# Anglesey Mining plc

## Half yearly report for the six months to 30 September 2020

### Chairman's Statement and Management Report

The period since our Annual Report in September has been very encouraging for the minerals industry in general and for Anglesey Mining in particular. We have made good advances on a number of fronts and the prices of all the main metals in which we are interested have advanced significantly. Two of our projects have moved forward through the commissioning of development studies and the results of both these should be available in the coming weeks.

### Share Issue and Financings

In August we reported on a private placing that raised £200,000. Associated with that placing was the issue of a matching number of warrants and I am pleased to report that these warrants have all now been exercised raising an additional £225,000, for a total of £425,000. The support shown by the new incoming investors has been most welcome and the Company's share price has moved forward substantially from below 2p a share at the time of the placing. We believe that this demonstrates increasing support from the market and that investors are beginning to recognise the value and potential of Anglesey's assets.

### Covid-19

Despite the continuing and pervasive presence of Covid-19 throughout the world, the effect is proving quite positive for commodity prices. We believe that encouraging developments with vaccines will lead to stability in general economic and operating conditions and the inevitable stimulus relief and infrastructure programmes will bolster demand for all metals.

### Commodity Prices

Over the period, all the metals in which we have an interest have continued to increase in price, some of them substantially. This applies to both base metals and precious metals and also to iron ore.

With the continuing pressure on current operating mines in some countries because of Covid, a shortfall in supply is dominating the base metal markets and this is likely to continue for some time to come. This shortfall is accompanied by increasing demand from major infrastructure and Covid relief programmes, particularly in China, which are likely to continue through 2021 and into 2022 and provide ongoing support for base metal and iron ore prices.

Of particular importance to Parys Mountain is the price of copper which will be the mainstay of the project in the long term. Copper has made significant recent gains and now trades at over \$3.50 per pound, the highest level for more than 7 years. This is significantly higher than the price of \$2.50 per pound that was used in the 2017 Micon study. Similarly, zinc is now back up to the \$1.25 per pound price used in the 2017 study. A mine at Parys Mountain would also produce meaningful quantities of gold and silver, the prices of which reached multi-year highs in 2020 before easing somewhat after the US presidential election. The price outlook for these metals remains very bullish in the face of expected worldwide deficit spending by many governments.

Iron ore has been showing good strength over the last two years but has been particularly strong in 2020 with 62% Fe iron fines, which would be the main product from Labrador Iron Mines Houston project, now trading at over \$145 per tonne CFR China. This is an increase of over 57% for the current year. Of more importance to the Grangesberg project in Sweden is that the premiums for higher grade >65% Fe products continue to be supported and have grown by over 20% during the last month.

We expect this support for all the commodities that are of interest to Anglesey to continue as the lingering effects of the Covid crisis, coupled with the continuation of the stimulus programme in China and similar projects being launched in other countries, all begin to take effect.

## Parys Mountain

At the beginning of October, we awarded a contract to Micon International Limited (Micon) to prepare a Preliminary Economic Assessment Report (PEA) on the Parys Mountain copper, zinc, lead, gold and silver project located on the island of Anglesey in North Wales. This PEA follows on from the optimisation studies carried out by QME Mining Technical Services during the last two years and will utilise the outcomes from the QME studies, including capital and operating cost estimates as well as the up to 10 million tonnes of potentially mineable material identified by QME. We hope that the PEA will confirm a mining and production plan at a higher daily throughput and over a longer total production life than demonstrated in Micon's 2017 Scoping Study. This should lead to improved financial forecasts for the Parys Mountain project from those generated in 2017.

Micon has made good progress with this PEA and we expect to be in a position to release details of Micon's findings before or just after the Christmas break.

## Iron Ore

### Grangesberg - Sweden

Anglesey continues to manage Grangesberg Iron AB ("GIAB") which holds the Grangesberg iron ore project in Central Sweden. We have made two further cash investments into GIAB and Anglesey now holds 20% of the company directly, together with a right of first refusal on a further 50% holding.

Site activities have been kept at a low level but the growing support for higher-grade iron ore like the premium product that Grangesberg would produce have encouraged us to now actively seek out alternative development and corporate strategies to move the project and GIAB forward.

We believe that the superior geographic location of the Grangesberg deposit and its projected premium product specification could enable such alternative approaches to be beneficial for the group in the coming periods.

### Labrador - Canada

The group continues to hold a 12% interest in Labrador Iron Mines Holdings Limited (LIM) which owns extensive iron ore resources in the Schefferville area of Labrador and Quebec in Canada.

LIM holds direct shipping mineral resources of approximately 55 million tonnes at an average grade of 56.8% in the Houston project. In addition LIM holds the Elizabeth Taconite Project which has a current inferred mineral resource estimated at 620 million tonnes at an average grade of 31.8% Fe.

LIM has recently appointed RPA of Toronto to carry out a PEA on the Houston direct shipping iron ore project. Houston, which lies approximately 30 kilometres south of LIM's previous James Mine operation, will be very similar in design and operational characteristics to James and is therefore well understood. It is expected that the PEA will look at an operation producing approximately 2 million tonnes per year. The PEA is due for completion early in 2021 and could provide the impetus to move Houston forward to financing and production.

LIM's former James Mine and the Silver Yards processing facility have been in a progressive reclamation since the termination of mining at the James Mine in 2014. This work is now virtually complete and has resulted in the release of several reclamation bonds previously provided to regulatory authorities.

LIM's Elizabeth Project represents an opportunity to develop a major new taconite operation in the Schefferville region of the Labrador Trough which would produce a high-grade saleable iron ore product. This would attract premium prices in the current iron ore market.

## Operations

As always, we have kept our corporate and operating costs at the lowest level consistent with maintaining our assets in good order. We will continue this policy going forward but we expect there will be some increase in costs as project development activities continue. The recent private placing and warrant exercise financings have put Anglesey in a position to support its base operations for the immediate future.

## Financial results

The group had no revenue for the period. The loss for the six months to 30 September 2020 was £152,882 (2019 £156,600) and the expenditures on the mineral property in the period were £27,827 compared to £26,527 in the comparative period. Net current assets at 30 September 2020 were £94,895 compared to £13,572 at 31 March 2020. Since the period end a further £225,000 gross has been raised from the exercise of warrants.

## Outlook

We have been much encouraged by the positive commodity price outlook and increased investor interest over the last few months as we have been moving all our projects forward. We are confident that this recent progress will continue. We believe that the fundamentals that have driven commodity prices upwards will continue for the foreseeable future and will provide solid support for our projects. We look forward to completion by Micon of the PEA on Parys Mountain, which should see that project move to the next development stage during 2021. We are also confident that both LIM's Houston and GIAB's Grangesberg iron ore projects will be advanced in the coming year.

We are also actively reviewing two other base metal projects in established geographical locations and we hope that we should be able to come to suitable working arrangements with one of these in the coming months.

All in all, we are confident of the way forward and positive on the outlook for Anglesey Mining for 2021.

I would like to thank shareholders for their continued and renewed support.

John F Kearney
Chairman
10th December 2020

## Unaudited condensed consolidated income statement

| | Notes | Unaudited six months ended 30 September 2020 | Unaudited six months ended 30 September 2019 |
|---|---|---|---|
| All operations are continuing | | £ | £ |
| Revenue | | - | - |
| Expenses | | (68,439) | (71,493) |
| Equity-settled employee benefits | | - | - |
| Investment income | | 50 | 60 |
| Finance costs | | (84,460) | (85,190) |
| Foreign exchange movement | | (33) | 23 |
| Loss before tax | | (152,882) | (156,600) |
| Taxation | 8 | - | - |
| Loss for the period | 7 | (152,882) | (156,600) |
| Loss per share | | | |
| Basic - pence per share | | (0.1)p | (0.1)p |
| Diluted - pence per share | | (0.1)p | (0.1)p |

## Unaudited condensed consolidated statement of comprehensive income

| | | |
|---|---|---|
| Loss for the period | (152,882) | (156,600) |
| Other comprehensive income | | |
| Items that may subsequently be reclassified to profit or loss: | | |
| Exchange difference on translation of foreign holding | 8,747 | (22,397) |
| Total comprehensive loss for the period | (144,135) | (178,997) |

All attributable to equity holders of the company

## Unaudited condensed consolidated statement of financial position

| | Notes | 30 September 2020 £ | 31 March 2020 £ |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets | | | |
| Mineral property exploration and evaluation | 9 | 15,243,550 | 15,215,723 |
| Property, plant and equipment | | 204,687 | 204,687 |
| Investments | 10 | 105,527 | 100,099 |
| Deposit | | 123,798 | 123,748 |
| | | 15,677,562 | 15,644,257 |
| Current assets | | | |
| Other receivables | | 21,957 | 16,505 |
| Cash and cash equivalents | | 206,309 | 95,311 |
| | | 228,266 | 111,816 |
| Total assets | | 15,905,828 | 15,756,073 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Trade and other payables | | (133,371) | (98,244) |
| | | (133,371) | (98,244) |
| Net current assets | | 94,895 | 13,572 |
| Non-current liabilities | | | |
| Loans | | (4,056,656) | (3,981,893) |
| Long term provision | | (50,000) | (50,000) |
| | | (4,106,656) | (4,031,893) |
| Total liabilities | | (4,240,027) | (4,130,137) |
| Net assets | | 11,665,801 | 11,625,936 |
| **Equity** | | | |
| Share capital | 11 | 7,505,591 | 7,380,591 |
| Share premium | | 10,317,309 | 10,258,309 |
| Currency translation reserve | | (71,719) | (80,466) |
| Retained losses | | (6,085,380) | (5,932,498) |
| Total shareholders' funds | | 11,665,801 | 11,625,936 |

All attributable to equity holders of the company

## Unaudited condensed consolidated statement of cash flows

| | Notes | Unaudited six months ended 30 September 2020 | Unaudited six months ended 30 September 2019 |
|---|---|---|---|
| | | £ | £ |
| Operating activities | | | |
| Loss for the period | | (152,882) | (156,600) |
| Adjustments for: | | | |
| Investment income | | (50) | (60) |
| Finance costs | | 84,460 | 85,190 |
| Foreign exchange movement | | 33 | (23) |
| | | (68,439) | (71,493) |
| Movements in working capital | | | |
| (Increase) in receivables | | (5,153) | (4,733) |
| Increase/(decrease) in payables | | 27,862 | (7,751) |
| Net cash used in operating activities | | (45,730) | (83,977) |
| Investing activities | | | |
| Mineral property exploration and evaluation | | (21,811) | (30,487) |
| Investment | | (5,428) | - |
| Net cash used in investing activities | | (27,239) | (30,487) |
| Financing activities | | | |
| Issue of share capital | | 184,000 | 170,000 |
| Loan received | | - | 100,000 |
| Net cash generated from financing activities | | 184,000 | 100,000 |
| Net increase in cash and cash equivalents | | 111,031 | 155,560 |
| Cash and cash equivalents at start of period | | 95,311 | 6,012 |
| Foreign exchange movement | | (33) | 23 |
| Cash and cash equivalents at end of period | | 206,309 | 161,595 |

All attributable to equity holders of the company

## Unaudited condensed consolidated statement of changes in group equity

| | Share capital £ | Share premium £ | Currency translation reserve £ | Retained losses £ | Total £ |
|---|---|---|---|---|---|
| Equity at 1 April 2020 - audited | 7,380,591 | 10,258,309 | (80,466) | (5,932,498) | 11,625,936 |
| Total comprehensive income for the period: | | | | | |
| Exchange difference on translation of foreign holding | - | - | 8,747 | - | 8,747 |
| Loss for the period | - | - | - | (152,882) | (152,882) |
| Total comprehensive income for the period | - | - | 8,747 | (152,882) | (144,135) |
| Shares issued | 125,000 | 75,000 | - | - | 200,000 |
| Share issue expenses | - | (16,000) | - | - | (16,000) |
| Equity at 30 September 2020 - unaudited | 7,505,591 | 10,317,309 | (71,719) | (6,085,380) | 11,665,801 |
| Comparative period | | | | | |
| Equity at 1 April 2019 - audited | 7,286,914 | 10,171,986 | (57,116) | (5,627,988) | 11,773,796 |
| Total comprehensive income for the period: | | | | | |
| Exchange difference on translation of foreign holding | - | - | (22,397) | - | (22,397) |
| Loss for the period | - | - | - | (156,600) | (156,600) |
| Total comprehensive income for the period | - | - | (22,397) | (156,600) | (178,997) |
| Shares issued | 93,677 | 106,323 | - | - | 200,000 |
| Share issue expenses | - | (30,000) | - | - | (30,000) |
| Equity at 30 September 2019 - unaudited | 7,380,591 | 10,248,309 | (79,513) | (5,784,588) | 11,764,799 |

All attributable to equity holders of the company

# Notes to the accounts

## 1. Basis of preparation

This half-yearly financial report comprises the unaudited condensed consolidated financial statements of the group for the six months ended 30 September 2020. It has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, the requirements of IAS 34 - Interim financial reporting (as adopted by the European Union) and using the going concern basis. The directors are not aware of any events or circumstances which would make this inappropriate. It was approved by the board of directors on 10 December 2020. It does not constitute financial statements within the meaning of section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for annual financial statements. It should be read in conjunction with the annual report and financial statements for the year ended 31 March 2020 which is available on request from the company or may be viewed at www.angleseymining.co.uk.

The financial information contained in this report in respect of the year ended 31 March 2020 has been extracted from the report and financial statements for that year which have been filed with the Registrar of Companies. The report of the auditors on those accounts did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and was not qualified. The half-yearly results for the current and comparative periods have not been audited or reviewed.

## 2. Significant accounting policies

The accounting policies applied in these unaudited condensed consolidated financial statements are consistent with those set out in the annual report and financial statements for the year ended 31 March 2020.

New accounting standards

*Standards, amendments and interpretations adopted in the current financial period:*

The adoption of the following standards, amendments and interpretations in the current financial period has not had a material impact on the financial statements of the group or the company.

IFRS 9 Financial Instruments (Amendment)

IFRS 16 Leases

IFRIC 23 Uncertainty over Income Tax Treatments

IAS 19 Employee Benefits (Amendment) Plan Amendment

IAS 28 Investments in Associates and Joint Ventures (Amendment)

*Standards, amendments and interpretations in issue but not yet effective:*

| | Effective date |
|---|---|
| Amendments to IAS 1 and IAS 8: Definition of Material | 1 January 2020 |
| Amendment to IFRS 3 Business Combinations: Definition of a Business | 1 January 2020 |
| Conceptual Framework (Revised) and amendments to related references in IFRS Standards | 1 January 2020 |
| IFRS 17 Insurance Contracts | Expected date not available |

The adoption of the above standards and interpretations is not expected to lead to any changes to the group's accounting policies or have any other material impact on the financial position or performance of the group.

There have been no other new or revised International Financial Reporting Standards, International Accounting Standards or Interpretations that are in effect since that last annual report that have a material impact on the financial statements.

## 3. Risks and uncertainties

The principal risks and uncertainties set out in the group's annual report and financial statements for the year ended 31 March 2020 remain the same for this half-yearly financial report and can be summarised as: development risks in respect of mineral properties, especially in respect of permitting and metal prices; liquidity risks during development; and foreign exchange risks. More information is to be found in the 2020 annual report – see note 1 above.

## 4. Statement of directors' responsibilities

The directors confirm to the best of their knowledge that:

(a) the unaudited condensed consolidated financial statements have been prepared in accordance with the requirements of IAS 34 Interim financial reporting (as adopted by the European Union); and

(b) the interim management report includes a fair review of the information required by the FCA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

This report and financial statements were approved by the board on 10 December 2020 and authorised for issue on behalf of the board by Bill Hooley, chief executive officer and Danesh Varma, finance director.

## 5. Activities

The group is engaged in mineral property development and currently has no turnover. There are no minority interests or exceptional items.

6. Earnings per share

The loss per share is computed by dividing the loss attributable to ordinary shareholders of £0.153 million (loss to 30 September 2019 £0.157m), by 189,571,360 (2019 – 184,569,825) - the weighted average number of ordinary shares in issue during the period. Where there are losses the effect of outstanding share options is not dilutive.

7. Business and geographical segments

There are no revenues. The cost of all activities charged in the income statement relates to exploration and development of mining properties. The group's income statement and assets and liabilities are analysed as follows by geographical segments, which is the basis on which information is reported to the board.

Income statement analysis

| | Unaudited six months ended 30 September 2020 | | | |
|---|---|---|---|---|
| | UK | Sweden - investment | Canada - investment | Total |
| | £ | £ | £ | £ |
| Expenses | (68,439) | - | - | (68,439) |
| Investment income | 50 | - | - | 50 |
| Finance costs | (77,117) | (7,343) | - | (84,460) |
| Exchange rate movements | - | (33) | - | (33) |
| Loss for the period | (145,506) | (7,376) | - | (152,882) |

| | Unaudited six months ended 30 September 2019 | | | |
|---|---|---|---|---|
| | UK | Sweden - investment | Canada - investment | Total |
| | £ | £ | £ | £ |
| Expenses | (71,493) | - | - | (71,493) |
| Investment income | 60 | - | - | 60 |
| Finance costs | (77,048) | (8,142) | - | (85,190) |
| Exchange rate movements | - | 23 | - | 23 |
| Loss for the period | (148,481) | (8,119) | - | (156,600) |

Assets and liabilities

| ` | 30 September 2020 | | | |
|---|---|---|---|---|
| | UK | Sweden investment | Canada investment | Total |
| | £ | £ | £ | £ |
| Non current assets | 15,572,035 | 105,526 | 1 | 15,677,562 |
| Current assets | 227,117 | 1,149 | - | 228,266 |
| Liabilities | (3,921,276) | (318,751) | - | (4,240,027) |
| Net assets/(liabilities) | 11,877,876 | (212,076) | 1 | 11,665,801 |

| | Audited 31 March 2020 | | | |
|---|---|---|---|---|
| | UK | Sweden investment | Canada investment | Total |
| | £ | £ | £ | £ |
| Non current assets | 15,544,158 | 100,098 | 1 | 15,644,257 |
| Current assets | 110,716 | 1,100 | - | 111,816 |
| Liabilities | (3,809,032) | (321,105) | - | (4,130,137) |
| Net assets/(liabilities) | 11,845,842 | (219,907) | 1 | 11,625,936 |

8. Deferred tax

There is an unrecognised deferred tax asset of £1.3 million (31 March 2020 - £1.3m) which, in view of the group's results, is not considered to be recoverable in the short term. There are also capital allowances, including mineral extraction allowances, exceeding £12.8 million (unchanged from 31 March 2020) unclaimed and available. No deferred tax asset is recognised in the condensed financial statements.

9. Mineral property exploration and evaluation costs

Mineral property exploration and evaluation costs incurred by the group are carried in the unaudited condensed consolidated financial statements at cost, less an impairment provision if appropriate. The recovery of these costs is dependent upon the successful development and operation of the Parys Mountain project which is itself conditional on finance being available to fund such development. During the period expenditure of £27,827 was incurred (six months to 30 September 2019 - £26,527). There have been no indicators of impairment during the period.

10. Investments

| | Labrador | Grangesberg | Total |
|---|---|---|---|
| | £ | £ | £ |
| At 1 April 2019 | 1 | 97,794 | 97,795 |
| Change during the period | - | 2,304 | 2,304 |
| At 31 March 2020 | 1 | 100,098 | 100,099 |
| Change during the period | - | 5,428 | 5,428 |
| At 30 September 2020 | 1 | 105,526 | 105,527 |

Labrador: The group's investment is classified as 'unquoted' and is held at a nominal value of £1.

Grangesberg: At the date of these statements the group has a 20.0% (10% at 31 March 2020) holding in Grangesberg Iron AB (an unquoted Swedish company) and a right of first refusal over shares amounting to a further 51% of that company. This investment has been initially recognised and subsequently measured at cost, on the basis that the shares are not quoted and a reliable fair value is not able to be estimated. During the period the group subscribed for new shares in GIAB and obtained further shares in exchange for services provided by it to Grangesberg.

11. Share capital

| | Ordinary shares of 1p | | Deferred shares of 4p | | Total |
|---|---|---|---|---|---|
| Issued and fully paid | Nominal value £ | Number | Nominal value £ | Number | Nominal value £ |
| At 1 April 2020 | 1,869,758 | 186,975,732 | 5,510,833 | 137,770,835 | 7,380,591 |
| Issued in the period | 125,000 | 12,500,000 | | | 125,000 |
| At 30 September 2020 | 1,994,758 | 199,475,732 | 5,510,833 | 137,770,835 | 7,505,591 |

The deferred shares are non-voting, have no entitlement to dividends and have negligible rights to return of capital on a winding up.

On 24 August 2020 a placing of 12.500,000 new ordinary shares was made to an institution, representing approximately 6.3% of the company's then current issued share capital, at 1.6 pence per share to raise a total of £200,000 gross and £184,000 net. Together with that placing warrants that could raise an additional £225,000 gross during the following 12 months were granted to the same institution. All of these warrants had been exercised by the date of these statements.

12. Financial instruments

| Group | Financial assets classified at fair value through other comprehensive income | | Financial assets measured at amortised cost | |
|---|---|---|---|---|
| | 30 September 2020 | 31 March 2020 | 30 September 2020 | 31 March 2020 |
| | £ | £ | £ | £ |
| Investments | 105,527 | 102,403 | - | - |
| Deposit | - | - | 123,798 | 123,748 |
| Other receivables | - | - | 21,957 | 16,505 |
| Cash and cash equivalents | - | - | 206,309 | 95,311 |
| | 105,527 | 102,403 | 352,064 | 235,564 |

| | Financial liabilities measured at amortised cost | |
|---|---|---|
| | 30 September 2020 | 31 March 2020 |
| | £ | £ |
| Trade payables | (12,299) | (13,537) |
| Other payables | (121,072) | (84,707) |
| Loans | (4,056,656) | (3,981,893) |
| | (4,190,027) | (4,080,137) |

13. Events after the reporting period

None.

14. Related party transactions

None.


Anglesey Mining plc

Directors:

John Kearney — Chairman
Bill Hooley — Chief executive
Danesh Varma — Finance director
Howard Miller — Non executive

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