$ 71,599,286).

The Company obtained a written confirmation letter from the parent company, Uranium One Group intending to continue to fund the Company as and when it is needed to enable the Company to meet its obligations as incurred in the ordinary conduct of its business, whether by equity investment, capital contribution, loan, or in such other manner as Uranium One Group may consider advisable.

9. ENTITY OPERATING MODEL

Our unique business model enables us to respond to a dynamic environment of competing with stakeholders' expectations, complex competitive forces, emerging trends, and regulatory pressures.

Resources	Input	Output	Outcomes
Intellectual Capital	This capital includes our intellectual assets such as industry knowledge, systems protocols.	<ul style="list-style-type: none">• Enterprise risk management practices• Specialized skills and expertise of employees and our Board procedures and• Investment in information technology	Proper risk management due to industry knowledge that management possesses.
Human Capital	Our human capital consists of the competencies, capabilities and experience of our employees and how they innovate, ethics and values collaborate and align with Mantra's objective.	<ul style="list-style-type: none">• Experienced leadership team• Corporate culture based on clear• Dedicated workforce	<ul style="list-style-type: none">• USD 1.8 million paid in salaries & benefits• 16% of our staff are female• Zero work related injuries or fatalities• There is an increase of staff count from 18 to 19.
Financial Capital	The pool of funds that supports business operations include equity finance and debt US\$ 231.80 Mil borrowing from related parties	Timely settlement of liabilities when they fall due.	Smooth operation of the company.

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9. ENTITY OPERATING MODEL (CONTINUED)

Resources	Input	Output	Outcomes
Manufactured Capital	The resources owned, leased, or controlled by Mantra that contribute to product or service provision.	<ul style="list-style-type: none">• Digital assets (core applications)• Premises for support functions	Smooth operation of the company.
Social and Relationship Resources	The relationships and collaborations we create with Stakeholders.	<ul style="list-style-type: none">• Brand reinforcement and market communication• Networking and partnerships. Focused and committed corporate social investment.	Stakeholder-related investments enables us to have the community of stakeholders that are loyal and supportive to our brand and provide our social license to operate.
Regulators	The relationships and collaborations we create with Regulators.	Compliance with the laws and regulations.	Enhanced good relationship between Regulators and Mantra.
Natural resources	Our natural capital includes renewable and non-renewable resources used by Mantra to function.	Low carbon emission.	Compliance with environmental laws and regulations.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- Safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- Reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff.

Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met accepted criteria.

11. STAKEHOLDERS RELATIONSHIP

When an individual or a group can be significantly impacted by our actions, products and services, we consider that party as a stakeholder. At the same time, we are keenly aware that our stakeholders perceptions and behaviours can impact our ability to conduct our business and meet our strategic goals. On this basis, the Company identifies and effectively communicate and engage with key stakeholders so as to understand and address their concerns.

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. STAKEHOLDERS RELATIONSHIP (CONTINUED)

We strongly believe that by engaging with our stakeholders, we can sustainably meet their expectations, improve our business model and gather invaluable insights towards long term value creation. Below is a list of key stakeholders and a description of how they influence our business:

a) Shareholders

The Company closely involves shareholders in key decision making on major projects.

b) Our society

Our society includes local communities around our operations. The Company influences the society to act responsibly in environmental, social and governance matters through compliance to governing laws and regulations through partnerships so as to address common social and environmental issues and build a thriving society.

c) Suppliers

Mantra maintains strong creditworthiness by ensuring it adheres to creditors demands such as timely settlement of invoices when they fall due.

d) Employees

Mantra coordinates, facilitates, organizes and supports its staff to attend various professional seminars and workshops to strengthen their skills and capabilities in delivering quality services and enhance productivity.

e) Regulators

Mantra maintains a strong engagement with the Government agencies and regulators by ensuring the following;

- Active participation and contribution to industry and regulatory working groups;
- Compliance with all legal and regulatory requirements; and
- Being a responsible taxpayer.

12. CAPITAL STRUCTURE

The capital structure of the Company is outlined in note 11 of the financial statements.

13. CASH FLOWS

The cashflow of the company is outlined in statement of cash flow in page 23 of the financial statements.

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14. KEY PERFORMANCE INDICATORS

The following were the key performance indicators for the financial year 2022 which were approved by the Board of Directors.

SN	Key Performance Indicators	Actual Results	Commentary
1	Performance against regional Health Safety Environment and Community ("HSEC") Key Performance Indicators ("KPI's"): <ul style="list-style-type: none">• HSEC improvement planning• Injury reduction• Environmental Excellence• Community & Social excellence	No incidence was reported during the year.	Target achieved.
2	<ul style="list-style-type: none">• Overall MRP Budget control and management• Departmental budget tracking and controls	The overall actual costs were below the budget. i.e. the budget was USD 24M while the actual costs were USD 15M.	Target achieved.
3	<ul style="list-style-type: none">• Permits• Pilot Plant development• Infrastructure (road) development	<ul style="list-style-type: none">• All necessary permits were obtained.• As at the end of 2022, the development of the pilot plant was as planned.• The road was repaired to the satisfactory level.	Target achieved.
4	Timely and cost-effective implementation of departmental functions i.e., contracts, Corporate Social Responsibility and procurements.	All contracts, procurements and CSR activities were done timely and cost effectively.	Target achieved.

15. CORPORATE GOVERNANCE

The Board of Mantra Tanzania Limited had three Directors as at 31 December 2022. The Board takes overall responsibility for the Company including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative and for compliance with sound corporate governance principles.

The Board meets as and when required and delegates the day-to-day management of the business to the Managing Director assisted by senior management. Senior Management attends Board Meetings when required and facilitate the effective control of all of the company's operational activities, acting as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

15. CORPORATE GOVERNANCE (CONTINUED)

Composition of the Board of Directors

The Directors of the Company at the date of this report and who have served since incorporation except where otherwise stated, are:

Name	Position	Gender	Nationality	Date of appointment/ resignation	Education
Andrey Shutov	Board Chairman	Male	Russian	Appointed on Sept 2022	Specialist on Handling construction, road machinery and Equipment
Alexander Ryabchenko	Managing Director	Male	Russian	Appointed on Sept 2022	Bachelor for Financial management
Frederick Kibodya	Managing Director	Male	Tanzanian	Resigned on Sept 2022	Masters of Business Administration
Oleg Khlytchiv	Director	Male	Russian	Appointed on Sept 2022	PhD in Mathematics and System program

Board of Directors

The Board of Directors is required to meet at least four (4) times a year. The names and attendance of Directors of the Company at the date of this report and who served since 1 January 2022, except where otherwise stated on composition of the Board of Directors is indicated below.

Director	Meetings attended	Meeting eligible to attend	Percentage (%)
Frederick George Kibodya	3	3	100
Alexander Ryabchenko	5	5	100
Andrey Shutov	3	5	60
Oleg Khlytchiv	2	2	100

Key Board activities for the year 2022 included review of Company's activities for the respective year and providing direction and guidance to management on the way forward.

Board Committees

The Board meets from time to time, sets out committees as it considers necessary or appropriate to assist it in carrying out its responsibilities. For the year under review the Board had the following committees in place: Board Finance and Audit Committee, Board Corporate Compliance Committee and Board Stakeholder Relations Committee.

(i) Board finance and audit committee

The Board Audit Committee is established from amongst the Board of Directors and is charged with the responsibility of ensuring that appropriate internal control systems are maintained to ensure that Company assets are safeguarded and managed, and losses arising from fraud and or other illegal acts are minimized. Control systems are continuously monitored and improved in accordance with generally accepted best practices. The internal audit department, established at a group level reports to the board audit committee and regularly conducts independent financial, internal control and operational system reviews and reports its findings to the Board Audit Committee.

The Board Finance and Audit Committee met four times during the year.

Director	Meetings attended	Meeting eligible to attend	Percentage (%)
Alexander Ryabchenko	4	4	100
Andrey Shutov	4	4	100
Oleg Khlytchiv	2	2	100

MANTRA TANZANIA LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

15. CORPORATE GOVERNANCE (CONTINUED)

Board Committees (Continued)

(i) Board finance and audit committee (Continued)

Key activities of the committee for the year 2022 included review financial performance, audit issues and monitoring implementation of audit recommendations.

(ii) Board corporate compliance committee

The Board Corporate Compliance Committee is charged with the responsibility of overseeing matters relating to:

- (i) corporate governance;
 - (ii) permitting, including obtaining and maintaining key permits; and
 - (iii) issues relating to compliance with laws, regulations, guidelines from regulatory authorities.
- In discharging its functions, the Committee is responsible for monitoring compliance and reporting to the Board of Directors on risks relating to permitting and compliance.

Board corporate compliance committee

Director	Meetings Attended	Meeting eligible to attend	Percentage(%)
Alexander Ryabchenko	2	2	100
Andrey Shutov	4	4	100
Frederick Kibodya	2	2	100
Oleg Khlytchiev	2	2	100

(iii) Board Stakeholder Relations Committee

The role of the Board Stakeholder Relations Committee is to manage and enhance stakeholder relations that directly or indirectly affects the Company. This includes discussing strategies of enhancing and maintaining cordial relations with stakeholders. The Board Stakeholder Relations Committee is also responsible for devising the media management, image/reputation and corporate social responsibility strategies.

Director	Meetings attended	Meeting eligible to attend	Percentage(%)
Alexander Ryabchenko	4	4	100
Andrey Shutov	4	4	100
Frederick Kibodya	2	2	100
Oleg Khlytchiev	2	2	100

Directors' emoluments

The Board of Directors is comprised of the chairman, one executive director and non-executive director who avail themselves to attend Board and Committee meetings. Accordingly, for services rendered to the Company, only executive director receives remuneration as stated in note 16 (c). At no time during the year was there any business contract or arrangement between the Company and any of the directors nor were there any loans disbursed to them.

16. POLITICAL DONATIONS

The Company did not make any political donations during the year (2021: Nil)

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. CORPORATE SOCIAL RESPONSIBILITIES

The Company recognises that its operations have significant environmental and social impact, not only on the development and well-being of the communities in which the Company operates, but also on the sustainability and financial performance of the Company. In 2022 the Company continued to actively work on building and fostering constructive relationship with its stakeholders within the local communities, government officials, media, and Non-Governmental Organisations “NGOs”.

17.1 Sustainable Development

In line with the Company’s initiative to link its business with local suppliers and in fulfillment of the local content sustainability plan, the Company engages local entrepreneur groups to supply goods as and when needed. Mwamko Agroforestry group in Likuyu supplied the Company with seedlings that were donated to Namtumbo Council and planted at one of the rivers of Namtumbo.

Mantra also assisted four other agricultural project groups in Likuyu with agricultural inputs and training in better farming methods. During the year 2022, a total of US\$ 65,498 was spent on donations (2021: US\$ 61,090).

17.2 Donations

Besides making donations, Mantra Participated in district and ward meetings and community events e.g., May Day, World Environment Day, graduation ceremonies, participated and held meetings with Namtumbo stakeholders for various project implementation and updates. Notable donations were:

• Donation of iron sheets to Namtumbo District Council	US\$ 4,348
• Donation to Maji Maji Cultural Festival	US\$ 435
• Facilitation of International Women’s Day	US\$ 217
• Awards to best performing students/school in Namtumbo District	US\$ 870
• Donation for Uhuru race in Namtumbo	US\$ 4,348
• Donation of trees	US\$ 435
• Donation for May Day	US\$ 217
• Capacity Building DC’s office- Namtumbo	US\$ 4,348
• Donation for Somi Census marathon	US\$ 522
• Donation to Ruvuma regional administration for capacity building	US\$ 2,174
• Donation of laptop and printer to Ruvuma Regional Commissioner’s office	US\$1,235
• Donation of carpentry equipment to Namtumbo District	US\$ 3,217
• Donation of teaching aids and equipment to schools with pupils with special needs in Namtumbo District	US\$ 1,800
• Sponsor Road Safety Training for Namtumbo schools and sensitization on Gender-based violence training	US\$ 4,100
• Donation and support to football competition in Namtumbo-Mantra Cup	US\$ 4,000
• Donation of electronic library and books in Namtumbo District	US\$ 14,000
• Donation of agricultural inputs in Namtumbo District	US\$ 9,656
• Donation of a motorbike in Namtumbo District	US\$ 1,348
• Donation of building materials in Namtumbo District	US\$ 6,087
• Donation for World Aids Day in Namtumbo District	US\$ 435

MANTRA TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. CORPORATE SOCIAL RESPONSIBILITIES (CONTINUED)

17.3 Anti-Poaching initiative

In cognizance of the location of the Mkuju River Project, within Nyerere National Park and in line with its mission to operate in an environmentally sustainable manner, the Company continued to implement its anti-poaching initiatives in Likuyu, Sekamanganga and Kalulu sectors of the Nyerere National Park during the year. This was done through supporting the game rangers' patrols and provision of technical support, training, and resources for the Anti-poaching activities in the Nyerere National Park.

18. ENVIRONMENTAL CONTROL PROGRAMME

The Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations are regarded as a minimum standard for all operations.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by the Company. There were no significant known breaches by the Company during the year.

19. ORGANISATIONAL DEVELOPMENT AND HUMAN RESOURCE

Management and industrial relations

There was a good relationship between employees and management for the year ended 2022. The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion, and disability as long as such disability does not impair the ability to discharge tasks.

Training facilities

When presenting its annual budget for the year ended 31 December 2022, the Company did set aside a sum of US\$ 9,780 for staff training in order to improve employee's technical skills and enhance effectiveness. Training programs are continuously evaluated to ensure employees are adequately trained.

Medical assistance

All staff members had access to a medical insurance scheme with a maximum of four dependents per employee. Currently, these services are provided by Strategies' Insurance (Tanzania) Ltd and Discovery Health Medical Centre (South Africa).

Health and safety

The Company has a strong health and safety function which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment training and supervision as required.

Post-employment benefit plan

The Company contributes to a publicly administered defined contribution pension plan on a mandatory basis for each employee.

MANTRA TANZANIA LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

19. ORGANISATIONAL DEVELOPMENT AND HUMAN RESOURCE (CONTINUED)

Gender parity

The Company had 19 employees as at 31 December 2022, out of which 3 were female and 16 were male. (18 employees as at 31 December 2021, out of which 4 were female and 14 were male).

20. PREJUDICIAL ISSUES

In the opinion of the Directors, there are no serious unfavorable matters that can affect the Company (2021: None).

21. APPOINTMENT OF THE AUDITOR

KPMG have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of KPMG as auditor of the Company will be put to the Annual General Meeting.

22. STATEMENT OF COMPLIANCE

The Directors of the Company affirms that the report is compliant with the Tanzania Financial Reporting Standard 1 provisions and all other legislations relevant to the entity.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Mantra Tanzania Limited, as identified in the first paragraph, were approved, and authorized for issue by the Board of Directors on ..20/6/22..... 2023 and signed by:

BY ORDER OF THE BOARD



**Alexander Riabchenko
Managing Director**

MANTRA TANZANIA LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of Mantra Tanzania Limited (the "Company") comprising the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, in accordance with IFRS Standards, and in the manner required by the Companies Act, 2002.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Company to continue as going concern as stated in note 2(e) and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of Mantra Tanzania Limited, as identified in the first paragraph, were approved and authorized for issue by the Directors on ...20/12/2022..... 2023


Aleksandr Riabchenko
Managing Director

MANTRA TANZANIA LIMITED

**DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2022**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act, No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibilities statement on an earlier page.

I, **Gaydon Mtenga**, being the Finance Manager of Mantra Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: Finance Manager

NBAA Membership No.: ACPA 1886

Date: 20/06/2023



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MANTRA TANZANIA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mantra Tanzania Limited ("the Company") set out on pages 19 to 47, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mantra Tanzania Limited as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled *Mantra Tanzania Limited report and financial statements for the year ended 31 December 2022* but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MANTRA TANZANIA LIMITED (CONTINUED)**

Report on the audit of the financial statements (Continued)

Responsibilities of the directors for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies Act, 2002, 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 financial statements, the Directors are responsible for assessing the 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 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MANTRA TANZANIA LIMITED (CONTINUED)**

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, solely based on our audit of financial statements that:

- in our opinion, proper accounting records have been kept by Mantra Tanzania Limited;
- the individual accounts are in agreement with the accounting records of the Company;
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit;
- directors' report is consistent with the financial statements; and
- information specified by the law regarding Directors' emoluments and other transactions with the Company is disclosed.

KPMG
Certified Public Accountants (T)

Signed by: CPA Adolph Boyo (ACPA 2815)
Dar es Salaam

Date: 22/06/2023.

MANTRA TANZANIA LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022	2021
		US\$	US\$
Expenses			
Administration costs		(88,273)	(28,185)
Impairment loss on receivables	16(b) (ii)	(162,684)	(91,547)
Gain/(loss) on disposal of plant and equipment		29	(199)
Operating loss		(250,928)	(119,931)
Foreign exchange gain		31,667	10,240
Loss before income tax		(219,261)	(109,691)
Income tax expense	14	-	-
Loss for the year		(219,261)	(109,691)
Other comprehensive income		-	-
Total comprehensive loss for the year		(219,261)	(109,691)

The notes on pages 23 to 47 form an integral part of these financial statements.

Report of the auditor's – Pages 16 to 18

MANTRA TANZANIA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 US\$	2021 US\$
ASSETS			
Non-current assets			
Exploration and evaluation assets	6	146,807,822	136,492,553
Intangible assets	7	7	7
Property, plant and equipment	8	497,780	392,820
Work in progress	9	12,557,913	4,241,798
Right of use asset	17(b)	55,761	97,582
Total non-current assets		159,919,283	141,224,760
Current assets			
Accounts receivable	10	2,899,312	1,361,321
Cash and cash equivalents		575,144	8,996,938
Total current assets		3,474,456	10,358,259
TOTAL ASSETS		163,393,739	151,583,019
EQUITY			
Share capital	11	95,851,511	95,851,511
Accumulated losses		(167,670,058)	(167,450,797)
Total equity		(71,818,547)	(71,599,286)
LIABILITIES			
Non-current liabilities			
Borrowings from related party	12	231,801,967	219,789,083
Lease liability	17(a)	41,655	75,926
Total non-current liabilities		231,843,622	219,865,009
Current liabilities			
Accounts payable	13	3,329,733	3,274,923
Lease liability	17(a)	38,931	42,373
Current tax payable	14	-	-
Total current liabilities		3,368,664	3,317,296
TOTAL LIABILITIES		235,212,286	223,182,305
TOTAL EQUITY AND LIABILITIES		163,393,739	151,583,019

The financial statements on pages 19 to 47 were approved and authorised for issue by the board of directors on 20/12/2023 and were signed by:



Aleksander Ryabchenko-Managing Director

The notes on pages 23 to 47 form an integral part of these financial statements.
Report of the auditor's – Pages 16 to 18

MANTRA TANZANIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital US\$	Accumulated losses US\$	Total US\$
	<u> </u>	<u> </u>	<u> </u>
Balance at 1 January 2021	95,851,511	(167,341,106)	(71,489,595)
Comprehensive income			
Loss for the year	-	(109,691)	(109,691)
Total comprehensive loss for the year	<u>95,851,511</u>	<u>(167,450,797)</u>	<u>(71,599,286)</u>
Balance at 31 December 2021	<u>95,851,511</u>	<u>(167,450,797)</u>	<u>(71,599,286)</u>
Balance at 1 January 2022	95,851,511	(167,450,797)	(71,599,286)
Comprehensive income			
Loss for the year	-	(219,261)	(219,261)
Total comprehensive loss for the year	<u>95,851,511</u>	<u>(167,670,058)</u>	<u>(71,818,547)</u>
Balance at 31 December 2022	<u>95,851,511</u>	<u>(167,670,058)</u>	<u>(71,818,547)</u>

The notes on pages 23 to 47 form an integral part of these financial statements.

Report of the auditor's – Pages 16 to 18

MANTRA TANZANIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 US\$	2021 US\$
Cash flows from operating activities			
Loss before income tax		(219,261)	(109,691)
Adjustments for:			
Impairment loss receivables	16(b)(ii)	162,684	91,547
Gain/(loss) on disposal of property, plant, and equipment		(29)	199
Changes in:			
- Accounts payable		54,808	(199,050)
- Accounts receivable		(1,537,991)	(254,397)
- Due from related party		-	(25,073)
- Loan advance to related party	16 (a)(i)	(60,000)	-
Cash utilised in operating activities		<u>(1,599,789)</u>	<u>(496,465)</u>
Interest paid on lease liability	17 (a)	(4,660)	(7,982)
Withholding taxes paid		(590,038)	(529,017)
Corporate tax paid		-	(612)
Net cash utilized in operating activities		<u>(2,194,487)</u>	<u>(1,034,076)</u>
Cash flows from investing activities			
Cash utilised in exploration and evaluation assets		(4,433,250)	(4,065,883)
Purchase of property and equipment	8	(143,550)	(15,893)
Purchase of capital work in progress	9	(8,316,115)	(4,237,300)
Proceeds from disposal of property, plant, and equipment		779	1,301
Net cash used in investing activities		<u>(12,892,136)</u>	<u>(8,317,775)</u>
Cash flows from financing activities			
Proceeds from borrowings and recharges	12	6,702,543	18,297,842
Lease principal payments	17(a)	(37,714)	(34,391)
Net cash generated from financing activities		<u>6,664,829</u>	<u>18,263,451</u>
(Decrease)/increase in cash and cash equivalents during the year		(8,421,794)	8,911,600
At start of the year		<u>8,996,938</u>	<u>85,338</u>
At end of the year		<u>575,144</u>	<u>8,996,938</u>

Significant non-cash transactions

Significant non-cash transaction which is not included under investing activity in the statement of cash flows is as follows:

		2022 US\$	2021 US\$
Interest on borrowing capitalised	12	5,119,821	4,575,149
Interest on recharges capitalised		190,520	186,019
		<u>5,310,341</u>	<u>4,761,168</u>

The notes on pages 23 to 47 form an integral part of these financial statements.
Report of the auditor's – Pages 16 to 18

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Mantra Tanzania Limited is incorporated in Tanzania under the Companies Act, 2002 as a private limited liability company, and is domiciled in Tanzania. The address of its registered office has been stated on page 1.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Standards and in the manner required by the Companies Act, 2002.

b) Basis of measurements

The financial statements have been prepared on the historical cost basis except where otherwise stated in the accounting policies below.

c) Functional and presentation currency

These financial statements are presented in United States dollars (US\$), which is the Company's functional and presentation currency.

d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgement, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. If third party information is used to measure fair value, then management assesses and document the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy which the resulting fair value estimate should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest). The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

e) Going concern basis of accounting preparation

All the Company's tenements are still at either exploratory or evaluation phase, consequently the Company has not started generating revenue. During the year, the Company incurred net loss of US\$ 219,261 (2021: US\$ 109,691) with a net liability position of US\$ 71,818,547 (2021: US\$ 71,599,286).

The Company obtained a written confirmation letter from the parent company, Uranium One Inc. intends to continue to fund the Company as and when it is needed to enable the Company to meet its obligations as incurred in the ordinary conduct of its business, whether by equity investment, capital contribution, loan, or in such other manner as Uranium One Inc. may consider advisable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

a) Relevant new standards and amendment effective and adopted during the year

New currently effective requirements: The Company has adopted the following new standards and amendments during the year, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2022. The nature and effects of the changes are explained below:

The adoption of the standards and amendments did not have a significant impact on the financial statements of the Company. These are summarized below:

Effective date	New standard or amendments
1 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to IFRS Standards 2018-2020
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the Conceptual Framework (Amendments to IFRS 3)

MANTRA TANZANIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Relevant new standards and amendment issued but not yet effective and not early adopted**

Forthcoming requirements: This table lists the recent changes to the standards that are required to be applied for annual periods beginning after 1 January 2022 and that are available for early adoption in annual periods beginning on 1 January 2022. However, the Company has not early adopted the new or amended standards in preparing these financial statements. The following new standards or amended standard are not expected to have significant impact on the Company financial statements.

Effective date	Relevant new standards or amendments
1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
	Definition of Accounting Estimate (Amendments to IAS 8)
	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to IAS 12 Income Taxes
1 January 2024	Classification of liabilities as current or non-current (Amendments to IAS 1)
	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

(c) Functional currency and translation of foreign currencies

A significant portion of the Company's expenditure is denominated in United States dollars. The financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Other currency transactions are converted into United States Dollars using the official Bank of Tanzania exchange rates at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in currencies other than United States Dollar are recognized in the profit or loss.

(d) Exploration and evaluation expenditure

Exploration and evaluation expenditure encompasses expenditure incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore, and exploration and evaluation expenditure incurred by the Company subsequent to acquisition of the rights to explore is capitalized as incurred. These expenditures are held un-depleted until such time as the exploration phase on the licence is fully completed and commercial reserves have been developed. Expenses relating to audit fees, penalties and fines are charged to profit or loss as incurred.

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) **Exploration and evaluation expenditure (Continued)**

Exploration and evaluation assets are reviewed regularly for indicators of impairment and costs are written off where circumstance indicates that the carrying value might not be recoverable. If there are no developed and producing properties, the impaired costs of exploration and evaluation assets are charged immediately to the profit or loss.

e) **Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at fair value which represents cost of the respective categories of property, plant and equipment. Subsequently, the assets are stated at historical costs, less accumulated depreciation and accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they occurred.

Depreciation to write off the costs of assets is calculated on a straight line balance basis to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvement	Over the lease term
Plant and equipment	10–15 years
Motor vehicles	3–5 years
Computer equipment and software	2–3 years
Office equipment	3–8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

f) **Employment benefit**

Defined contribution plan

The Company makes statutory Contributions to the National Social Security Fund (NSSF). The Company's obligations in respect of contributions to such funds are 10% of the employees' gross emoluments.

Contributions to these pension funds are recognised as an expense in the period the employees render the related services.

Termination benefits

Termination benefits are recognised as an expense in the year when it becomes payable. Termination benefits are determined in accordance with the Tanzanian labour law.

MANTRA TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Employment benefit (Continued)

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

g) Current and deferred income taxes

Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that the Directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

h) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between borrowing proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

i) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Bank overdrafts are classified as cash and cash equivalents in the statement of cash flows.

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

l) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount and when they are reclassified to PP&E assets.

The impairment loss will be calculated as the excess of the carrying value over recoverable amount of the E&E impairment and any resulting impairment loss is recognised in profit or loss. The recoverable amount of a cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. 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. In assessing fair value less costs to sell, 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 risk specific to the asset. Fair value less costs to sell is generally computed by reference to the present value of the future cash flows expected to be derived from the expected proved reserves.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss unless no impairment loss was recognized.

m) Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) -debt investment, FVOCI - equity investment, or FVTPL.

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Financial instruments (Continued)

Classification and subsequent measurement (Continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. Subsequent to initial recognition these instruments are measured as set out below:

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for- trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

MANTRA TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Financial instruments (Continued)

Offsetting

Where a legally enforceable right of offset exists for recognized financial assets and financial liabilities, and there is an intention to settle the liability and realize the asset simultaneously, or settle on a net basis, all related financial effects are offset.

Impairment

The Company recognizes loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost;
- debt investment measured at FVOCI; and
- contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial assets has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At inception of a contract, the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate for the year ended the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets which covers leased office printers. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk, the effects of foreign currency exchange rate and interest rate fluctuations. The Company's overall risk management programme seeks to minimise potential adverse effects on its financial performance, but the Company does not hedge any risks. Risk management is carried out by management on behalf of the Board of Directors.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(a) Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation causing the other party to incur financial loss. Financial assets which potentially subject the Company to credit risk consist of, receivable – mainly due from related parties and bank balances. The counterparties to the transactions relating to the Company's cash and cash equivalents are high credit rating financial institutions.

The Company manages the risk by banking with high credit rating financial institutions. Management does not believe there is a significant risk of non-performance by these counterparties.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2022 and 31 December 2021 is made up as follows:

	2022	2021
	US\$	US\$
Bank balances	<u>567,631</u>	<u>8,985,287</u>

No collateral is held for the above bank balances and does not include petty cash.

(b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the availability of funding through an ability to close out market positions. The Company maintains flexibility in funding by maintaining availability through inter-company loans. Management monitors rolling forecasts of the Company's liquidity on the basis of expected cash flows realised from the inter-company loan funding.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their fair values as the impact of discounting is not significant.

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Liquidity risk (Continued)

	Carrying amount US\$	Contractual cash flows US\$	Less than 1 year US\$	Between 1 and 5 years US\$
At 31 December 2022				
Borrowings (Note 12)	231,801,967	231,801,967	-	231,801,967
Accounts payables (*)	3,060,153	3,060,153	3,060,153	-
Lease liability (Note 17)	80,586	84,746	42,373	42,373
	<u>234,942,706</u>	<u>234,946,866</u>	<u>3,102,526</u>	<u>231,844,340</u>
At 31 December 2021				
Borrowings (Note 12)	219,789,083	219,789,083	-	219,789,083
Accounts payables (*)	2,963,630	2,963,630	2,963,630	-
Lease liability (Note 17)	118,299	127,119	42,373	84,746
	<u>222,871,012</u>	<u>222,879,832</u>	<u>3,006,003</u>	<u>219,873,829</u>

(*) Included trade payables and accrued expenses which qualify as financial liabilities.

c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Management of market risks

The Company is subject to minimal market risks due to its lack of reliance on third party (external) debt funding. The entity also does not hold equity instruments as investments. Foreign exchange risk to the entity is limited to holding a long open position, since the entity receives most of its funding from the related party in hard currency. The entity does not engage in foreign exchange operations as part of its business.

ii) Currency risk

The Company's significant exposure to foreign exchange risk would arise from purchases and borrowings that are denominated in a currency other than the functional currency. The Company has trade payables; intercompany balances (including borrowings) denominated in US Dollars hence is not subjected to material fluctuations in foreign currency exchange rates.

iii) Capital risk management

The Company is in the exploration phase and it is the policy of the Company to fund exploration activities using intercompany loans. Its long-term debt to equity ratio at 31 December 2022 was (3.23) (2021: (3.07)).

iv) Interest rate risk

The Company is exposed to interest rate risk on its outstanding borrowings with Uranium One Inc. The risk is managed at group level by monitoring and raising the majority of debt under corporate borrowing programs. The Company's earnings are sensitive to changes in interest rates on the floating rate element of the related party's finance debt. If the interest rates applicable to borrowing were to have increased by one percentage on 1 January 2022 it is estimated that the Company's finance costs for 2022 would increase by approximately US\$ 1,567,235 (2020: US\$ 1,435,750).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Property, plant and equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 3 (d).

(b) Impairment of exploration and evaluation assets

Exploration and evaluation asset is assessed for impairment when facts and circumstances suggest that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount, in accordance with IFRS 6 *Exploration for and Evaluation for Mineral Resources*. The determination of such facts and circumstances requires significant judgement. In the event indicators are identified, the assessment of the recoverable amounts of the exploration and evaluation asset is also highly judgemental.

(c) Income tax

Significant judgment is required in determining the Company's overall income tax provision. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. When the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the current and any deferred income tax provisions in the period in which the determination is made.

(d) Impairment of other assets

Management carries out a regular review of the status of trade and other receivables and other financial assets to determine whether there is any indication that these assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, which is then dealt with in profit or loss. In determining whether an impairment loss should be recognized in profit or loss, management checks whether there is objective evidence that the assets are impaired and that the fair values have declined. Management estimates of the required provisions are based on critical evaluation of the economic circumstances involved, historical experience and other factors that are considered to be relevant.

(e) Lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Company, the Company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Company to exercise the option. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6. EXPLORATION AND EVALUATION ASSETS

Cost	US\$
At 1 January 2021	275,783,480
Additions*	<u>9,505,617</u>
At 31 December 2021	<u>285,289,097</u>
At 1 January 2022	285,289,097
Additions*	<u>10,315,269</u>
At 31 December 2022	<u>295,604,366</u>
Accumulated impairment losses	
At 1 January 2021	148,796,544
Impairment loss for the year	<u>-</u>
At 31 December 2021	<u>148,796,544</u>
At 1 January 2022	148,796,544
Impairment loss for the year	<u>-</u>
At 31 December 2022	<u>148,796,544</u>
Carrying amounts	
At 31 December 2021	<u>136,492,553</u>
At 31 December 2022	<u>146,807,822</u>

(*) Of the exploration and evaluation expenditure incurred during the year US\$ 5,004,928 related to capital expenses (2021: US\$ 4,742,012) and US\$ 5,310,341 was capitalized interest expense as shown in the statement of cash flows (2021: US\$ 4,761,168).

Key assumptions of impairment model

a) Production volumes

Annual production volumes are estimated based on resource estimates as detailed below which was done in 2013.

Mkuju River Project – Nyota Prospect Mineral Resource Estimate – 2013 Reported at a cut-off grade of 100 ppm U3O8			
	Tonnage (million tons)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (million pounds)
Measured Resource	113.9	327	82.1
Indicated Resource	72.9	264	42.5
Total Measured & Indicated	186.8	591	124.6
Inferred Resource	54.5	228	27.5
Grand Total	241.3	819	152.1

MANTRA TANZANIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)****Key assumptions of impairment model (Continued)****b) Uranium prices**

Future estimated Uranium prices are sourced from analyst consensus estimates report which is the reliable source of prices used across the group. The prices have slightly increased in the current year compared to previous year as a result of increase of prices in the current global prices. There is an average increase of US\$ 2.18/lb from US\$ 37.5/lb in the span of 22 years from 2023 when sales from pilot plant extraction are expected to US\$ 85.44 in the year 2045 which is estimated to be the end of the life of the mine.

c) Discount rate

The discount rate used for the impairment testing is the real weighted average cost of capital. The discount rate has increased by 0.66% in 2022 mainly due to increased country risk premium. (2021: 2.25%). The computation of the interest is calculated on a similar way in the prior year.

Impairment of assets

As at 31 December 2022 no impairment of exploration and evaluation assets was recognized (2021: US \$ Nil) since the carrying value was lower than the recoverable amount of Mkuju River Project. This is mainly attributed by increase in prices which is mainly driven by current increase of prices of uranium in the global market.

7. INTANGIBLE ASSETS

	Computer software US\$
<u>Cost</u>	
At 1 January 2021	345,740
Additions	-
At 31 December 2021	<u>345,740</u>
<u>Amortization</u>	
At 1 January 2021	345,733
Charge for the year	-
At 31 December 2021	<u>345,733</u>
<u>Net book value</u>	
At 31 December 2021	<u>7</u>

MANTRA TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

7. INTANGIBLE ASSETS (CONTINUED)

	Computer software US\$
Cost	
At 1 January 2022	345,740
Additions	-
At 31 December 2022	<u>345,740</u>
Amortization	
At 1 January 2022	345,733
Charge for the year	-
At 31 December 2022	<u>345,733</u>
Net book value	
At 31 December 2022	<u>7</u>

MANTRA TANZANIA LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement US\$	Plant & equipment US\$	Computer equipment US\$	Office equipment US\$	Motor vehicles US\$	Total US\$
Cost						
At 1 January 2021	115,918	1,616,620	475,390	200,460	990,302	3,398,690
Additions	-	-	3,812	-	12,081	15,893
Disposals	-	-	-	-	(10,000)	(10,000)
Balance at 31 December 2021	115,918	1,616,620	479,202	200,460	992,383	3,404,583
At 1 January 2022	115,918	1,616,620	479,202	200,460	992,383	3,404,583
Additions	-	39,853	10,370	93,327	-	143,550
Disposals	-	-	(1,000)	-	-	(1,000)
Balance at 31 December 2022	115,918	1,656,473	488,572	293,787	992,383	3,547,133
Depreciation						
At 1 January 2021	87,190	1,317,025	474,154	197,609	844,539	2,920,517
Charge for the year	9,848	56,518	1,400	2,069	29,911	99,746
Disposals	-	-	-	-	(8,500)	(8,500)
At 31 December 2021	97,038	1,373,543	475,554	199,678	865,950	3,011,763
At 1 January 2022	97,038	1,373,543	475,554	199,678	865,950	3,011,763
Charge for the year	9,848	22,398	1,396	-	4,198	37,840
Disposals	-	-	(250)	-	-	(250)
At 31 December 2022	106,886	1,395,941	476,700	199,678	870,148	3,049,353
Net book value						
At 31 December 2021	18,880	243,077	3,648	782	126,433	392,820
At 31 December 2022	9,032	260,532	11,872	94,109	122,235	497,780

MANTRA TANZANIA LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

9. WORK IN PROGRESS

	<u>US\$</u>
Cost	
At 1 January 2021	4,498
Additions (*)	<u>4,237,300</u>
Balance at 31 December 2021	<u>4,241,798</u>
At 1 January 2022	4,241,798
Additions (*)	<u>8,316,115</u>
Balance at 31 December 2022	<u>12,557,913</u>
Net book value	
At 31 December 2021	<u>4,241,798</u>
At 31 December 2022	<u>12,557,913</u>

(*) Work in progress additions are all costs incurred by the Company on the implementation for construction of Uranium Pilot Mineral Extraction Operation (PMEO) within the Mkuju River Special Mining License Project.

10. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
	<u>US\$</u>	<u>US\$</u>
VAT receivable	2,476,105	1,083,604
Prepayments	423,008	275,246
Staff advances	<u>199</u>	<u>2,471</u>
	<u>2,899,312</u>	<u>1,361,321</u>

11. SHARE CAPITAL

Authorised share capital: 2,000,000 ordinary shares of TZS 100,000 each

Issued and paid up capital

1,515,747 ordinary shares of TZS100,000 each 95,851,511 95,851,511

The ordinary shares of the company are held as follows:

	<u>Number of shares</u>	
	<u>2022</u>	<u>2021</u>
Mantra Resources Limited	1,515,746	1,515,746
Ernest Massawe	<u>1</u>	<u>1</u>
	<u>1,515,747</u>	<u>1,515,747</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

MANTRA TANZANIA LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. SHARE CAPITAL (CONTINUED)

Directors' interest in share capital

None of the Directors have interest on issued and paid-up capital of the Company.

12. BORROWINGS

	2022 US\$	2021 US\$
Related party borrowings		
(i) Uranium One Inc.	228,086,941	219,789,083
(ii) Uranium One Group	<u>3,715,026</u>	<u>-</u>
	<u>231,801,967</u>	<u>219,789,083</u>
Maturity		
Repayable after one year (non-current)	<u>231,801,967</u>	<u>219,789,083</u>
	<u>231,801,967</u>	<u>219,789,083</u>
Movement		
At start of the year	219,789,083	196,730,073
Proceeds received during the year	6,702,543	18,297,842
Interest charged	5,119,821	4,575,149
Interest on recharges of expenses capitalised (*)	<u>190,520</u>	<u>186,019</u>
At end of the year	<u>231,801,967</u>	<u>219,789,083</u>

(*) Interest on recharges of capitalised is exclusive of withholding tax on interest

- (i) On 6 June 2011, the Company entered into a formal loan agreement with Uranium One Inc. and JSC Atomredmetzoloto (ARMZ) under which Uranium One Inc. would provide US\$ 550 Million to the Company to fund its capital expenditure and working capital requirements as it moves towards the development of its Mkuju River Project. Of this amount, US\$ 150 million was available to the company prior to receipt of the special mining licence and remaining US\$ 400 million available after the special mining licence received.

The agreement was set up such that the loan would mature at the earlier of (i) the date of the exercise of the Put Call option entered into between ARMZ and Uranium one and the transfer of all the issued capital stock of Mantra Resources Pty Ltd to Uranium One or (ii) the date of termination of Put Call option without having been exercised in full in accordance with its terms. The loan is repayable based on the cash flows generated by the Company's Mkuju River Project and attracts interest on a simple interest basis. The interest rate for the year on the loan was 3.8% p.a.

MANTRA TANZANIA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

12. BORROWINGS (CONTINUED)

- (i) If the loan, including capitalized interest, is not repaid on maturity date, all accrued interest is capitalized to the principle value of the loan and is repayable at the stated interest rate compounded monthly. The original Put Call option expired on 7 June 2013; a notice was subsequently issued by Uranium One Inc. on 9 December 2013, specifying the termination of the Put Call agreement as of 10 June 2014.

Further letters were issued by Uranium One Inc. on 5 June 2014 and 24 July 2014 and subsequently on 23 January 2015 confirming that Uranium One Inc. will continue, until further notice, to advance funds to the Company as if the loan agreement continues to be in effect including the ARMZ deficiency guarantee for this loan provided in the agreement.

- (ii) On 12 October 2022, the Company entered into a formal loan agreement with Uranium One Group under which Uranium One Group would provide US\$ 25 Million to the Company to fund its capital expenditure and working capital requirements as it moves towards the development of its pilot plant. The loan under the Agreement is provided at the rate of 4.5% p.a.

Uranium One Group can claim early repayment of the amount of the loan or part of the loan and interest accrued thereon during the period in which the loan or part of the Loan is outstanding, upon 10 business days' advance written notice to Mantra Tanzania Limited, should Mantra Tanzania Limited fail to perform the provisions hereof relating to the loan or part of the Loan intended use.

The Agreement shall be valid up to 30 June 2024 inclusive.

The Company obtained a written confirmation letter from Uranium One Group that it intends to continue to fund the Company and that it will not request repayment of the loan amounting to US\$ 3,715,026 as at 31 December 2022.

13. ACCOUNTS PAYABLES

	2022	2021
	<u>US\$</u>	<u>US\$</u>
Trade payables	89,343	1,259
Accrued expenses	2,970,812	2,962,371
Withholding tax payable	221,515	262,222
Payroll taxes and pension contributions payable	48,063	49,071
	<u>3,329,733</u>	<u>3,274,923</u>

MANTRA TANZANIA LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14. INCOME TAX

	2022 US\$	2021 US\$
Income tax expense	-	-
Current tax payable	-	-

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Loss before income tax	(219,261)	(109,691)
Tax calculated at a tax rate of 30%	(65,778)	(32,907)
Income tax expense	-	-
<i>Difference reconciled:</i>		
Effect of non-deductible expenses	87,586	48,922
Deferred tax relating to prior years	(1,559,590)	(43,972)
Deductible expenditure not charged to P&L	(884,718)	(811,547)
Unrecognised deferred income tax assets	2,422,500	839,504
Income tax expense	-	-

15. POTENTIAL DEFERRED TAX ASSET

Details of the deferred income tax assets are as follows:

Estimate accumulated tax losses	79,325,750	75,808,570
Property, plant and equipment	(27,159,010)	(26,050,166)
Other timing differences	27,357	13,193
	52,194,097	49,771,597

Movement in the potential deferred income tax assets:

Opening balance	49,771,597	50,670,777
Deferred tax adjustment in relating to the prior years	1,559,590	43,172
Other timing differences and property plant and equipment	(1,094,678)	(1,133,498)
Deferred tax on unrecognised income tax losses	1,957,588	191,146
Closing balance	52,194,097	49,771,597

The deferred tax asset has not been recognised due to the fact that the Directors do not expect the Company to generate sufficient taxable profits in the near future against which the asset can be utilised.

MANTRA TANZANIA LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

16. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a subsidiary of Mantra Resources Limited, a Company incorporated in Australia. There are other companies that are related to Mantra Tanzania Limited through common shareholding or common directorship. A number of transactions are entered into with related parties during the year. These include services provided to Mantra Tanzania Limited by a related party, purchase of goods and expenses paid on behalf of related parties and vice versa.

During the year, the Company entered into the following transactions with the related parties:

a) Related parties transactions

i. Cash advance to related parties

		<u>2022</u> US\$	<u>2021</u> US\$
Related Party	Relationship		
Mantra Resources Limited	Parent Company	60,000	-
		<u>60,000</u>	<u>-</u>

ii. Purchase of shares (Note 18)

		<u>2022</u> US\$	<u>2021</u> US\$
Related Party	Relationship		
Likuyu Resources Limited	Sister Company	-	509,857
Ruvuma Resources Limited	Sister Company	-	341,696
Nyanza Goldfield Limited	Sister Company	-	1,213,265
		<u>-</u>	<u>2,064,818</u>

b) Related parties balances

i. Borrowings from related parties (note 12)

Uranium One Inc. – Parent Company	228,086,941	219,789,083
Uranium One Group - Parent Company	3,715,026	-
	<u>231,801,967</u>	<u>219,789,083</u>

ii. Due from related parties

Mantra Resources Limited – Ultimate Parent Company	1,248,536	1,085,852
	<u>1,248,536</u>	<u>1,085,852</u>

Less: impairment

Balance at 1 January	(1,085,852)	(3,059,123)
Less reclassification of impairment to investment (see note 18)	-	2,064,818
Additional impairment for the current year	(162,684)	(91,547)
Total impairment as at 31 December	<u>(1,248,536)</u>	<u>(1,085,852)</u>
Net balance due from related parties	<u>-</u>	<u>-</u>

MANTRA TANZANIA LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

c) Remuneration to key management personnel

Key management personnel are described as the persons having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including executive Directors of the company.

i. Management personnel compensation

	2022	2021
	US\$	US\$
Salaries and other short-term benefits	<u>1,230,421</u>	<u>820,944</u>

ii. Directors' remuneration*

Salaries and wages	324,000	245,059
Retirement benefits obligations – defined contribution plan	<u>32,400</u>	<u>24,506</u>
	<u>356,400</u>	<u>269,565</u>

* Remuneration represents payments made to Director with executive position at the Company as stated on report of Directors under composition of board of Directors. There was no remuneration paid to non-executive Directors.

17. LEASES

a) Lease liability

Lease liability movement is comprised of the following:

	2022	2021
	US\$	US\$
As at 1 January	118,300	152,690
Interest on lease liabilities (*)	4,660	7,982
Payment of interest on lease	(4,660)	(7,982)
Payment of principal of lease liability	<u>(37,714)</u>	<u>(34,391)</u>
As at 31 December	<u>80,586</u>	<u>118,299</u>
Current portion	38,931	42,373
Long term portion	<u>41,655</u>	<u>75,926</u>
	<u>80,586</u>	<u>118,299</u>
Maturity analysis of undiscounted cash flows		
Less than one year	42,373	42,373
Between one and five years	<u>42,373</u>	<u>84,746</u>
Total undiscounted lease liabilities at 31 December	<u>84,746</u>	<u>127,119</u>

MANTRA TANZANIA LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. LEASES (CONTINUED)

a) Lease liability (Continued)

Leases of low value/ short term leases

	2022 US\$	2021 US\$
Expenses relating to short term leases	<u>30,312</u>	<u>18,565</u>
b) Right of use asset		
Cost		
At 1 January	223,045	223,045
Additions	-	-
Balance at 31 December	<u>223,045</u>	<u>223,045</u>
Accumulated depreciation		
At 1 January	(125,463)	(83,642)
Charge for the year	<u>(41,821)</u>	<u>(41,821)</u>
At 31 December	<u>(167,284)</u>	<u>(125,463)</u>
Net book value	<u>55,761</u>	<u>97,582</u>

(*) Interest on lease liability was capitalized as shown in the statement of cashflow.

18. INVESTMENT IN SUBSIDIARIES

In May, June and July 2021, Mantra Tanzania Limited successfully converted loans held with its related parties, Likuyu Resources Limited, Ruvuma Resources Limited and Nyanza Goldfields Limited into capital. These related party receivables have been impaired from the prior year, hence the investment in subsidiaries have been impaired upon conversion as these related parties are in process to liquidate.

The carrying amounts of the Company's investments in its subsidiaries as at 31 December 2022 are summarised below.

	Total investment US\$	Impairment US\$	Carrying amount US\$
Likuyu Resources Limited	509,857	(509,857)	-
Ruvuma Resources Limited	341,696	(341,696)	-
Nyanza Goldfields Limited	<u>1,213,265</u>	<u>(1,213,265)</u>	-
	<u>2,064,818</u>	<u>(2,064,818)</u>	<u>-</u>

MANTRA TANZANIA LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****19. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE**

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

(i) Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

(ii) Level 2: Inputs other than quoted prices included within level 1 that are observable either directly or indirectly or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

(iii) Level 3: Inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on their valuation.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy as described above:

The following table shows the carrying amounts of financial assets and financial liabilities not measured at fair value. Financial assets and liabilities are short term in nature except for loan from related party depicted in note 16, which bears interest rate equivalent to the prevailing market rates.

Based on these financial assets and liabilities carrying amounts are a reasonable approximation of the fair values.

	Financial assets at amortized cost US\$	Financial liabilities at amortized cost US\$	Total US\$
<i>31 December 2022</i>			
Financial assets measured at fair value	-	-	-
Financial assets not measured at fair value			
Cash and cash equivalents	570,569	-	570,569
	<u>570,569</u>	<u>-</u>	<u>570,569</u>
Financial liabilities not measured at fair value			
Related party borrowings (Note 12)	-	231,801,967	231,801,967
Trade and other payables (*)	-	3,060,153	3,060,153
	<u>-</u>	<u>234,862,120</u>	<u>234,862,120</u>

(*) The amount excludes statutory liabilities relating to withholding tax and payroll taxes

MANTRA TANZANIA LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****19. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)**

	Financial assets at amortized cost US\$	Financial liabilities at amortized cost US\$	Total US\$
<i>31 December 2021</i>			
Financial assets measured at fair value	-	-	-
Financial assets not measured at fair value			
Cash and cash equivalents	8,996,938	-	8,996,938
	<u>8,996,938</u>	<u>-</u>	<u>8,996,938</u>
Financial liabilities not measured at fair value			
Related party borrowings	-	219,789,083	219,789,083
Accounts payable*	-	2,963,630	2,963,630
	<u>-</u>	<u>222,752,713</u>	<u>222,752,713</u>

*The amount excludes statutory liabilities relating to withholding tax and payroll taxes.

20. CAPITAL COMMITMENTS

The Company has US\$ 6,623 capital commitments outstanding as at year end 31 December 2022 which relates to construction of Pilot Plant. The supplier for this project is METC-PAULSAM JV Company Limited for the year 2023.

21. CONTINGENT LIABILITIES

Tanzania Revenue Authority (TRA) issued assessments of US\$ 3.9 million on payroll and withholding taxes, US\$ 680 thousand on Value Added Tax ("VAT") and disallowed items to the tune of US\$ 6.6 million on corporate taxes. The Directors have obtained legal advice and have not made provision against this assessment as they believe the case will be ruled in favour of the Company.

22. ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Mantra Resources Limited, incorporated in Australia with ultimate holding Company being Rosatom, the Russian State Atomic Energy Corporation.

23. SUBSEQUENT EVENTS

The Ultimate holding Company, which is a Russian entity, has continued to monitor impact of Russia-Ukraine conflict in its operations and the subsidiaries of which no impact has been identified so far, therefore the Directors of the Company confirms that there is no events subsequent to the reporting period requiring either disclosure or adjustment in the financial statements.