

Keras Resources plc / Index: AIM / Epic: KRS / Sector: Mining

26 September 2024

**Keras Resources plc ('Keras' or the 'Company')  
Interim Results**

Keras Resources plc (AIM: KRS) announces its unaudited half year results for the six months ending 30 June 2024.

**Overview**

- Conclusion of PhoSul Utah LLC joint venture ("Phosul JV"), the acquisition of the property in Sutherland, 8 miles north of the town of Delta, Utah ("Delta Facility") on 22 January 2024 and the transfer and construction of all processing infrastructure from Spanish Fork to Delta;
- New integrated processing facility cold commissioned on 3 June 2024 and hot commissioning completed on 28 June 2024;
- Loss increased from £255,000 to £436,000 largely due to increased non-capital items related to the move to the Delta Facility and the exclusion of the extra-ordinary items in the comparable period in 2023;
- 28% increase in sales of 4,106 tons compared to period ended 30 June of 2023 of 3,190 tons;
- 2024 mining season has commenced with an estimated 7,500t to be mined for the season;
- Long term fundamentals of the organic fertiliser market remain robust; and
- Move to produce PhoSul®, a direct application product in addition to the existing dry rock phosphate fertiliser blend products underpins the Company's trajectory to becoming North America's premier organic phosphate producer.

**Graham Stacey, Keras Chief Executive Officer, commented,** "2024 has been a transformative year for the Company with the move to the Delta Facility, the Phosul JV and the strategic diversification of our product range to ensure we are able to produce into the robust North American organic fertiliser market with a direct application granular product. For the rest of the year, operationally our focus will shift from infrastructure development to commercial production growth and from a product development perspective we will now focus on liquid organic product(s) with higher phosphate availability, building on our research carried out in 2023."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under Article 7 of the Market Abuse Regulation (EU) No. 596/2014 (as amended) as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended). Upon the publication of this announcement via the Regulatory Information Service this inside information is now considered to be in the public domain.

**\*\*ENDS\*\***

For further information please visit [www.kerasplc.com](http://www.kerasplc.com), follow us on Twitter @kerasplc or contact the following:

Graham Stacey	Keras Resources plc	info@kerasplc.com
<b>Nominated Adviser &amp; Joint Broker</b> Ewan Leggat / Caroline Rowe	SP Angel Corporate Finance LLP	+44 (0) 20 3470 0470
<b>Joint Broker</b> Damon Heath / Erik Woolgar	Shard Capital Partners LLP	+44 (0) 207 186 9900

**CHAIRMAN'S REVIEW**

I am pleased to provide an update on our progress since the last report and to set out our outlook for the business going forward. The first half of 2024 has been transformative for the Company with the conclusion of the PhoSul

Utah LLC joint venture ("Phosul JV"), the acquisition of the property in Sutherland, 8 miles north of the town of Delta, Utah ("Delta Facility") on 22 January 2024 and the transfer of all our processing infrastructure from Spanish Fork to Delta.

The move to Delta has resulted in the Company running the business from a stand alone, wholly owned property which has the under roof space to house the newly constructed Integrated Granulator Plant ("Granulator Plant") and all ancillary equipment, feed material and processed product. Prior to this move the Company rented property in Spanish Fork which was subject to urban encroachment and limited processing to day time operations. The Delta Facility does not have such limitations and when at full production the Company will run a 24 hour, three shift operation.

Underpinning the move to Delta, the Phosul JV agreement comprises a five year 50:50 joint venture between the Company's wholly owned subsidiary, Falcon Isle Resources Corp ("FIR") and PhoSul LLC ("PhoSul"), a specialised organic soil enhancement fertilizer company with granulator operations in Idaho, United States ("US"). PhoSul and FIR have jointly funded the construction and commissioning of the Granulator Plant, which will produce a PhoSul® granulate comprising 80% of FIR's high grade organic rock phosphate from its Diamond Creek mine. PhoSul® is currently being produced at the PhoSul LLC's processing facility in Sugar City, Idaho. Current demand for the product outweighs PhoSul's Idaho processing capacity so the JV's product will be delivering into an established market with significant scope for growth in the south western states. I firmly believe this transaction will prove to be one of the key inflection points in the Company's trajectory to becoming the premier, high grade, organic phosphate producer in North America.

#### **Falcon Isle Resources Corp ("Falcon Isle")**

Falcon Isle owns the fully permitted Diamond Creek phosphate mine ("Diamond Creek") located on an 840-acre Federal Lease located approximately 75 miles north-east of the recently acquired Delta Facility located in the farming town of Sutherland, 8 miles north of the town of Delta, Utah. Historically Falcon Isle produced dry, sized phosphate rock products for the North American organic fertiliser market - with the Phosul JV now concluded and in operation, the Company can now produce into the granulator market with the PhoSul® formula as a direct application product rather than being a component of a blended fertiliser.

On 28 June 2024 the Company announced that hot commissioning of the Granulator Plant had commenced. Given the scale of what was required to transition from an outsourced production and ownership model operating from three rental facilities to the Company's wholly owned, fully integrated production facility at Delta in just five months has been an outstanding achievement by the project team as well as the Company's supportive funding partners.

FIR continues to produce organically certified 10 mesh and 50 mesh dry sized products with total sales for H1 2024 of 4,106 tons, a 28% increase relative to the 3,190 tons sold during the comparable period in 2023, and demonstrates evidence of the increased traction that the Company's high grade certified products are attracting in the organic market. It's key to note that at full production, the JV is expected to increase FIR's quarterly sales of 50 mesh by approximately 2,280 tons per quarter (a further 115% increase on the Q1 2024 sales -i.e. traditional sales plus sales to the JV), with 100% of the revenue from 50 mesh sales to the JV attributable to FIR while also sharing 50% in of the profit from the PhoSul® product produced from this material.

In addition our mining season at Diamond Creek, which takes place during the summer season from May to November, is now well under way. This is expected to be complete in late November and will provide sufficient feed material for both Falcon Isle and the JV's needs until the 2025 mining season commences.

#### **Nayéga Manganese Mine / Togo**

Following the cooperation agreement signed with the Republic of Togo (the "State") on 17 May 2023 ("Agreement") related to the Nayéga Manganese mine ("Nayéga") in Northern Togo, the Company advised, on 9 May 2024 that activities have recommenced at Nayéga and the State, through its 100% owned investment company Société Togolaise de Manganèse ("STM").

As per the 2023 Agreement, Keras has advisory and brokerage agreements with the State where the Company will be paid an advisory fee of 1.5% of gross revenue generated from the Nayéga mine for the provision of advisory services for 3 years, and 6.0% of gross revenue generated from the Nayéga mine for the provision of brokerage services for the lesser of 3.5 years or 900,000 tonnes of beneficiated manganese ore produced and sold

from Nayéga.

The Company continues to keep in close contact with the Togo Ministry of Mines in its advisory role it agreed with the State in May 2023 and we look forward to updating shareholders on progress in the near future.

#### Financial review

The results for the 6 months ended 30 June 2024 show a loss of £436,000 compared to loss of £255,000 in the six-month period ended 30 June 2023. The increased loss was largely due to costs related to the transport of inventory and other non-capital items to the Delta Facility and the exclusion of extra-ordinary items (sale of intellectual property) in the comparable period in 2023.

In January 2024 and May 2024 the Company issued convertible loans of £300,000 (at a conversion price of £0.04) and £597,805 (at a conversion price £0.0275) respectively. On the same dates Falcon Isle issued Promissory Notes of 350,000 (at a 7% per annum interest rate) and £597,805 (at an 8% per annum interest rate) respectively.

As part of the May capital raise, Graham Stacey and I capitalised US 100,000 (GBP78,401) of outstanding fees each due from the Company on the same basis (50% in the form of Convertible Loans and 50% in the form of Promissory Notes).

The proceeds of the January funding were used to acquire the 8.4-acre Delta Facility, now the hub of the US operations and the proceeds of the May funding were used to pay the third tranche of US 800,000 of the cost of acquiring the former minority interest in Falcon Isle plus 100,000 of the final severance payment payable to the previous CEO of Falcon Isle, and for general working capital.

The restructuring of the Company's short-term liabilities reduced the impact of a pure equity raise and ensures that the Company can meet its current obligations without negatively impacting the long-term growth profile at the high-grade organic phosphate business in Utah, USA.

#### Outlook

The Company believes that the move (and the associated costs) to Delta are key to the long-term success of the business, we remain very positive about both the future of Diamond Creek and the fertiliser market macro-economic conditions that underpin its future. We are mining an essential resource that can create value, be part of the greener economy and contribute to a more sustainable future. As a mining company we remain ever conscious of our obligations and commitments in line with best environmental, social and governance ("ESG") practice and will continue to take the initiative within this area. Our JV with PhoSul LLC to produce granulated PhoSul® as a final product rather than relatively lower value fertilizer blend constituents which we have produced to date has further enhanced our position as an organic producer marketing directly to organic farmers.

I would like to thank our shareholders for their ongoing support and I look forward updating all stakeholders as we continue to build Keras and Diamond Creek into the premier organic phosphate producer in the US.

Russell Lamming  
Chairman  
26 September 2024

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6 months to 30-Jun-24 (unaudited) £'000	6 months to 30-Jun- 23 (unaudited) £'000	12 months to 31-Dec- 23 (audited) £'000

		£'000	£'000
<b>Revenue</b>	556	397	916
Cost of production	(420)	(44)	(386)
<b>Gross profit</b>	136	353	530
Profit on sale of intellectual property relating to Togo	-	184	121
Loss on disposal of subsidiary			(76)
Administrative and exploration expenses	(492)	(686)	(842)
<b>Loss from operating activities</b>	(356)	(149)	(267)
Finance income	-	-	-
Finance costs	(80)	(106)	(173)
<b>Net finance costs</b>	(80)	(106)	(173)
<b>Loss before taxation</b>	(436)	(255)	(440)
Taxation	-	-	(6)
<b>Loss for the period</b>	(436)	(255)	(446)
<b>Other comprehensive income - items that may be subsequently reclassified to profit or loss</b>			
Exchange translation on foreign operations	82	29	(245)
<b>Total comprehensive loss for the period</b>	(354)	(226)	(691)
<b>Loss attributable to:</b>			
Owners of the Company	(436)	(255)	(475)
Non-controlling interests	-	-	29
<b>Loss for the period</b>	(436)	(255)	(446)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(354)	(226)	(720)
Non-controlling interests	-	-	29
<b>Total comprehensive loss for the period</b>	(354)	(226)	(691)
<b>Earnings per share</b>			
Basic and diluted loss per share (pence)	(0.54)	(0.28)	(0.863)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	7	3,425	3,418	3,404
Property, plant and equipment	8	1,244	372	346
Right of use asset	9	-	59	-
Investment in joint venture		32	-	-
		<u>4,701</u>	<u>3,849</u>	<u>3,750</u>
<b>Current assets</b>				
Inventory	10	468	660	621
Trade and other receivables	11	176	1,612	171
Cash and cash equivalents		1,168	39	185
		<u>1,813</u>	<u>2,311</u>	<u>977</u>
<b>Total assets</b>		<u>6,514</u>	<u>6,160</u>	<u>4,727</u>
<b>Equity</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	12	801	797	801
Share premium	12	5,849	5,838	5,849
Other reserves		356	311	(2)
Retained deficit		(3,901)	(3,245)	(3,465)
		<u>3,105</u>	<u>3,701</u>	<u>3,183</u>

Non-controlling interests		-	(146)	-
<b>Total equity</b>		<u>3,105</u>	<u>3,555</u>	<u>3,183</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	13	1,327	1,478	1,013
Lease liabilities - current	9	<u>-</u>	<u>61</u>	<u>-</u>
		<u>1,327</u>	<u>1,539</u>	<u>1,013</u>
<b>Non-current liabilities</b>				
Trade and other payables	13	566	1,066	531
Loans and borrowings	14	<u>1,516</u>	<u>-</u>	<u>-</u>
		<u>2,082</u>	<u>1,066</u>	<u>531</u>
<b>Total liabilities</b>		<u>3,409</u>	<u>2,605</u>	<u>1,544</u>
<b>Total equity and liabilities</b>		<u><u>6,514</u></u>	<u><u>6,160</u></u>	<u><u>4,727</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Convertible loan notes reserve £'000	Retained deficits £'000	To £'0
Balance at 1 January 2024 (unaudited)	801	5,849	104	(106)	-	(3,465)	3,1
Loss for the period	-	-	-	-	-	(436)	(436)
Other comprehensive income	-	-	-	82	-	-	82
<b>Total comprehensive loss for the period</b>	-	-	-	82	-	(436)	(354)
Issue of convertible loan notes	-	-	-	-	271	-	271
Share based payment transactions	-	-	5	-	-	-	5
<b>Transactions with owners, recognised directly in equity</b>	-	-	5	-	271	-	276
<b>Balance at 30 June 2024 (unaudited)</b>	<u>801</u>	<u>5,849</u>	<u>109</u>	<u>(24)</u>	<u>271</u>	<u>(3,901)</u>	<u>2,8</u>

	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total £'000
Balance at 1 January 2023 (unaudited)	797	5,838	102	180	(2,990)	3,927
Loss for the period	-	-	-	-	(475)	(475)
Other comprehensive income	-	-	-	(245)	-	(245)
<b>Total comprehensive income for the period</b>	-	-	-	(245)	(475)	(720)

Issue of ordinary shares	4	11	-	-	-	15
Share based payment transactions	-	-	2	-	-	2
Disposal of subsidiary	-	-	-	(41)	-	(41)
<b>Transactions with owners, recognised directly in equity</b>	<u>4</u>	<u>11</u>	<u>2</u>	<u>(41)</u>	<u>-</u>	<u>(24)</u>
<b>Balance at 31 December 2023 (unaudited)</b>	<u>801</u>	<u>5,849</u>	<u>104</u>	<u>(106)</u>	<u>(3,465)</u>	<u>3,183</u>

	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total £'000
Balance at 1 January 2023 (audited)	797	5,838	102	180	(2,990)	3,927
Loss for the period	-	-	-	-	(255)	(255)
Total other comprehensive income	-	-	-	29	-	29
<b>Total comprehensive loss for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29</u>	<u>(255)</u>	<u>(226)</u>
Issue of ordinary shares	-	-	-	-	-	-
Share option expense	-	-	-	-	-	-
Acquisition of NCI without a change in control (note 15)	-	-	-	-	-	-
Share based payment transactions	-	-	-	-	-	-
<b>Transactions with owners, recognised directly in equity</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2023 (unaudited)</b>	<u>797</u>	<u>5,838</u>	<u>102</u>	<u>209</u>	<u>(3,245)</u>	<u>3,701</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
<b>Cash flows from operating activities</b>			
Loss from operating activities	(436)	(255)	(446)
Adjustments for:			
Depreciation and amortisation	2	61	139
Gain on sale of discontinued operations	-	-	(121)
Loss on disposal of subsidiary	-	-	76
Impairment of assets held for sale	-	(184)	-
Finance costs recognised	80	106	173
Equity-settled share-based payment transactions	5	-	2
	<u>(349)</u>	<u>(272)</u>	<u>(177)</u>
Changes in:			
- inventories	153	8	9
- trade and other receivables	5	(8)	10
- trade and other payables	271	174	(392)
<b>Cash generating by/(used in) operating activities</b>	<u>80</u>	<u>(98)</u>	<u>(550)</u>

Interest paid	(15)	(9)	(17)
<b>Net cash by/(used in) operating activities</b>	<b>65</b>	<b>(107)</b>	<b>(567)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(897)	-	-
Acquisition on other investments	(32)	-	-
Proceeds on disposal of discontinued operations	-	-	1,279
Consideration for purchase of minority interest in subsidiary	-	-	(272)
<b>Net cash used in investing activities</b>	<b>(929)</b>	<b>-</b>	<b>1,007</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of share capital	-	-	15
Issue of promissory and convertible loan notes	1,787	-	-
Repayment of loans	-	-	(357)
Payment of lease obligations	-	(61)	(126)
<b>Net cash flows from financing activities</b>	<b>1,787</b>	<b>(61)</b>	<b>(468)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>923</b>	<b>(168)</b>	<b>(28)</b>
Cash and cash equivalents at beginning of period	185	207	207
Effect of foreign exchange rate changes	60	-	6
<b>Cash and cash equivalents at end of period</b>	<b>1,168</b>	<b>39</b>	<b>185</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Reporting entity

Keras Resources plc (the "Company") is a company domiciled in England and Wales. The unaudited condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The Group currently operates as an explorer and developer.

### 2. Basis of preparation

#### (a) Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial performance and position of the Group since the last consolidated financial statements as at and for the period ended 31 December 2023. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

This condensed consolidated interim financial report was approved by the Board of Directors on 25 September 2024.

#### (b) Judgements and estimates

Preparing the interim financial report requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the period ended 31 December 2023.

### 3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its audited consolidated financial statements as at and for the period ended 31 December 2023.

for the period ended 31 December 2023.

#### 4. Financial instruments

##### Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the period ended 31 December 2023.

#### 5. Segment information

The Group considers that it operates in two distinct business areas, manganese mining in West Africa and phosphate mining in Utah, USA. These business areas form the basis of the Group's operating segments. For each segment, the Group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis.

Operations ceased in the manganese segment of the Group during prior year ended 31 December 2023. This was a result of the sale of the intellectual property relating to this geographic region. As a result, an amount of £1,412,077 was recognised within other receivables reflecting the amounts due on the sale and an amount of £184,653 recognised as a gain on disposal within operating profit.

Other operations relate to the group's administrative functions conducted at its head office and by its intermediate holding company together with consolidation adjustments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment results are used to measure performance as Management believes such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within the exploration industry.

##### Information about reportable segments

##### For the six months ended 30 June 2024 (unaudited)

	Manganese £'000	Phosphate £'000	Other operations £'000	
External revenue	-	556	-	=
Profit/(loss) before tax	-	(53)	(383)	=
Segment assets	-	5,444	-	=

##### For the six months ended 30 June 2023 (unaudited)

	Manganese £'000	Phosphate £'000	Other operations £'000	
External revenue	-	397	-	=
Profit/(loss) before tax	-	141	(396)	=
Segment assets	-	4,689	1,471	=

#### 5. Segment information (continued)

##### For the twelve months ended 31 December 2023 (audited)

Manganese £'000	Phosphate £'000	Other operations £'000
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	-	916	-	=
External revenue	<u>-</u>	<u>916</u>	<u>-</u>	
Profit/(loss) before tax	<u>29</u>	<u>(3)</u>	<u>(466)</u>	=
Segment assets	<u>-</u>	<u>4,646</u>	<u>81</u>	=

**Information about geographical segments:**

**For the six months ended 30 June 2024 (unaudited)**

	West Africa £'000	US £'000	Other operations £'000	Total £'000
External revenue	-	556	-	556
Profit/(loss) before tax	-	(53)	(383)	(436)
Segment assets	-	5,444	-	5,444

**For the six months ended 30 June 2023 (unaudited)**

	West Africa £'000	US £'000	Other operations £'000	Total £'000
External revenue	-	397	-	397
Profit/(loss) before tax	-	141	(396)	(255)
Segment assets	-	4,689	1,471	6,190

**5 Segment information (continued)**  
**Information about geographical segments(continued)**

**For the 12 months ended 31 December 2023 (audited)**

	West Africa £'000	US £'000	Other operations £'000	Total £'000
External revenue	-	916	-	916
Profit/(loss) before tax	29	(3)	(466)	(440)
Segment assets	-	4,646	82	4,728

**6. Seasonality of operations**

Mining at Falcon Isle takes place between May and November due to winter snow cover at the mine site and on the approach road. The fertiliser produced is used primarily during the planting and growing seasons, but sales by Falcon Isle take place throughout the year.

**7. Intangible assets**

30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
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<b>Cost</b>			
Balance at beginning of period	3,464	3,613	3,613
Effect of movement in exchange rates	21	(145)	(149)
Balance at end of period	<u>3,806</u>	<u>3,468</u>	<u>3,464</u>
<b>Impairment losses</b>			
Balance at beginning of period	60	55	55
Amortisation	-	-	8
Effect of movement in exchange rates	-	(5)	(3)
Balance at end of period	<u>60</u>	<u>50</u>	<u>60</u>
<b>Carrying amounts</b>			
Balance at end of period	<u>3,425</u>	<u>3,418</u>	<u>3,404</u>
Balance at beginning of period	<u>3,404</u>	<u>3,558</u>	<u>3,558</u>

Intangible assets comprise the fair value of prospecting and exploration rights.

#### 8. Property, plant and equipment

##### Acquisitions and disposals

There were additions of £897,000 during the six months ended 30 June 2024. No assets were acquired or disposed of in the comparative period.

#### 9. Right of use asset

	30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
Balance at beginning of period	-	121	-
Additions	-	-	-
Depreciation	-	(59)	-
Effects of movements in exchange rates	-	(3)	-
	<u>-</u>	<u>59</u>	<u>-</u>

##### Lease liability

	£'000	£'000	£'000
Balance at beginning of period	-	126	126
Principal reduction	-	(61)	(126)
Finance cost	-	2	9
Effects of movements in exchange rates	-	(6)	(9)
	<u>-</u>	<u>61</u>	<u>-</u>
Current portion	-	61	-
Non-current portion	-	-	-
	<u>-</u>	<u>61</u>	<u>-</u>

#### 10. Inventories

	30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
Phosphate	468	660	621
	<u>468</u>	<u>660</u>	<u>621</u>

#### 11. Trade and other receivables

	30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
Trade receivables	70	89	91
Other receivables	96	1,496	71

Other receivables	20	1,170	11
Prepayments	10	27	9
	<u>158</u>	<u>1,612</u>	<u>171</u>

Trade receivables and other receivables are stated at their nominal values less allowances for non-recoverability.

## 12. Share capital and reserves

### Dividends

No dividends were declared or paid in the six months ended 30 June 2024 (six months ended 30 June 2023: £nil, twelve months ended 31 December 2023: £nil).

### Convertible loan note reserve

The reserve for convertible loan notes comprises the amount allocated to the equity component for the convertible notes issued by the group in 2024.

## 13. Trade and other payables

Current	30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
Trade payables	433	510	238
Accruals	23	92	176
Other payables	239	247	6
Deferred consideration	<u>633</u>	<u>629</u>	<u>593</u>
	<u>1,327</u>	<u>1,478</u>	<u>1,013</u>
Non-current	30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
Deferred consideration	<u>566</u>	<u>1,066</u>	<u>531</u>
	<u>566</u>	<u>1,066</u>	<u>531</u>

There is no material difference between the fair value of trade and other payables and their book value.

## 14. Loans and borrowings

Non-current		30-Jun-24 (unaudited) £'000	30-Jun-23 (unaudited) £'000	31-Dec-23 (audited) £'000
Promissory notes, repayable 2028				
350,000 7% secured notes	i	277	-	-
762,500 8% unsecured notes	ii	603	-	-
Convertible loan notes, repayable 2028				
£300,000 7% notes	iii	227	-	-
£597,500 4% notes	iv	<u>409</u>	<u>-</u>	<u>-</u>
		<u>1,516</u>	<u>-</u>	<u>-</u>

- i. On 22 January 2024, a secured 4-year promissory note of 350,000 (£276,850) was issued by Falcon Isle. The note carries 7% interest and is repayable after 4 years. Falcon Isle has the right to repay it, without penalty, after 2 years. Interest is payable annually.
- ii. On 28 May 2024, unsecured 4-year promissory notes totalling US 762,500 (£603,138) were issued by Falcon Isle. The notes carry 8% interest and are repayable after 4 years. Falcon Isle has the right to repay them, without penalty, after 2 years. Interest is payable annually.
- iii. On 22 January 2024, a 4-year convertible loan of £300,000 was issued by the Company. It carries interest at 7% per annum and is convertible into ordinary shares of £0.01p at a conversion price of £0.04 per share. The loan note may be converted at any time by notice given by the holder, interest will be rolled up and included with the amount being converted or paid at the end of the 4-year loan period if not converted. The equity portion of the loan is computed as £73,542 using market discount

rate of 15.71%, recorded within statement of changes in equity. Notwithstanding this, if not converted the loan note is repayable at its nominal value of £300,000 if not converted.

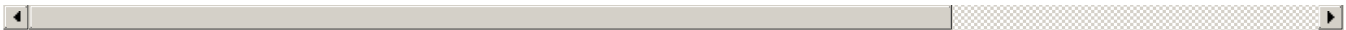
- iv. On 28 May 2024, 4-year convertible loan notes totalling £597,805 were issued by the Company. They carry interest at 4% per annum and are convertible into ordinary shares of £0.01p at a conversation price of £0.0275 per share. The loan notes may be converted at any time by notice given by the holders; interest will be compounded annually and included with the amount being converted or paid at the end of the 4-year loan period if not converted. The equity portion of the loan is computed as £197,020 using market discount rate of 15.71%, recorded within statement of changes in equity. Notwithstanding this, if not converted the loan note is repayable at its nominal value of £597,805 if not converted.

**15. Acquisition of non-controlling interest in Falcon Isle**

In March 2022, the Group agreed to acquire the then outstanding 49% equity interest in Falcon Isle, together with loans totalling 1,816,527 made by the vendor to Falcon Isle, for total consideration of 3.2 million payable in four annual tranches of 800,000 commencing on 1 July 2022. The first two tranches have been paid. The third tranche, due on 1 July 2024, has been paid since 30 June 2024 and is treated as a current liability. The final tranche has been treated as a non-current liability.

**16. Related party transactions**

With the exception of 650,000, all the subscriptions for Promissory Notes ( 1,012,500) and Convertible Loan Notes (£897,805) as set out in Note 14 were made by related parties. Each of Russell Lamming and Graham Stacey, directors of the Company, subscribed £100,000, divided equally between Unsecured Promissory Notes and 4% Convertible Loan Notes. The balance was subscribed by Christopher Grosso, a substantial Shareholder, and the Diane H. Grosso Credit Shelter Trust, an associated party of Christopher Grosso.



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