RNS Number : 6631F
Strategic Minerals PLC
26 September 2024

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

# Strategic Minerals plc
**("Strategic Minerals", "SML", the "Group" or the "Company")**

## Interim Results
## US 950,000 Pre-Tax Profit

Strategic Minerals plc (AIM: SML; USOTC: SMCDY), a producing mineral company actively developing critical minerals focused projects, is pleased to announce its unaudited interim results for the half year ended 30 June 2024.

### Financial Highlights

- The return of Southern Minerals Group's major client has positively impacted cash flow and helped sales for the six months climb to US 2.136m, the highest six month revenue since 2017. This provides an outlook for 2024 sales of more than US 4.5m.
- With increased sales has come increased operating profitability, with the after-tax profit in this period rising to 31% from 5% last year. The pre-tax profit for the period was US 950,000 (H1 2023: US 54,000).
- After tax profit for the interim six months was US 667,000 (H1 2022 US 38,000), consistent with the increase in sales.
- In the same period, US 325,000 was invested in the Company's development projects (Redmoor Tungsten and Tin Mine - US 233,000 and Leigh Creek Copper Mine - US 25,000).
- US 258,000 of accrued creditors were repaid in the period.
- Executive Directors' fees were temporarily reduced in 2024 reflecting undertakings associated with 2023.
- Unrestricted cash as of 30 June 2024 was US 280,000 (31 Dec 2023: US 112,000).

### Corporate Highlights

Cash flow considerations restricted much corporate activity during the first half of 2024. Despite tight funding, the Company managed to keep the Redmoor team intact and, after four years effort, secured mineral exploration rights to a substantial portion of lands owned by the Duchy of Cornwall, as well as other strategically important mineral rights. Accordingly, the Company was able to expand its footprint in this mineral rich area four-fold and looks forward to demonstrating the benefit such access provides.

Shortly after the end of the interim 2024 period, the Company's then Chairman, Alan Broome AM, retired and both Charles Manners and Mark Burnett were appointed to the Board, resulting in the Company's top four shareholders being represented on the Board. Subsequently, Charles Manners was elected Chairman at the Board's first meeting following his appointment.

**Commenting, John Peters, Managing Director of Strategic Minerals, said:**

*"The rapid recovery in Cobre sales, from January 2024, placed serious cash flow pressure on the Company's working capital at a time when depressed sales volumes had already left the Company in an unhealthy cash position. To alleviate the cash flow pressure, the Company, was able to raise short term funding in the form of two loans. Subsequently, as the need for working*

*capital abated, cash flow has predominately been directed to the repayment of external creditors and one of the short-term loans raised.*

*"I am pleased to report that creditor payments are now being met within regular terms and that, after the interim period, payment of accrued Directors and Management fees has begun.*

*"The Company continues to pursue investment in the Leigh Creek Copper Mine by way of either joint venture or outright sale. Similarly, the Company continues to seek funding for the Redmoor Tungsten and Tin Mine through government-based grants or joint venture.*

*"Subsequent to the end of the period, the retirement of Alan Broome, provided the opportunity for Charles Manners, one of our largest shareholders, and Mark Burnett, representing Philip Richards, to both join the Board with Charles Manners subsequently assuming the role of Chairman."*


For further information, please contact:

**Strategic Minerals plc** **+61 (0) 414 727 965**

John Peters

Managing Director

Website: www.strategicminerals.net

Email: info@strategicminerals.net

**Follow Strategic Minerals on:**

Vox Markets: https://www.voxmarkets.co.uk/company/SML/

Twitter: @SML_Minerals

LinkedIn: https://www.linkedin.com/company/strategic-minerals-plc

**SP Angel Corporate Finance LLP** **+44 (0) 20 3470 0470**

*Nominated Adviser and Broker*

Matthew Johnson

Charlie Bouverat


**NOTES TO EDITORS**

Strategic Minerals plc is an AIM-quoted, profitable operating minerals company actively developing projects tailored to materials expected to benefit from strong demand in the future. It has an operation in the United States of America along with development projects in the UK and Australia. The Company is focused on utilising its operating cash flows, along with capital raisings, to develop high quality projects aimed at supplying the metals and minerals likely to be highly demanded in the future.

In September 2011, Strategic Minerals acquired the distribution rights to the Cobre magnetite tailings dam project in New Mexico, USA, a cash-generating asset, which it brought into production in 2012 and which continues to provide a revenue stream for the Company. This operating revenue stream is utilised to cover company overheads and invest in development projects aimed at supplying the metals and minerals likely to be highly demanded in the future.

In May 2016, the Company entered into an agreement with New Age Exploration Limited and, in February 2017, acquired 50% of the Redmoor Tin/Tungsten project in Cornwall, UK. The bulk of the funds from the Company's investment were utilised to complete a drilling programme that year. The drilling programme resulted in a significant upgrade of the resource. This was followed in 2018 with a 12-hole 2018 drilling programme has now been completed and the resource update that resulted was announced in February 2019. In March 2019, the Company entered into arrangements to acquire the balance of the Redmoor Tin/Tungsten project which was settled on 24 July 2019 by way of a vendor loan which was fully repaid on 26 September 2020.

In March 2018, the Company completed the acquisition of the Leigh Creek Copper Mine situated in the copper rich belt of South Australia and brought the project temporarily into production in April 2019. In July 2021, the project was granted a conditional approval by the South Australian Government for a Program for Environmental Protection and Rehabilitation (PEPR) in relation to mining of its Paltridge North deposit and processing at the Mountain of Light installation. In late September 2022, an updated PEPR, addressing the conditions associated with the July 2021 approval, was approved.

## CHAIRMAN'S STATEMENT

The Company, along with many other junior miners, weathered an extremely difficult 2023 but has come through this challenging period with brighter prospects for the remainder of 2024 and into 2025.

As the new Chairman, and largest shareholder, I believe the Company is well placed to realise the underlying value built up in its projects, in particular its Redmoor Tungsten and Tin mine which has the potential to be of strategic importance in global affairs.

### Financial results

The rebound in the Company's profitability in the first half of 2024 has been welcomed and largely reflects the return of Cobre's major client after a 14-month hiatus. To survive the rigors of 2023, the Company extended terms on its suppliers and paid only a small portion of the remuneration due to the Board and Management in 2023 and the beginning of 2024. Accordingly, after working capital stabilised, the Company prioritised repayment of external creditors which are now in line with market norms.

Early in 2023, as the largest shareholder in Strategic Minerals, I pressed the Board on the lack of progress at its projects and the effect this was having on the Company's share price. The then Board acknowledged the difficulties it was encountering in securing investors/buyers at the asset level for the Leigh Creek Copper Mine ("LCCM") and the Redmoor Tungsten and Tin mine ("Redmoor"). The Board then volunteered that, should certain milestones around funding and share price not be met in 2023, the Board would forgo 50% of its remuneration. As one of the key potential funding sources dragged onto Q1 2024, some leeway was provided and the 2023 financial accounts reflected the full amount of Directors remuneration, accruing unpaid amounts to which an 8% per annum interest rate was applied. This rate was agreed by the then Board.

As the proposed funding was not forthcoming, the Board, after the AGM in July, agreed to a temporary adjustment being made in the 2024 remuneration to Executive Directors that ensures 50% of the total Board's base remuneration in 2023 is recouped by the Company. These adjustments, as they relate to the first six months of 2024, are reflected in these interim results.

Repayment of short-term funding facilities, raised for working capital purposes during the first quarter of 2024, along with amounts and interest accrued to Directors, are expected to be cleared in the second half of 2024.

With sales at Cobre exceeding our previous expectations, we are confident on continued positive momentum for the second half of 2024, and the Company is actively working on securing similar arrangements for 2025.

**Strategic Focus**

Whilst the current improvement in the Company's profitability is a welcome development, cash flow from this profitability is not substantial enough to fund significant progress at LCCM or Redmoor. With the recent additions to the Board, the Company is hopeful that their extended investment networks will result in greater potential for partnerships or access to funding pools.

The current share price all but rules out funding these projects through the issue of new equity and the Board is focussed on how best to re-establish momentum in the share price. We believe the strategic nature of tungsten, as a critical mineral, in the current political climate will make Redmoor the key focus of the Company moving forward.

**Cobre Operations**

The substantial increase in demand at Cobre, associated with the return of its major client, has resulted in the best six months of sales revenue since December 2017. At present, the Board believes that the second half Cobre sales for 2024 may outperform H1 2024 sales.

Directors and Management are currently progressing negotiations in relation to demand for the remainder of this year and into next and are confident that sales levels will remain high throughout 2025. It is not expected that the result of the US presidential elections will have a major impact on this demand.

The Company still awaits news from the receiver for CV Investments LLC as to quantum and timing for the first distribution in relation to the receivership, although it now appears that any payment to the Company will be minor in nature.

**Leigh Creek Copper Mine ("Leigh Creek" or "LCCM")**

Over the first half of 2024, the Company has worked with several parties who have expressed an interest in acquiring/investing in LCCM. At the time of writing, there are two parties in our data room actively reviewing the LCCM project.

Whilst the LME copper price has been the subject of fluctuations, the Australian dollar equivalent has remained strong and, generally, above that employed in our feasibility worksheets.

**Redmoor Tin-Tungsten Project ("Redmoor")**

Disappointingly, after a considerable amount of excellent work had been completed in relation to the provision of grant funding via the Shared Prosperity Fund, and a conditional funding offer being received, the Company was unable to provide sufficient evidence of its ability to complete on its match funding co-investment during the deconditioning period, and as such the opportunity lapsed.

Initially, following an extensive consideration of an investment, including meetings, a site visit and due diligence activities, the Company had received a strong letter of support, submitted as part of the grant funding application, from a party developing similar deposits as Redmoor, confirming their interest in an investment into CRL to provide the match funding. However, when the conditional funding offer, from the Shared Prosperity Fund, was received, the matched funding was not forthcoming due to external factors. While attempts were made to substitute other parties for this co-investment role, these efforts proved unsuccessful in part due to the short notice and restricted project timelines.

During the first half of the year, the team at Redmoor have directed much of their time to concluding lengthy mineral rights agreements (including the historic milestone agreement with the Duchy of Cornwall which quadrupled CRL's minerals rights), seeking grant funding, both from the Shared Prosperity Fund and other sources, and developing a strategy to re-examine previous 2017 and 2018 drill core in a cost-efficient manner expecting to significantly strengthen and add calibre to Redmoor's existing JORC (2012) compliant mineral resource estimate.

In the second half of 2024, the team at Redmoor is undertaking the following activity:

- Further historic relogging and sampling on Redmoor's library of 14,000m of drill core.
- Field sampling and identification of potential exploration opportunities on the recently acquired Duchy of Cornwall license.
- Continuing involvement in, and advancing new, collaborative research funding opportunities with Camborne School of Mines and the Cornish mining community.
- Gaining membership of the US Defense Industry Base Consortium (DIBC) *(Completed)* and attending the DIBC symposium, in San Diego *(Completed)*, which outlined the format and nature of current Defense Production Act Investment (DPAI) funding opportunities made available via White Papers open announcements from the Department of Defense for strategic and critical minerals projects.
- Preparing and submitting a White Paper application to an open announcement via the DIBC.
- Preparing for an application to the EU for Strategic Project Status which could, ultimately, lead to greater project support and increased prospects for funding.
- Continuing engagement with Government, the Critical Minerals Association, and other parties on the upcoming Critical Minerals List refresh.
- Attending Mines and Money conference in December 2024, as part of a "Cornish Pavillion" of Southwest-based mining development projects and representatives, to promote CRL and the growing importance of critical minerals mining to the Cornish and U.K. economy.
- Hosting site visits by investors, research analysts and various other counterparties and stakeholders, including the two new SML directors.
- Hosting local community and stakeholder updates.

**Safety**

The Company has a strong focus on safety issues and continues to maintain a high level of performance when it comes to safety. In the first half of 2024 there was no safety issues reported.

I would like to take this opportunity to thank my fellow Directors, our management and staff in New Mexico, South Australia and Cornwall, along with our advisers, for their support and hard work on our behalf during the period. Additionally, I would like to thank our clients, contractors, suppliers and partners for their continued backing.

I look forward to progressing our key strategic goals in 2024 and an even brighter 2025.

**Charles Manners**
**Non-Executive Chairman**

**26 September 2024**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 6 months to 30 June 2024 (Unaudited) '000 | 6 months to 30 June 2023 (Unaudited) '000 | Year to 31 December 2023 (Audited) '000 |
|---|---|---|---|

| **Continuing operations** | | | |
|---|---|---|---|
| Revenue | 2,136 | 782 | 1,577 |
| Raw materials and consumables used. | (393) | (137) | (262) |
| **Gross profit** | 1,743 | 645 | 1,315 |
| Other income | - | 1 | 4 |
| Overhead expenses | (583) | (457) | (1,186) |
| Amortisation | (158) | (116) | (277) |
| Depreciation | (8) | (8) | (16) |
| Impairment | (25) | - | (8,898) |
| Share based payment | - | - | (5) |
| Foreign exchange gain/(loss) | (10) | (6) | (5) |
| **Profit from operations** | 959 | 59 | (9,068) |
| Lease Interest | (9) | (5) | (14) |
| **Profit/ (loss) before taxation** | 950 | 54 | (9,082) |
| Income tax (expense)/credit | (283) | (16) | (107) |
| **Profit for the period attributable to:** | | | |
| Owners of the parent | 667 | 38 | (9,189) |
| **Other comprehensive income** | | | |
| Exchange gains/(losses) arising on translation of foreign operations | (205) | 22 | 189 |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Owners of the parent | 462 | 60 | (9,000) |
| **Profit/ (loss) per share attributable to the ordinary equity holders of the parent:** | | | |
| **Continuing activities - Basic** | ¢0.042 | ¢0.02 | (¢0.58) |
| **- Diluted** | ¢0.042 | ¢0.02 | (¢0.58) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | **6 months to 30 June 2024** (Unaudited) **'000** | **6 months to 30 June 2023** (Unaudited) **'000** | **Year to 31 December 2023** (Audited) **'000** |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible Asset | - | 533 | - |
| Deferred Exploration and evaluation costs | 5,592 | 5,367 | 5,568 |
| Other Receivables | 133 | 133 | 136 |
| Property, plant and equipment | 72 | 8,203 | 80 |
| Right of Use Assets | 594 | 469 | 453 |
| | 6,391 | 14,705 | 6,237 |
| **Current assets** | | | |
| Inventories | 4 | 5 | 4 |
| Trade and other receivables | 519 | 391 | 219 |
| Income Tax prepaid | - | 13 | 31 |
| Cash and cash equivalents | 280 | 129 | 112 |
| | 803 | 538 | 366 |

| | | | |
|---|---|---|---|
| **Total Assets** | 7,194 | 15,243 | 6,603 |
| **Equity and liabilities** | | | |
| Share capital | 2,916 | 2,916 | 2,916 |
| Share premium reserve | 49,387 | 49,387 | 49,387 |
| Share options reserve | 5 | - | 5 |
| Merger reserve | 21,300 | 21,300 | 21,300 |
| Warrant Reserve | - | - | - |
| Foreign exchange reserve | (1,350) | (1,312) | (1,145) |
| Other reserves | (23,023) | (23,023) | (23,023) |
| Accumulated loss | (44,925) | (36,365) | (45,592) |
| **Total Equity** | 4,310 | 12,903 | 3,848 |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Lease Liabilities | 375 | 230 | 302 |
| Provisions | 1,171 | 1,166 | 1,192 |
| | 1,546 | 1,396 | 1,494 |
| **Current liabilities** | | | |
| Income Tax Payable | 333 | 148 | 101 |
| Trade and other payables | 714 | 580 | 972 |
| Loans and Borrowings | 68 | - | 35 |
| Lease Liabilities | 223 | 216 | 153 |
| | 1,338 | 944 | 1,261 |
| **Total Liabilities** | 2,884 | 2,340 | 2,755 |
| **Total Equity and Liabilities** | 7,194 | 15,243 | 6,603 |

## CONSOLIDATED STATEMENT OF CASH FLOW

| | **6 months to 30 June 2024** (Unaudited) **'000** | **6 months to 30 June 2023** (Unaudited) **'000** | **Year to 31 December 2023** (Audited) **'000** |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/ (loss) after tax | 667 | 38 | (9,189) |
| Adjustments for: | | | |
| Depreciation of property, plant, and equipment | 8 | 8 | 16 |
| Amortisation of Right of Use asset | 158 | 116 | 277 |
| Impairment charge | 25 | - | 8,898 |
| Income Tax expense | 283 | 16 | 107 |
| Lease Interest | 9 | - | 14 |
| (Increase) / decrease in inventory | - | - | 1 |
| (Increase) / decrease in trade and other receivables | (300) | (149) | 45 |
| (Increase) / decrease in prepayments | - | 25 | 25 |
| Increase / (decrease) in trade and other payables | (258) | 213 | 610 |
| Increase /(decrease) in prepaid income tax | - | 75 | (57) |
| Income tax paid | (20) | (53) | (154) |
| Share based payment expense | - | - | 5 |
| **Net cash flows from operating activities** | 572 | 289 | 598 |
| **Investing activities** | | | |
| Increase in PPE Development Asset | (25) | (188) | (203) |
| Increase in PPE | - | - | - |
| Increase in deferred exploration and evaluation asset | (233) | (159) | (366) |
| **Net cash used in investing activities** | (258) | (347) | (569) |

| | | | |
|---|---|---|---|
| **Financing activities** | | | |
| Proceeds from borrowings | 67 | - | 34 |
| Repayment of borrowings | (39) | - | - |
| Lease Payments | (174) | (146) | (296) |
| **Net cash from financing activities** | (146) | (146) | (262) |
| **Net increase / (decrease) in cash and cash equivalents** | 168 | (204) | (233) |
| Cash and cash equivalents at beginning of period | 112 | 341 | 341 |
| Exchange gains / (losses) on cash and cash equivalents | - | (7) | 4 |
| **Cash and cash equivalents at end of period** | 280 | 129 | 112 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital '000 | Share premium reserve '000 | Merger Reserve '000 | Warrant Warrant Reserve '000 | Share options reserve '000 | Initial Re-structure Reserve '000 | Foreign Exch. reserve '000 | Retained earnings '000 | Total equity '000 |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2023** | **2,916** | **49,387** | **21,300** | **-** | **-** | **(23,023)** | **(1,334)** | **(36,403)** | **12,843** |
| Profit for the year | - | - | - | - | - | - | - | (9,189) | (9,189) |
| Foreign exchange translation | - | - | - | - | - | - | 189 | - | 189 |
| Total comprehensive income/(loss) for the year | - | - | - | - | - | - | 189 | (9,189) | (9,000) |
| Share based payments | - | - | - | 5 | - | - | - | - | 5 |
| **Balance at 31 December 2023** | **2,916** | **49,387** | **21,300** | **5** | **-** | **(23,023)** | **(1,145)** | **(45,592)** | **3,848** |
| Profit for the period | - | - | - | - | - | - | - | 667 | 667 |
| Foreign exchange translation | - | - | - | - | - | - | (205) | - | (205) |
| Total comprehensive income for the year | - | - | - | - | - | - | (205) | 667 | 462 |
| **Balance at 30 June 2024** | **2,916** | **49,387** | **21,300** | **5** | **-** | **(23,023)** | **(1,350)** | **(44,925)** | **4,310** |

All comprehensive income is attributable to the owners of the parent Company.

## NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**1. General Information**

Strategic Minerals Plc ("the Company") is a public company incorporated in England and Wales. The consolidated interim financial statements of the Company for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group").

**2. Significant accounting policies**

**Basis of preparation**

In preparing these financial statements the presentational currency is US dollars. As the entire group's revenues and majority of its costs, assets and liabilities are denominated in US dollars it is considered appropriate to report in this currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Standards and UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The financial statements have been prepared on a historical cost basis, except for the acquisition of LCCM and the valuation of certain investments which have been measured at fair value, not historical cost.

**Going concern basis**

The Directors have considered the Group and Parent Company's (together "the Group") ability to continue as a going concern through review of cash flow forecasts prepared by management for the period to 31 December 2025 and a review of the key assumptions on which these are based and sensitivity analysis.

The Company forecasts that to have sufficient funds to meet all operating costs until December 2025, the Group is reliant on cash being generated from the Cobre asset in line with forecast.

As outlined by the Board, it is intended that any funds required to progress either the Leigh Creek Copper Mine and/or Redmoor projects will be sourced at the asset level and Management are actively pursuing such funding.

The Directors have reasonable expectation that the Group will have access to sufficient resources by way of debt or equity markets should the need arise. Consequently, the consolidated financial statements have been prepared on a going concern basis.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**New standards, interpretations, and amendments effective 1 July 2024:**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early.

**Investment in joint arrangements**

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement.
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (in any other contractual arrangements).

The Group accounts for its interests in joint ventures initially at cost in the consolidated statement of financial position. Subsequently joint ventures are accounted for using the equity method where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its joint ventures are recognised only to the extent of unrelated investors' interests in the joint venture. The investor's share in the joint ventures' profits and losses resulting from these transactions is eliminated against the carrying value of the joint venture.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues, and expenses in accordance with its contractually conferred rights and obligations. In accordance with IFRS 11 Joint Arrangements, the Group is required to apply all of the principles of IFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3.Where there is an increase in the stake of the joint venture entity from an associate to a subsidiary and the acquisition is considered as an asset acquisition and not a business combination in accordance with IFRS3, this step up transaction is accounted for as the purchase of a single asset and the cost of the transaction is allocated in its entirety to that asset with no gain or loss recognised in the income statement. The step-up acquisition of CRL in 2019 has been accounted for as a purchase of a single asset and the cost of the transaction is allocated in its entirety to that balance sheet.

## 3. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Estimates**

(a) Carrying value of intangible assets

Management assesses the carrying value of the exploration and evaluation assets for indicators of impairment based on the requirements of IFRS 6 which are inherently judgemental. This includes ensuring the Group maintains legal title, assessment regarding the commerciality of reserves and the clear intention to move the asset forward to development.

The Redmoor projects are early-stage exploration projects and therefore Management have applied judgement in the period as to whether the results from exploration activity provide sufficient evidence to continue to move the asset forward to development. There are no indicators of impairment for the Redmoor project in the period to 30 June 2024.

(b) Share based payments

The fair value of share-based payments recognised in the statement of comprehensive income is measured by use of the Black Scholes model after taking into account market-based vesting conditions and conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour based on past experience.

(c) Carrying value of amounts owed by subsidiary undertakings.

IFRS9 requires the parent company to make certain assumptions when implementing the forward- looking expected credit loss model. This model is required to be used to assess the intercompany loan receivables from its subsidiaries for impairment. Arriving at an expected credit loss allowance involved considering different scenarios for the recovery of the intercompany loan receivables, the possible credit losses that could arise and probabilities for these scenarios.

The following were considered: the exploration project risk, the future sales potential of product, value of potential reserves and the resulting expected economic outcomes of the project.

(d) Carrying Value of Development Assets

Management assesses the carrying value of development assets for indicators of impairment based on the requirements of IAS36 which are inherently judgemental.

The following are the key assumptions used in this assessment of Carrying value.

i) Mineable reserves over life of project

ii) Forecasted Copper pricing

iii) Capital and operating cost assumptions to deliver the mining schedule

iv) Foreign exchange rates

v) Discount rate

vi) Estimated project commencement date.

If the carrying amount of the Development asset exceeds the recoverable amount, the asset is impaired. The Group will reduce the carrying amount of the asset to its recoverable amount and recognise an impairment loss. The assessment is carried out twice per year - end of half year reporting period and end of annual reporting period.

(e) Determination of incremental borrowing rate for leases

Under IFRS 16, where the interest rate implicit in the lease cannot be readily determined the incremental borrowing rate is used. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

**Judgements**

(a) Investments in subsidiaries

Investment in subsidiaries comprises of the cost of acquiring the shares in subsidiaries.

If an impairment trigger is identified and investments in subsidiaries are tested for impairment, estimates are used to determine the expected net return on investment. The estimated return on investment takes into account the underlying economic factors in the business of the Company's subsidiaries including estimated recoverable reserves, resources prices, capital investment requirements, and discount rates among other things.

(b) Contingent consideration as part of Asset acquisition

Judgement was required in determining the accounting for the contingent consideration payable as per of the CRL acquisition. The group has an obligation to pay A 1m on net smelter sales arising from CRL production reaching A 50m and a further A 1m on net smelter sales arising from CRL production reaching A 100m.

Whilst a possible obligation exists in relation to the consideration payable, given the early stage of the project it was concluded that at reporting date it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation

**4. Segment information**

The Group has four main segments during the period:

- Southern Minerals Group LLC (SMG) - This segment is involved in the sale of magnetite to both the US domestic market and historically transported magnetite to port for onward export sale.
- Head Office - This segment incurs all the administrative costs of central operations and finances the Group's operations. A management fee is charged for completing this service and other certain services and expenses.
- Development Asset - This segment holds the Leigh Creek Copper Mine Development Asset in Australia and incurs all related operating costs.
- United Kingdom - The investment in the Redmoor project in Cornwall, United Kingdom is held by this segment.

*Factors that management used to identify the Group's reportable segments.*

The Group's reportable segments are strategic business units that carry out different functions and operations and operate in different jurisdictions.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the board and management team which includes the Board and the Chief Financial Officer.

*Measurement of operating segment profit or loss, assets, and liabilities*

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with International Accounting Standards.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Loans and borrowings are allocated to the segments in which the borrowings are held. Details are provided in the reconciliation from segment assets and liabilities to the Group's statement of financial position.

| **6 Months to 30 June 2024 (Unaudited)** | **SMG '000** | **Head Office '000** | **United Kingdom '000** | **Development Asset '000** | **Intra Segment Elimination '000** | **Total '000** |
|---|---|---|---|---|---|---|
| Revenues | 2,136 | - | - | - | - | 2,136 |
| Gross profit | 2,136 | - | - | - | - | 2,136 |
| Raw materials/consumables | (393) | - | - | - | - | (393) |
| Overhead expenses | (342) | (214) | (5) | - | - | (561) |
| Management fee income/(expense) | (200) | 200 | | - | - | - |
| Interest | - | (13) | (8) | - | - | (21) |
| Share based payments | - | - | - | - | - | - |
| Amortisation | (158) | - | - | - | - | (158) |
| Impairment | - | - | | (25) | - | (25) |
| Depreciation | (8) | - | - | - | - | (8) |
| Foreign exchange gain/(loss) | - | 227 | - | - | (238) | (11) |
| Segment profit /(loss) from operations | 1,035 | 200 | - | (25) | (238) | 959 |
| Lease Interest | (9) | | - | | | (9) |
| Segment profit /(loss) before taxation | 1,026 | 200 | (13) | (25) | (238) | 950 |

| 6 Months to 30 June 2023 (Unaudited) | SMG '000 | Head Office '000 | United Kingdom '000 | Development Asset '000 | Intra Segment Elimination '000 | Total '000 |
|---|---|---|---|---|---|---|
| Revenues | 782 | - | - | - | - | 782 |
| Gross profit | 782 | - | - | - | - | 782 |
| Other Income | 1 | - | - | - | - | 1 |
| Raw materials/consumables | (137) | - | - | - | - | (137) |
| Overhead expenses | (242) | (215) | - | - | - | (457) |
| Management fee income/(expense) | (200) | 197 | | - | 3 | - |
| Share based payments | - | - | - | - | - | - |
| Amortisation | (116) | - | - | - | - | (116) |
| Depreciation | (8) | - | - | - | - | (8) |
| Foreign exchange gain/(loss) | - | 78 | - | - | (84) | (6) |
| Segment profit /(loss) from operations | 80 | 60 | - | - | (81) | 59 |
| Lease Interest | (4) | | (1) | | | (5) |
| Finance Expense | - | - | - | - | - | - |
| Segment profit /(loss) before taxation | 76 | 60 | (1) | - | (81) | 54 |

| Year to 31 December 2023 (Audited) | SMG '000 | Head Office '000 | United Kingdom '000 | Development Asset '000 | Intra Segment Elimination '000 | Total '000 |
|---|---|---|---|---|---|---|
| **Revenues** | 1,577 | - | - | - | - | 1,577 |
| **Total Revenue** | 1,577 | - | - | - | - | 1,577 |
| Othe Revenue | 1 | - | 3 | - | - | 4 |
| Raw Materials/Consumables | (262) | - | - | - | - | (262) |
| Overhead expenses | (478) | (627) | (56) | - | - | (1,161) |
| Management fee income/(expense) | (250) | 250 | | - | - | - |
| Share based payments | - | (5) | - | - | - | (5) |
| Impairment | - | - | - | (8,898) | - | (8,898) |
| Amortisation- right of use asset | (277) | - | - | - | - | (277) |
| Interest | (6) | (18) | - | - | - | (24) |
| Depreciation | (16) | - | - | - | - | (16) |
| (Loss)/ gain on intercompany loans | - | (3,377) | - | - | 3,377 | - |
| Foreign exchange gain/(loss) | - | (227) | - | - | 221 | (6) |
| **Segment profit /(loss) from operations** | 289 | (4,004) | (53) | (8,898) | 3,598 | (9,068) |
| **Lease Interest** | (14) | - | - | - | - | (14) |
| **Finance Expense** | - | - | - | - | - | - |
| **Segment profit /(loss) before taxation** | 275 | (4,004) | (53) | (8,898) | 3,598 | (9,082) |

| **As at 30 June 2024 (Unaudited)** | **SMG '000** | **Head Office '000** | **United Kingdom '000** | **Development Asset '000** | **Total '000** |
|---|---|---|---|---|---|
| Additions to non-current assets | - | - | 233 | 25 | 258 |
| Reportable segment assets | 1,358 | 56 | 5,640 | 140 | 7,194 |
| Reportable segment liabilities | 1,065 | 495 | 116 | 1,208 | 2,884 |

| **As at 30 June 2023 (Unaudited)** | **SMG '000** | **Head Office '000** | **United Kingdom '000** | **Development Asset '000** | **Total '000** |
|---|---|---|---|---|---|
| Additions to non-current assets | - | - | 159 | 188 | 347 |
| Reportable segment assets | 901 | 42 | 5,517 | 8,783 | 15,243 |
| Reportable segment liabilities | 690 | 359 | 86 | 1205 | 2340 |

| **As at 31 December 2023 (Audited)** | **SMG '000** | **Head Office '000** | **United Kingdom '000** | **Development Asset '000** | **Total '000** |
|---|---|---|---|---|---|
| Additions to non-current assets | - | - | 366 | 203 | 569 |
| Reportable segment assets | 837 | 30 | 5,599 | 137 | 6,603 |
| Reportable segment liabilities | 656 | 730 | 127 | 1,242 | 2,755 |

| | **External revenue by location of customers** | | **Non-current assets by location of assets** | |
|---|---|---|---|---|
| | **30 June 2024 '000** | **30 June 2023 '000** | **30 June 2024 '000** | **30 June 2023 '000** |
| United States | 2,136 | 782 | 650 | 535 |
| United Kingdom | - | - | 5,608 | 5,387 |
| Australia | - | - | 133 | 8,783 |
| | 2,136 | 782 | 6,391 | 14,705 |

Revenues from Customer A totalled 323,163 (2023: 273,114), which represented 15% (2023: 35%) of total domestic sales in the United States, Customer B totalled 1,022,442 (2023: nil) which represented 48% (2023: 0%) Customer C totalled 404,104 (2023: 417,642) which represented 19% (2023: 53%), and Customer D totalled 334,977 (2023: nil) which represented 16% (2023: 0%).

**5. Operating Loss**

| | **6 months to 30 June 2024 (Unaudited) '000** | **6 months to 30 June 2023 (Unaudited) '000** | **Year to 31 December 2023 (Audited) '000** |
|---|---|---|---|

| | '000 | '000 | '000 |
|---|---|---|---|
| **Operating gain/loss is stated after charging/(crediting):** | | | |
| Other Income | - | (1) | (4) |
| Directors' fees and emoluments | 39 | 86 | 257 |
| Equipment rental | - | 2 | 2 |
| Equipment maintenance | 31 | 13 | 30 |
| Fees payable to the company's auditor for the audit of the parent company and consolidated financial statements | - | - | 81 |
| Non- Audit Services | 6 | - | - |
| Salaries, wages, and other staff related costs | 336 | 203 | 405 |
| Legal, professional and consultancy fees | 53 | 82 | 189 |
| Other Expenses | 76 | 71 | 198 |
| Overhead Expenses | 541 | 457 | 1,158 |
| Lease Interest | 9 | 5 | 14 |
| Interest | 21 | - | 24 |
| Foreign exchange | 10 | 6 | 5 |
| Amortisation of Right of use assets | 158 | 116 | 277 |
| Depreciation | 8 | 8 | 16 |
| Share based payments | - | - | 5 |
| Impairment | 25 | - | 8,898 |
| **Total** | 772 | 591 | 10,397 |

## 6. Intangible assets - exploration and evaluation costs

| | **6 months to 30 June 2024 (Unaudited) '000** | **6 months to 30 June 2023 (Unaudited) '000** | **Year to 31 December 2023 (Audited) '000** |
|---|---|---|---|
| **Cost** | | | |
| Opening balance for the period | 5,568 | 4,983 | 4,983 |
| Additions for the period | 234 | 236 | 486 |
| Grant Reimbursement | - | (69) | (112) |
| Research and development incentive | - | (8) | (8) |
| Foreign exchange difference | (211) | 225 | 219 |
| **Closing balance for period** | 5,592 | 5,367 | 5,568 |

## 7. Property, plant and equipment

| | **Development Asset '000** | **Plant and Machinery '000** | **Total '000** |
|---|---|---|---|
| **Group** | | | |
| **Cost** | | | |
| At 1 January 2023 (audited) | 7,807 | 723 | 8,530 |
| Additions | 188 | - | 188 |
| Foreign exchange difference | (193) | (7) | (200) |
| **At 30 June 2023 (unaudited)** | 7,802 | 716 | 8,518 |
| Additions for period | 15 | - | 237 |
| Impairment | (8,033) | (328) | (8,531) |
| Foreign exchange difference | 216 | 7 | 233 |

| | | | |
|---|---|---|---|
| **At 31 December 2023 (audited)** | - | 395 | 395 |
| Additions | 25 | - | 25 |
| Impairment | (25) | - | (25) |
| Foreign exchange difference | - | - | - |
| | | | - |
| **At 30 June 2024(Unaudited)** | - | 395 | 395 |
| **Depreciation** | | | |
| At 1 January 2023 (audited) | - | (307) | (307) |
| Charge for the period | - | (8) | (8) |
| Foreign exchange difference | | | - |
| **At 30 June 2023 (unaudited)** | - | (315) | (315) |
| Charge for the period | - | - | - |
| Foreign exchange difference | - | - | - |
| **At 31 December 2023 (audited)** | - | (315) | (315) |
| Charge for the period | - | (8) | (8) |
| Foreign exchange difference | - | - | - |
| **As at 30 June 2024(unaudited)** | - | (323) | (323) |
| **Carrying Value** | | | |
| **As at 30 June 2024(unaudited)** | - | 72 | 72 |
| **As at 31 December 2023(audited)** | - | 80 | 80 |
| **As at 30 June 2023 (unaudited)** | 7,802 | 401 | 8,203 |

**8. Leases**

The Group has leases for an office, plant and machinery and a vehicle. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

| | **Office Lease** '000 | **Plant, Machinery and Vehicles** '000 | **Total** '000 |
|---|---|---|---|
| **Right of Use Assets** | '000 | '000 | '000 |
| As at 1 January 2023 (audited) | 1 | 583 | 584 |
| Additions | - | - | - |
| Amortisation(capitalised) | (1) | - | (1) |
| Amortization | - | (115) | (115) |
| As at 30 June 2023 (unaudited) | - | 469 | 469 |
| Additions | - | 150 | 150 |
| Amortisation(capitalised) | - | (3) | (3) |
| Amortization | - | (162) | (162) |
| As at 31 Dec 2023 (Audited) | - | 453 | 453 |
| Additions | - | 301 | 301 |
| Amortisation(capitalised) | - | (2) | (2) |
| Amortization | - | (159) | (159) |

| | | | |
|---|---|---|---|
| As at 30 June 2024 (unaudited) | - | 594 | 594 |

| | Office Lease | Plant, Machinery and Vehicles | Total |
|---|---|---|---|
| Lease Liabilities | | | |
| **As at 1 January 2023 (audited)** | 4 | 583 | 587 |
| Additions | - | - | - |
| Interest Payments | - | 5 | 5 |
| Lease Payments | (4) | (142) | (146) |
| **As at 30 June 2023 (unaudited)** | - | 446 | 446 |
| Additions | - | 150 | 150 |
| Interest Payments | - | 9 | 9 |
| Lease Payments | | (150) | (150) |
| **As at 31 Dec 2023 (Audited** | - | 455 | 455 |
| Additions | - | 301 | 301 |
| Interest Payments | - | 9 | 9 |
| Lease Payment | - | (166) | (166) |
| **As at 30 June 2024 (unaudited)** | - | 598 | 598 |

| **Lease Liability** | **June 2024** | **June 2023** | **December 2023** |
|---|---|---|---|
| Current | 223 | 216 | 153 |
| Non-Current | 375 | 230 | 302 |
| | 598 | 446 | 455 |

**9. Dividends**

No dividend is proposed for the period.

**10. Earnings per share**

Earnings per ordinary share have been calculated using the weighted average number of shares in issue during the relevant financial year as provided below.

| | **6 months to 30 June 2024 (Unaudited) '000** | **6 months to 30 June 2023 (Unaudited) '000** | **Year to 31 December 2023 (Audited) '000** |
|---|---|---|---|
| Weighted average number of shares - Basic | 1,593,558,030 | 1,593,558,030 | 1,593,558,030 |
| Weighted average number of shares - Diluted | 1,593,558,030 | 1,593,558,030 | 1,593,558,030 |
| Earnings (loss) for the period | 557,000 | 38,000 | ( 9,189,000) |
| Earnings per share in the period - Basic | ¢0.042 | ¢0.02 | ¢(0.58) |
| Earnings per share in the period - Diluted | ¢0.042 | ¢0.02 | ¢(0.58) |

| | | | |
|---|---|---|---|
| Earnings per share in the period - Diluted | $0.042 | $0.02 | $(0.03) |

**11. Share capital and premium**

| | 30 June 2024 No | 30 June 2024 '000 | 30 June 2023 No | 30 June 2023 '000 |
|---|---|---|---|---|
| Allotted, called up and fully paid Ordinary shares | 2,015,964,616 | 52,303 | 2,015,964,616 | 52,303 |

**Share options and warrants**

As at 30 June 2024 all share options and warrants have expired.

**12. Post balance date events**

Post the balance sheet date, the then Company chairman, Alan Broome AM, chose to retire and, subsequently, Charles Manners and Mark Burnett were added to the Board. Charles Manners was then elected Chairman,

Copies of this interim report will be made available on the Company's website, www.strategicminerals.net.



END

IR UVOURSWUKUAR