

Anglesey Mining plc

Half yearly report for the six months to 30 September 2021

Chairman's Statement and Management Report

The period ended 30 September has been very positive for both the minerals industry in general and for Anglesey Mining in particular. Most commodity prices have been well supported over the period, particularly copper and zinc which are the key metals expected to be produced from the Parys Mountain project. Iron ore prices almost halved from their record highs.

As previously announced, we appointed Jo Battershill as Chief Executive in August. His focus is to take Anglesey forward by securing funding to ensure that both the Parys Mountain and Grängesberg assets can be advanced to the next decision points. Subsequent to the end of the period, we raised £768,000 that will be used to undertake drilling and environmental studies at Parys Mountain and to fund a Preliminary Economic Assessment on the Grängesberg iron project.

As per our comments in the Annual Report, the impact of Covid-19 on the day-to-day running of Anglesey Mining has been quite limited. 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; in particular the electrification of the economy which is likely to lead to increased demand for copper, zinc and silver.

Commodity prices

Over the period, all the metals that would be produced from the Parys Mountain project have shown ongoing support from improving levels of economic activity and some global supply outages. Some of the world's largest mines in Peru and Chile have seen reduced production from strike action and community blockades.

As with the previous period, continuing pressure on current operating mines in some countries because of Covid has created a shortfall in supply that is dominating the base metal markets. It is our belief that this is likely to continue for some time to come. This shortfall is accompanied by increasing demand from the major infrastructure and Covid relief programmes that continue to be announced by governments across the globe. In the US alone a \$1 trillion infrastructure programme was approved subsequent to the end of the period.

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 continued to make steady gains over the period, hitting a 10 year high of around \$4.90/lb in May and trading at over \$4.00 per pound at the end of September. The current price of \$4.38 per pound is 56 percent higher than the price of \$2.81 per pound used in the 2021 PEA. Similarly, zinc climbed to \$1.36 per pound at the end of the September period and peaked at \$1.73 per pound in October, comfortably above the \$1.20 per pound price used in the 2021 study.

Potential revenues from a mine at Parys Mountain would also benefit from gold and silver by-products, the prices of which appear to have stabilised around the \$1,750 per ounce and \$23 per ounce levels respectively – these are significantly higher than the \$1,459 per ounce and \$16.67 per ounce used in the 2021 study. The price outlook for these metals remains supported in the face of expected worldwide deficit spending by many governments and inflation that appears to be anything but transitory.

After a very strong 12 months that saw the iron ore 62% Fe benchmark price reach a record high of around \$230 per tonne in May, the recent impact of potential defaults in the Chinese property development sector, which caused unease in the Chinese economy, has seen the price retrench significantly to around \$100 per tonne. The Grängesberg project in Sweden is expected to produce a premium higher grade >68% Fe product that continues to be supported by the traditional premiums to the 62% Fe benchmark price.

We expect this support for all the commodities that are of interest to Anglesey to continue as the global stimulus programmes take effect.

Parys Mountain

During October, after the period end, we awarded a drilling contract to Irish Drilling to complete an initial 9-hole programme at the Parys Mountain copper, zinc, lead, gold and silver project located on the island of Anglesey in North Wales.

This aim of the drilling programme is twofold; firstly, to infill drill the upper section of the White Rock Zone to convert the bulk of the remaining Inferred resources to the higher confidence Indicated category and secondly to collect important geotechnical and metallurgical information. This information is expected to feed into further feasibility work in 2022.

Iron Ore

Grängesberg - Sweden

Anglesey continues to manage Grängesberg Iron AB ("GIAB") which holds the Grängesberg iron ore project in Central Sweden where an indicated and inferred resource of 148 million tonnes at 41.3% Fe was identified in 2014. Anglesey holds 19.9% 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 growing support for higher-grade iron ore like the premium product that Grängesberg would produce has 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 Grängesberg deposit and its projected premium product specification of >68% Fe could enable such alternative approaches to be beneficial for the group in the coming periods.

Anglesey has recently engaged Micon International to undertake a Preliminary Economic Assessment on the re-opening of the Grängesberg iron ore project. This follows on from the Pre-Feasibility Study completed in 2012 which demonstrated an extremely robust development option based on annual production of 5.3Mtpa of ore, producing 2.5Mtpa of >68% Fe concentrate, equating to a mine life of c.16-years.

Labrador - Canada

The group continues to hold a 12% interest in Labrador Iron Mines Holdings Limited (LIM) which has a 52% interest in extensive iron ore resources in the Schefferville area of Labrador and Quebec in Canada. In line with the pullback in iron ore, the market price of LIM shares on the OTC Markets in the United States declined significantly from 29 cents on 31 March 2021 to 11.2 US cents on 30 September 2021, resulting in a mark to market change in fair value and charge to comprehensive income during the period of £2.5 million.

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.

In March 2021 LIM announced the results of a new updated independent PEA regarding LIM's direct shipping Houston project located approximately 20 kilometres south of its previously mined James deposit. The projected financial results from the PEA were very encouraging with an after-tax NPV8 of CAD109 million, assuming an iron ore price for 62% Fe of US\$90 per tonne. The Houston PEA assessed a production rate of 2 million tonnes of 62.2% Fe per annum, with an overall mine life of 12 years. Production would be expected to be 30% lump ore and 70% sinter fines.

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-quality saleable iron ore product. This would attract premium prices in the current iron ore market.

Operations and financial

As with previous reporting periods, we have kept our corporate and operating costs at the lowest level consistent with maintaining our assets in good order. However, in gearing up for the future, recruiting a new chief executive and reinstating directors' salaries and fees there have been increased expenses for this period. With the increase in activity at both assets there will also be an increase in investment in the properties.

The group had no revenue for the period. The loss for the six months to 30 September 2021 was £(298,055) (2020 £(152,882)) and the expenditures on the mineral property in the period were £42,412 compared to £27,827 in the comparative period. Net current assets at 30 September 2021 were £539,077 compared to £796,920 at 31 March 2021. The drop in value of our LIM shares resulted in a charge to other comprehensive income of £2.5 million and a total comprehensive loss for the period of £2.7 million.

The recent private placing has put Anglesey in a position to fund its planned operations for the next 12-months

Outlook

We continue to be encouraged by growing investor interest and a positive commodity price outlook resulting from decarbonisation of the global economy. A further favourable factor is the shift to cleaner energy enhanced by announced global infrastructure programmes as the world recovers from the Covid-19 slowdown.

We believe that the ongoing strong fundamentals that have driven commodity prices upwards will continue for the foreseeable future and will provide solid support for our projects. Metals are essential for electrification, copper for power generation, motors, transmission and energy storage, zinc for extending the lifespan of products, and lead for energy storage.

We look forward to sharing the results of the current Parys Mountain work programmes with investors over the coming months as the drilling is completed and assays returned. We also expect to be in a position to report the results of the PEA on Grängesberg early in the New Year.

All in all, we are confident of the way forward and positive on the outlook for Anglesey Mining for the remainder of 2021 and 2022.

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

John F Kearney

Chairman

11th November 2021

Unaudited condensed consolidated income statement

	Notes	Unaudited six months ended 30 September 2021 £	Unaudited six months ended 30 September 2020 £
All operations are continuing			
Revenue		-	-
Expenses		(215,267)	(68,439)
Investment income		35	50
Finance costs		(82,826)	(84,460)
Foreign exchange movement		3	(33)
Loss before tax		(298,055)	(152,882)
Taxation	8	-	-
Loss for the period	7	(298,055)	(152,882)
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	(298,055)	(152,882)
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Change in fair value of investment	(2,453,226)	-
Foreign currency translation reserve	(5,799)	8,747
Total comprehensive (loss) for the period	(2,757,080)	(144,135)

All attributable to equity holders of the company

Unaudited condensed consolidated statement of financial position

	Notes	30 September 2021 £	31 March 2021 £
Assets			
Non-current assets			
Mineral property exploration and evaluation	9	15,359,705	15,317,293
Property, plant and equipment		204,687	204,687
Investments	10	1,710,438	4,163,664
Deposit		123,822	123,787
		<u>17,398,652</u>	<u>19,809,431</u>
Current assets			
Other receivables		33,997	31,381
Cash and cash equivalents		713,918	891,767
		<u>747,915</u>	<u>923,148</u>
Total assets		18,146,567	20,732,579
Liabilities			
Current liabilities			
Trade and other payables		(208,838)	(126,228)
		<u>(208,838)</u>	<u>(126,228)</u>
Net current assets		539,077	796,920
Non-current liabilities			
Loans		(4,235,752)	(4,147,294)
Long term provision		(50,000)	(50,000)
		<u>(4,285,752)</u>	<u>(4,197,294)</u>
Total liabilities		(4,494,590)	(4,323,522)
Net assets		13,651,977	16,409,057
Equity			
Share capital	11	7,765,591	7,765,591
Share premium		10,941,509	10,941,509
Currency translation reserve		(96,332)	(90,533)
Retained losses		(4,958,791)	(2,207,510)
Total shareholders' funds		13,651,977	16,409,057

All attributable to equity holders of the company

Unaudited condensed consolidated statement of cash flows

	Notes	Unaudited six months ended 30 September 2021 £	Unaudited six months ended 30 September 2020 £
Operating activities			
Loss for the period		(298,055)	(152,882)
Adjustments for:			
Investment income		(35)	(50)
Finance costs		82,826	84,460
Foreign exchange movement		(3)	33
		<hr style="width: 100%; border: 0.5px solid black;"/> (215,267)	<hr style="width: 100%; border: 0.5px solid black;"/> (68,439)
Movements in working capital			
(Increase) in receivables		(2,498)	(5,153)
Increase in payables		76,038	27,862
Net cash used in operating activities		<hr style="width: 100%; border: 0.5px solid black;"/> (141,727)	<hr style="width: 100%; border: 0.5px solid black;"/> (45,730)
Investing activities			
Mineral property exploration and evaluation		(36,125)	(21,811)
Investment		-	(5,428)
Net cash used in investing activities		<hr style="width: 100%; border: 0.5px solid black;"/> (36,125)	<hr style="width: 100%; border: 0.5px solid black;"/> (27,239)
Financing activities			
Issue of share capital		-	184,000
Net cash generated from financing activities		<hr style="width: 100%; border: 0.5px solid black;"/> -	<hr style="width: 100%; border: 0.5px solid black;"/> 184,000
Net (decrease)/increase in cash and cash equivalents		(177,852)	111,031
Cash and cash equivalents at start of period		891,767	95,311
Foreign exchange movement		3	(33)
Cash and cash equivalents at end of period		<hr style="width: 100%; border: 0.5px solid black;"/> 713,918	<hr style="width: 100%; border: 0.5px solid black;"/> 206,309

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 2021 - audited	7,765,591	10,941,509	(90,533)	(2,207,510)	16,409,057
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(298,055)	(298,055)
Change in fair value of investment	-	-	-	(2,453,226)	(2,453,226)
Exchange difference on translation of foreign holding	-	-	(5,799)	-	(5,799)
Total comprehensive loss for the period	-	-	(5,799)	(2,751,281)	(2,757,080)
Shares issued	-	-	-	-	-
Share issue expenses	-	-	-	-	-
Equity at 30 September 2021 - unaudited	7,765,591	10,941,509	(96,332)	(4,958,791)	13,651,977
Comparative period					
Equity at 1 April 2020 - audited	7,380,591	10,258,309	(80,466)	(5,932,498)	11,625,936
Total comprehensive loss for the period:					
Exchange difference on translation of foreign holding	-	-	8,747	-	8,747
Loss for the period	-	-	-	(152,882)	(152,882)
Total comprehensive loss 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

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 2021. 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 UK) and using the going concern basis. The directors are not aware of any events or circumstances which would make this inappropriate. 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 2021 which is available on request from the company or may be viewed at www.angleseymining.co.uk/accounts.

The financial information contained in this report in respect of the year ended 31 March 2021 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 by the company's auditor.

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 2021.

The following changes to IFRS became effective during the period but did not result in material changes to the financial statements:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid 19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective. They are either not expected to have a material effect on the consolidated financial statements or they are not currently relevant for the group.

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 2021 remain the same for this half-yearly period and for the period to 31 March 2022. They 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 2021 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 UK); 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 11 November 2021 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 £0.298 million (loss to 30 September 2020 £0.153m), by 225,475,732 (2020 – 189,571,360) - 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 trading revenues. The cost of all activities charged in the income statement relates to exploration and evaluation 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 2021				
	UK	Sweden - investment	Canada - investment	Total
	£	£	£	£
Expenses	(215,267)	-	-	(215,267)
Investment income	35	-	-	35
Finance costs	(77,117)	(5,709)	-	(82,826)
Exchange rate movements	-	3	-	3
Loss for the period	(292,349)	(5,706)	-	(298,055)

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)

Assets and liabilities

30 September 2021				
	UK	Sweden investment	Canada investment	Total
	£	£	£	£
Non current assets	15,688,214	110,157	1,600,281	17,398,652
Current assets	746,801	1,114	-	747,915
Liabilities	(4,150,977)	(343,613)	-	(4,494,590)
Net assets/(liabilities)	12,284,038	(232,342)	1,600,281	13,651,977

Audited 31 March 2021				
	UK	Sweden investment	Canada investment	Total
	£	£	£	£
Non current assets	15,645,767	110,157	4,053,507	19,809,431
Current assets	922,056	1,092	-	923,148
Liabilities	(3,991,250)	(332,272)	-	(4,323,522)
Net assets/(liabilities)	12,576,573	(221,023)	4,053,507	16,409,057

8. Deferred tax

There is an unrecognised deferred tax asset of £1.3 million (31 March 2021 - £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 2021) 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 £42,412 was incurred (six months to 30 September 2020 - £27,827). There have been no indicators of impairment during the period.

10. Investments

	Labrador £	Grangesberg £	Total £
At 1 April 2020	1	100,098	100,099
Net change during the period	4,053,506	10,059	4,063,565
At 31 March 2021	4,053,507	110,157	4,163,664
Net change during the period	(2,453,226)	-	(2,453,226)
At 30 September 2021	1,600,281	110,157	1,710,438

Labrador – Canada

The group has an investment in Labrador Iron Mines Holdings Limited, (LIM) a Canadian company which is carried at fair value through other comprehensive income. The group's holding of 19,289,100 shares in LIM (12% of LIM's total issued shares) is valued at the closing price traded on the OTC Markets in the United States. In the directors' assessment this market is sufficiently active to give the best measure of fair value, which on 30 September 2021 was 11.2 US cents per share, a significant decline from its price at 31 March 2021 of 29 cents. At 8 November 2021 the price was 11.4 cents.

Grangesberg - Sweden

The group has, through its Swedish subsidiary Angmag AB, a 19.9% ownership interest (31 March 21 – 19.9%) in Grangesberg Iron AB (GIAB - an unquoted Swedish company) which holds rights over the Grangesberg iron ore deposits.

The directors assessed the fair value of the investment in GIAB under IFRS 9 and consider the cost at the date of transition and the investment's value at the period end to approximate the fair value at these dates. Following negotiation the group has, until June 2023, a right of first refusal over a further 50.1% of the equity of GIAB together with management direction of the activities of GIAB, subject to certain restrictions. Although the group has significant influence over certain relevant activities of GIAB, equity accounting has not been applied in respect of this influence as the directors consider this would not have any material affect. The group's share in the net assets of GIAB at 31 March 2021 was approximately £316,000. There are no accounts on which to base an equivalent figure for 30 September 2021 but in the opinion of the directors it is unlikely to be significantly different from the value at 31 March 2021.

11. Share capital

	Ordinary shares of 1p		Deferred shares of 4p		Total
	Nominal value £	Number	Nominal value £	Number	Nominal value £
Issued and fully paid					
At 1 April 2020	1,869,758	186,975,732	5,510,833	137,770,835	7,380,591
Issued in the period	385,000	38,500,000	-	-	-
At 1 April 2021	2,254,758	186,975,732	5,510,833	137,770,835	7,765,591
Issued in the period	-	-	-	-	-
At 30 September 2021	2,254,758	186,975,732	5,510,833	137,770,835	7,765,591

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

On 9 October 2021 a placing of 22,595,000 new ordinary shares was made to several institutions, representing approximately 10% of the company's then current issued share capital, at 3.4 pence per share to raise a total of £768,230.

12. Financial instruments

Group	Financial assets classified at fair value through other comprehensive income		Financial assets measured at amortised cost	
	30 September 2021	31 March 2021	30 September 2021	31 March 2021
	£	£	£	£
Investments	1,710,438	4,163,664	-	-
Deposit	-	-	123,822	123,787
Other receivables	-	-	33,997	31,381
Cash and cash equivalents	-	-	713,918	891,767
	<u>1,710,438</u>	<u>4,163,664</u>	<u>871,737</u>	<u>1,046,935</u>
	Financial liabilities measured at amortised cost			
	30 September 2021	31 March 2021		
	£	£		
Trade payables	(58,817)	(4,366)		
Other payables	(150,021)	(121,862)		
Loans	(4,235,752)	(4,147,294)		
	<u>(4,444,590)</u>	<u>(4,273,522)</u>		

13. Events after the reporting period

In October 2021 the sum of £725,105 net of issuance costs of £43,125 was raised by the issuance of 22,595,000 ordinary shares at a price of 3.4 pence each by means of a placing. These funds are intended to be used for diamond drilling and environmental studies at Parys Mountain and the commencement of a preliminary economic assessment at the Grängesberg iron project.

14. Related party transactions

None.

Anglesey Mining plc

Directors

John Kearney	Chairman
Bill Hooley	Deputy chairman
Jo Battershill	Chief executive
Danesh Varma	Finance director
Howard Miller	Non executive

Parys Mountain site: Parys Mountain, Amlwch, Anglesey, LL68 9RE Phone 01407 831275

London office: Level2, 39 Cheval Place, South Kensington, London Phone 020 7036 0225

Registered office: Tower Bridge House, St. Katharine's Way, London, E1W 1DD

Web site: www.angleseymining.co.uk

E-mail: mail@angleseymining.co.uk

Shares listed on the London Stock Exchange - LSE:AYM

Company registration number 1849957

Share registrars: Link Group www.linkgroup.eu

Share dealing at www.signalshares.com Helpline phone 0371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales.