

Anglesey Mining plc

Half yearly report for the six months to 30 September 2022

Chairman's Statement and Management Report

This interim period of 2022 has provided shareholders with some very positive news generated from the significant progress at both our Parys Mountain copper-zinc-lead project and our iron ore projects in Sweden and Canada.

At Parys Mountain we completed the first drilling programme since 2012, began environmental studies and appointed Knight Piésold to undertake both the design stage for the tailings management system together with the geotechnical assessment of the underground development. We also continued our engagement with local planning and regulatory authorities and local councils.

Meanwhile in Sweden, a Pre-Feasibility Study Update for the Grängesberg Iron Ore Project was completed with very encouraging results, while in Canada Labrador Iron Mines continued to advance its Houston direct shipping iron ore project toward production.

Unfortunately, we have not yet seen the benefits of this positive news flow through into the Anglesey Mining share price. Global uncertainty continues to be a theme for investors with both economic and political volatility, inflation concerns and conflict in Ukraine impacting flows of money into the more speculative end of the market.

The Conundrum of Net Zero and More Mines

As many commentators have written over the last couple of years, metals are critical for the climate transition and the clean energy technologies needed to meet the world's climate action goals will require much more metal. There are many statistics available to support this argument with more mainstream commentary almost every week.

Critical raw materials – which include the copper, zinc and silver that will be produced from Parys Mountain – are fundamental to the increased deployment of renewable energy, installation of battery storage capacity and the mass shift to electric vehicles. According to the United Nations Economic Commission for Europe (UNECE), over the next two decades, demand is expected to rise over 40% for copper and rare earth elements. The International Energy Agency also states that global battery and mineral supply chains need to expand 10-fold to meet projected needs for critical minerals by 2030.

At the recent COP27 gathering at Sharm el Sheikh in Egypt, the UNECE warned that urgent action is needed on sustainable financing and the use of critical raw materials. It was stated that without scaled-up efforts to finance and sustainably manage the critical raw materials needed for a rapid renewables and clean energy shift, countries of the pan-European and North American regions will face significant challenges to deliver on the Paris Agreement and Sustainable Development Goals.

H.E. Mr Mahmoud Mohieldin, UN Climate Change High-Level Champion for COP27 and UN Special Envoy on Financing the 2030 Agenda for Sustainable Development stated that *'a resilient, sustainable and ethical supply of critical raw materials is essential for clean energy, mobility transitions and digital transformation. We can't afford to not act on critical raw materials, because the cost of inaction is much higher'*.

Despite the significant global macro headwinds, the prices of the metals to be produced at Parys Mountain remained consistently above those used in the 2021 Independent Preliminary Economic Assessment (PEA). The PEA utilised the three-year trailing metal prices as of September 2020 that included US\$2.81/lb Cu and US\$1.20/lb Zn, which compares to US\$3.84/lb Cu and US\$1.41/lb Zn respectively at the time of writing.

At the current metal prices, copper production from a Parys Mountain mine would represent 50% of the net smelter revenue under the expanded case of 3,000 tonnes per day. The PEA indicates production of 75,000 tonnes of copper over the project's 12-year mine life; when combined with the other metals produced this equates to an average copper equivalent production rate of 14,000 tonnes per year over the proposed life of the operation.

As a consequence, our Board continues to remain very confident that the medium and long-term outlook for most minerals, particularly for copper which will represent 50% of production at Parys Mountain, is very encouraging.

At Grängesberg, a very positive update of the PFS indicates production of 2.3 to 2.5Mtpa of iron ore concentrate grading 70% Fe that generates strong economic returns, including a NPV8% of US\$688 million post-tax using an iron ore price of US\$120pt, and confirming that the Grängesberg iron ore mine has the potential to be restarted as one of Europe's largest individual producers of high-grade iron ore concentrates.

The conflict in Ukraine has highlighted the strategic positioning of Grängesberg. Prior to the conflict, Russia and Ukraine each supplied approximately 30% of all iron ore into the European steel market. With the future uncertainty around this supply, a long-term source of iron ore could be highly sought after by European and Middle Eastern steel producers. Grängesberg, with the high-grade nature of its concentrate, existing infrastructure and favourable location in southern Sweden in proximity to European steel mills, represents a highly strategic opportunity.

Next steps

I firmly believe that Anglesey is positioned very strongly to advance its two key assets at Parys Mountain and Grängesberg over the next year. At Parys Mountain, the ongoing work programmes including a mineral resource update for the White Rock and Engine Zones, additional metallurgical testwork and environmental studies will continue to advance the project through the production studies and permitting phases. Additionally, the initial review of the Northern Copper Zone suggests that the system could be significantly larger than currently modelled, although this will require additional drilling to test prospective areas.

At Grängesberg, advancing the project to a Bankable Feasibility Study remains the priority. This initially requires finalising some of the recommendations from the PFS update, including baseline studies for the environmental impact assessment and updating the mining reserve to include some improvements to the proposed Grängesberg mine plan.

Operations and financial

In gearing up for the future, recruiting a new chief executive, reinstating directors' remuneration and increasing corporate activity, there have been higher expenses for this period when compared to last year. The significant expansions in operations at both assets have also led to growth in the value of our investment in the properties.

The group had no revenue for the period. The loss for the six months to 30 September 2022 was £453,854 (2021 £298,055) and the expenditures on the mineral property in the period were £320,887 compared to £42,412 in the comparative period. Net current assets at 30 September 2022 were £539,077 compared to £796,920 at 31 March 2022.

The private placing in May 2022 has put Anglesey in a position to fund its planned operations for the next 12 months.

Outlook

Despite global uncertainties and weak financial markets, we continue to be encouraged by growing investor interest in Anglesey Mining recognising the significant progress made over the last year. We also believe that the commodity price outlook remains positive due to the ongoing decarbonisation of the global economy, combined with renewed growth in China following relaxation of its Zero Covid Policy, and western governments stimulating economies to exit a potential recessionary environment.

Fundamentally, we believe that the backdrop for commodities remains positive. Demand is forecast to increase, yet the supply side response has been comparatively weak over the last 5-years leading to potential deficits across the commodity space. Ultimately, this provides a very supportive backdrop for our projects. Metals are a prerequisite for electrification: copper for power generation, motors, transmission and energy storage, zinc for extending the lifespan of products and lead for energy storage. Iron ore is essential for steel which is used extensively in infrastructure and transportation.

Over the course of the next year, we look forward to advancing both Parys Mountain and Grängesberg through the planned work programmes and demonstrating the underlying values to both existing and potential shareholders.

In closing, on behalf of the board of Directors, I would like to thank our shareholders for their ongoing support, and I remain very confident that the assets held by Anglesey will deliver significant value as they continue to be progressed over the next year.

John F Kearney

Chairman

24 November 2022

Unaudited condensed consolidated income statement

	Notes	Unaudited six months ended 30 September 2022	Unaudited six months ended 30 September 2021
All operations are continuing		£	£
Revenue		-	-
Expenses		(388,972)	(215,267)
Investment income		20	35
Finance costs		(79,789)	(82,826)
Foreign exchange movement		85	3
Loss before tax		(468,656)	(298,055)
Taxation	8	-	-
Loss for the period	7	(468,656)	(298,055)
Loss per share			
Basic - pence per share		(0.2)p	(0.1)p
Diluted - pence per share		(0.2)p	(0.1)p

Unaudited condensed consolidated statement of comprehensive income

Loss for the period	(468,656)	(298,055)
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Change in fair value of investment	(176,428)	(2,453,226)
Foreign currency translation reserve	4,967	(5,799)
Total comprehensive loss for the period	(640,117)	(2,757,080)

All attributable to equity holders of the company

Unaudited condensed consolidated statement of financial position

	Notes	30 September 2022	31 March 2022
		£	£
Assets			
Non-current assets			
Mineral property exploration and evaluation	9	16,032,590	15,711,703
Property, plant and equipment		204,687	204,687
Investments	10	1,847,914	2,024,342
Deposit		123,831	123,811
		<u>18,209,022</u>	<u>18,064,543</u>
Current assets			
Other receivables		75,498	57,123
Cash and cash equivalents		746,997	922,177
		<u>822,495</u>	<u>979,300</u>
Total assets		<u>19,031,517</u>	<u>19,043,843</u>
Liabilities			
Current liabilities			
Trade and other payables		(200,263)	(366,418)
		<u>(200,263)</u>	<u>(366,418)</u>
Net current assets		622,232	612,882
Non-current liabilities			
Loans		(4,075,936)	(4,307,095)
Long term provision		(50,000)	(50,000)
		<u>(4,125,936)</u>	<u>(4,357,095)</u>
Total liabilities		<u>(4,326,199)</u>	<u>(4,723,513)</u>
Net assets		<u>14,705,318</u>	<u>14,320,330</u>
Equity			
Share capital	11	8,317,591	7,991,541
Share premium		12,152,844	11,453,789
Currency translation reserve		(79,959)	(84,926)
Retained losses		(5,685,158)	(5,040,074)
Total shareholders' funds		<u>14,705,318</u>	<u>14,320,330</u>

All attributable to equity holders of the company

Unaudited condensed consolidated statement of cash flows

	Notes	Unaudited six months ended 30 September 2022	Unaudited six months ended 30 September 2021
		£	£
Operating activities			
Loss for the period		(468,656)	(152,882)
Adjustments for:			
Investment income		(20)	(50)
Finance costs		79,789	84,460
Foreign exchange movement		(85)	33
		(388,972)	(68,439)
Movements in working capital			
(Increase) in receivables		(18,375)	(5,153)
(Decrease)/increase in payables		(131,982)	27,862
Net cash used in operating activities		(539,329)	(45,730)
Investing activities			
Mineral property exploration and evaluation		(355,542)	(21,811)
Investment		-	(5,428)
Net cash used in investing activities		(355,542)	(27,239)
Financing activities			
Issue of share capital		797,951	184,000
Loan repaid		(78,345)	-
Currency translation changes		-	-
Net cash generated from financing activities		719,606	184,000
Net (decrease)/increase in cash and cash equivalents		(175,265)	111,031
Cash and cash equivalents at start of period		922,177	95,311
Foreign exchange movement		85	(33)
Cash and cash equivalents at end of period	16	746,997	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 2022 - audited	7,991,541	11,453,789	(84,926)	(5,040,074)	14,320,330
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(468,656)	(468,656)
Change in fair value of investment	-	-	-	(176,428)	(176,428)
Exchange difference on translation of foreign holding	-	-	4,967	-	4,967
Total comprehensive loss for the period	-	-	4,967	(645,084)	(640,117)
Shares issued	326,050	780,020	-	-	1,106,070
Share issue expenses	-	(80,965)	-	-	(80,965)
Equity at 30 September 2022 - unaudited	8,317,591	12,152,844	(79,959)	(5,685,158)	14,705,318
Comparative period					
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

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 2022. 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 2022 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 2022 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 2022. There are no new standards, amendments to standards or interpretations that are expected to have a material impact on the group's results.

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 2022 remain the same for this half-yearly period and for the period to 31 March 2023. 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 2022 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 24 November 2022 and authorised for issue on behalf of the board by Jo Battershill, 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 £0.298m), by 272,244,959 (2020 – 225,475,732) - 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 2022				
	UK	Sweden - investment	Canada - investment	Total
	£	£	£	£
Expenses	(388,972)	-	-	(388,972)
Investment income	20	-	-	20
Finance costs	(74,356)	(5,433)	-	(79,789)
Exchange rate movements	-	85	-	85
Loss for the period	(463,308)	(5,348)	-	(468,656)

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)

Assets and liabilities

30 September 2022				
	UK	Sweden investment	Canada investment	Total
	£	£	£	£
Non current assets	16,361,108	110,157	1,737,757	18,209,022
Current assets	821,326	1,169	-	822,495
Liabilities	(3,988,376)	(337,823)	-	(4,326,199)
Net assets/(liabilities)	13,194,058	(226,497)	1,737,757	14,705,318

Audited 31 March 2022				
	UK	Sweden investment	Canada investment	Total
	£	£	£	£
Non current assets	16,040,201	110,157	1,914,185	18,064,543
Current assets	978,199	1,101	-	979,300
Liabilities	(4,385,674)	(337,839)	-	(4,723,513)
Net assets/(liabilities)	12,632,726	(226,581)	1,914,185	14,320,330

8. Deferred tax

There is an unrecognised deferred tax asset of £1.4 million (31 March 2022 - £1.4m) 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 £13.2 million (unchanged from 31 March 2022) 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 £320,887 was incurred (six months to 30 September 2021 - £394,310). There have been no indicators of impairment during the period.

10. Investments

	Labrador	Grangesberg	Total
	£	£	£
At 1 April 2021	4,053,507	110,157	4,163,664
Net change during the period	(2,139,322)	-	(2,139,322)
At 31 March 2022	1,914,185	110,157	2,024,342
Net change during the period	(176,428)	-	(176,428)
At 30 September 2022	1,737,757	110,157	1,847,914

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 (11% 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 2022 was 10 US cents per share. At 17 November 2022 the price was 10 cents.

Grangesberg - Sweden

The group has, through its Swedish subsidiary Angmag AB, a 19.9% ownership interest (31 March 22 – 19.9%) in Grangesberg Iron AB an unquoted Swedish company (GIAB) 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 total 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 effect. The group's share in the net assets of GIAB at 31 March 2022 was approximately £216,000. There are no accounts on which to base an equivalent figure for 30 September 2022 but in the opinion of the directors it is unlikely to be significantly different from the value at 31 March 2022.

11. Share capital

Issued and fully paid	Ordinary shares of 1p		Deferred shares of 4p		Total
	Nominal value £	Number	Nominal value £	Number	Nominal value £
At 1 April 2021	2,254,758	225,475,732	5,510,833	137,770,835	7,765,591
Issued in the period	225,950	22,595,000	-	-	225,950
At 31 March 2022	2,480,708	248,070,732	5,510,833	137,770,835	7,991,541
Issued in the period	326,050	32,604,989	-	-	326,050
At 30 September 2022	2,806,758	280,675,721	5,510,833	137,770,835	8,317,591

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

On 16 May 2022 a placing of 25,423,989 new ordinary shares was made at 3.4 pence per share to several institutions and two of the directors, representing approximately 10% of the then current issued share capital to raise a total of £865,000. At the same time Juno converted part of its loan, at the issue price, into 6,681,000 new ordinary shares.

12. Financial instruments

Group	Financial assets classified at fair value through other comprehensive income		Financial assets measured at amortised cost	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
	£	£	£	£
Investments	1,847,914	2,024,342	-	-
Deposit	-	-	123,831	123,811
Other receivables	-	-	75,498	57,123
Cash and cash equivalents	-	-	746,997	922,177
	-	-		
	1,847,914	2,024,342	946,326	1,103,111

Financial liabilities measured at amortised cost	
30 September 2022	31 March 2022
£	£
Trade payables	(108,505)
Other payables	(91,758)
Loans	(4,075,936)
(4,276,199)	(4,673,513)

13. Events after the reporting period

None.

14. Related party transactions

None.

Anglesey Mining plc

Directors

John Kearney	Chairman
Jo Battershill	Chief executive
Danesh Varma	Finance director
Howard Miller	Non executive
Andrew King	Non executive
Namrata Verma	Non executive

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