Ironveld Plc

("Ironveld" or the "Company")

Final Results for the year ended 30 June 2022

Ironveld plc, the owner of a High Purity Iron ("HPI"), Vanadium and Titanium project located on the Northern Limb of the Bushveld Complex in Limpopo Province, South Africa (the "Project") announces its final results for the 12 months ended 30 June 2022 ("the Period"). Hard copies of these results will be posted to shareholders by 31 December 2022.

Operational and Financial Highlights

- Acquisition and refurbishment of Rustenburg smelter, funded by a £4.5 million Placing post Period end, will enable Ironveld to mine and process ore for the first time;
- Mining activities commenced December 2022; and
- First furnace close to production at Rustenburg smelter.

Outlook

- 2023 expected to see production and sales increase rapidly as the smelter moves to full capacity production.

For further information, please contact:

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NOTES TO EDITORS

Ironveld (IRON.LN) is the owner of Mining Rights over approximately 28 kilometres of outcropping Bushveld magnetite with a SAMREC compliant ore resource of some 56 million tons of ore grading 1,12% V_2O_5, 68,6% Fe_2O_3 and 14,7% TiO_2.

In 2022 Ironveld agreed to acquire and refurbish a smelter facility in Rustenburg, South Africa, in which it can process its magnetite ore into the marketable products of high purity iron, titanium slag and vanadium slag.

Ironveld is an AIM traded company. For further information on Ironveld please refer to www.ironveld.com.

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present the Annual Report and the Financial Statements for the year to 30 June 2022.

During the Period, we continued to undertake various activities focused on realising the value of the Company's assets, with the most significant events having taken place post Period end.

In March 2021 the Company had announced that it was in discussions with a strategic partner seeking to take a substantial equity stake at the listed company level and this was confirmed in October 2021 with the announcement of an agreed Subscription by Grosvenor Resources (Pty) Limited ("Grosvenor") for 561,505,950 new ordinary shares at 1 pence per share, being a substantial premium over the prevailing share price. Shareholder approval for the transaction was granted at a General Meeting in November 2021, however due to delays in Grosvenor securing its own funding for the investment the transaction had not closed as at the period end and as at today's date Grosvenor is still in advanced negotiations to fund and proceed with an investment in Ironveld, but the Directors remain hopeful that a meaningful advance will soon be made.

In May 2021 the Company announced that it had agreed terms with a business rescue practitioner and a sole creditor to acquire an existing smelter in Rustenburg, South Africa for a total of ZAR 115 million (approximately £5.75 million), payable ZAR 15 million (approximately £750,000) on completion with the balance of ZAR 100 million (approximately £5.0 million) repayable from smelter cashflows over 10 years. The Company then completed a Placing to raise gross proceeds of £4.5 million in August 2022.

The acquisition of the Rustenburg smelter is a moment of huge significance for the Company as it provides the first opportunity to economically mine and process the Company's magnetite ore into marketable products: high purity iron, vanadium in slag and titanium in slag.

Following a rapid and efficient refurbishment project at the smelter and establishment of all necessary infrastructure at the mine, the Company was able to announce in early December 2022 that mining activities had commenced and that the smelter's first furnace (of three) would be in operation within weeks, materially ahead of schedule.

We remain committed to operating responsibly, working closely with stakeholders and local communities at grassroots level to improve standards of living. Our local communities have been fully involved in the process to establish the mining area and have provided all necessary consents. As part of our Social Labour Plan (approved by the Department of Mineral Resources ("DMR") in South Africa) we have undertaken to implement water supply schemes, electrification upgrades and roads and stormwater infrastructure to the municipalities of our mining communities. In addition Ironveld has committed to provide training, bursaries and employment to the members of the various host communities.

Giles Clarke
Chairman

28 December 2022

STRATEGIC REPORT

Financial

The Group recorded a loss before tax of £0.8 million (2021: £0.5 million) in the Period. The Company does not plan to pay a dividend for the year ended 30 June 2022.

Going concern

The Subscription proceeds due from Grosvenor Resources had not been received as at the date of these Financial Statements, however the Directors have received reasonable assurances that progress is being made between Grosvenor and its potential funders and is hopeful that an investment by Grosvenor will be completed early in 2023. In addition the Company expects to rapidly increase production and revenues as all three furnaces at the smelter reach full production in the first half of 2023, which will see the business operating on a positive cash flow basis.

Taking receipt of the funds referred to above and the planned increase in production into account, these Financial Statements have been prepared on a Going Concern basis.

Outlook

With the Company seeing increasing production from the smelter during the first half of 2023 the outlook is extremely positive.

We would like to thank all of our shareholders for their continuing support for both the Company and the project and we look forward to providing further updates in the near future.

Principal risks and uncertainties

The Directors consider the following risks to be the most material or significant for the management of the business. These issues do not purport to be a complete list or explanation of all the risks facing the Group. In particular the Group's performance may be affected by changes in market and/or economic conditions, changes in legal, regulatory or tax requirement legislation.

The Board of Directors monitors these risks and the Group's performance on a regular basis

Operational risks - The production of the Company's range of metals involves a series of processes, from the mining of the ore at the mine site, to the smelting of material at the Rustenburg smelter. Mining operations are subject to a number of risks, including mechanical outages, supply issues (e.g. fuel), interruptions due to weather and soil conditions, among many others.

Availability of finance - Expansion of current activities or further development and production from the ore resources requires significant further capital expenditure and the Group will need to raise further finance. The terms on which future funds can be raised may not be on terms which the Directors consider acceptable. The Group is listed on the public markets which greatly assists in the raising of additional finance.

Governance and Compliance - There are multiple governance based risks which may have an impact on the business. The Group operates within a complex regulatory environment which focuses on accountability. Failure to comply with regulations, including applicable licences required for continuous operations, or failure to follow expected social and business conduct could cause potential interruption or stoppage of operations, potential financial loss and reputational damage.

Health and Safety - Mining and Smelting operations by their very nature are dangerous working environments which, if not managed, could lead to serious injuries and a loss of life.

Commodity Markets - A significant decrease in commodity prices for high purity iron, vanadium or titanium would negatively impact Group revenues.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Inflation - The Group’s cost base is highly susceptible to inflationary pressures. In cycles of high commodity prices, input costs, such as wages, consumables, diesel and energy often increase at a rate higher than that of general inflation. Rising costs, which could be triggered by and therefore offset by higher commodity prices, have a direct impact on the Group’s profitability. In addition, inflationary pressures have an impact on capital expenditure.

Political and Country risk - Substantially all of the Groups business and operations are conducted in South Africa and the political, economic, legal and social situation in South Africa introduces a certain degree of risk with respect to the Group’s activities.

s172 Statement – Director’s statement in performance of their statutory duties in accordance with s172 (1) Companies Act 2006

During the year ended 30 June 2022 the Board of Directors consider that they have acted in a way that would be most likely to promote the success of the company for the benefit of its members (having regard to the stakeholders and the matters set out in s172(1)(a)-(f) of the Companies Act 2006).

The Board has elected to apply the Quoted Company Alliance Corporate Governance Code as part of its commitment to high standards of corporate governance in all of its activities and complies with its requirements as far as is practicable and appropriate for a company of its nature and size.

The Directors are aware of their responsibilities to take into consideration the interests of all stakeholders in their decision making process and to promote the success of the Company in accordance with s172. The Directors continue to pay full regard to the interests of the stakeholders.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company’s employees,
- Foster the Company’s relationships with suppliers, customers and others, and
- Consider the impact of the Company’s operations on the community and the environment.

The Company is quoted on AIM and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, updated on the website, of the Board’s broad and specific intentions and the rationale for its decisions. When making decision, the Board of Directors, issues such as the impact on the community and the environment have actively been taken into consideration. The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds. The Company recognises workers’ representation unions and complies with all local employment legislation.

The key decisions made in the year to promote this success are explained in the Strategic Report above.

This report was approved by the Board on 28 December 2022 and signed on its behalf by:

Giles Clarke
Chairman

28 December 2022

CONSOLIDATED INCOME STATEMENT

	Note	2022 £000	2021 £000
Administrative expenses		(798)	(783)
Operating loss	**4**	(798)	(783)
Other gains and losses	**6**	-	323
Investment revenues	**7**	4	3
Finance costs	**8**	(17)	(8)
Loss before tax		(811)	(465)
Tax	**9**	**-**	-
Loss for the year		(811)	(465)
Attributable to:			
Owners of the Company		(806)	(460)
Non-controlling interests		(5)	(5)
		(811)	(465)
Loss per share - Basic and diluted	**10**	(0.06p)	(0.05p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022 £000	2021 £000
Loss for the period	(811)	(465)
Exchange difference on translation of foreign operations	(199)	1,692
Total comprehensive (loss)/income for the year	(1,010)	1,227
Attributable to		
Owners of the Company	(974)	956
Non-controlling interests	(36)	271
	(1,010)	1,227

Amounts charged/credited to other comprehensive income may be reclassified to the income statement in future periods.

CONSOLIDATED BALANCE SHEET

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	**12**	26,350	26,191
Property, plant and equipment	**13**	2	2
Investments	**14**	-	-
Other receivables	**15**	3	3
		26,355	26,196
Current assets			
Trade and other receivables	**15**	198	177
Cash and cash equivalents	**22**	17	270
		215	447
Total assets		26,570	26,643
Current liabilities			
Trade and other payables	**16**	(619)	(272)
Borrowings	**17**	(499)	-
		(1,118)	(272)
Non-current liabilities			
Deferred tax liabilities	**18**	(4,730)	(4,774)
Total liabilities		(5,848)	(5,046)
Net assets		20,722	21,597
Equity			
Share capital	**20**	10,453	10,436
Share premium	**21**	21,379	21,261
Other reserve	**21**	12	15
Retained earnings	**21**	(8,421)	(7,618)
Foreign currency translation reserve	**21**	(6,045)	(5,877)
Equity attributable to owners of the Company		17,378	18,217
Non-controlling interests	**25**	3,344	3,380
Total equity		20,722	21,597

These financial statements were approved by the Board and authorised for issue on 28 December 2022.

Signed on behalf of the Board

M Eales
Director

Company Registration No: 04095614

PARENT COMPANY BALANCE SHEET

	Note	2022 £000	2021 £000
Non-current assets			
Investments	**14**	26,017	25,502
Current assets			
Trade and other receivables	**15**	60	49
Cash and cash equivalents	**22**	12	255
		72	304
Total assets		26,089	25,806
Current liabilities			
Trade and other payables	**16**	(606)	(264)
Borrowings	**17**	(499)	-
Total liabilities		(1,105)	(264)
Net assets		24,984	25,542
Equity			
Share capital	**20**	10,453	10,436
Share premium	**21**	21,379	21,261
Other reserve	**21**	12	15
Retained earnings	**21**	(6,860)	(6,170)
Total equity (Attributable to owners of the Company)		24,984	25,542

The loss for the financial year dealt with in the financial statements of the parent Company was £693,000 (2021 – loss £815,000).

These financial statements were approved by the Board and authorised for issue on 28 December 2022

Signed on behalf of the Board

M Eales
Director

Company Registration No: 04095614

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the Company:

	Share Capital £000	Share Premium £000	Other Reserve £000	Foreign currency translation £000	Retained Earnings £000	Total £000
At 1 July 2020	9,774	19,691	189	(7,293)	(7,187)	15,174
Loss for the year	-	-	-	-	(460)	(460)
Exchange difference on translation of foreign operations	-	-	-	1,416	-	1,416
Reclassification to liability	-	-	(189)	-	-	(189)
Credit for equity-settled share based payments	-	-	-	-	29	29
Issue of share capital	662	1,570	-	-	-	2,232
Issue of share options and warrants	-	-	15	-	-	15
At 30 June 2021	10,436	21,261	15	(5,877)	(7,618)	18,217
Loss for the year	-	-	-	-	(806)	(806)
Exchange difference on translation of foreign operations	-	-	-	(168)	-	(168)
Issue of share capital	17	118	-	-	-	135
Exercise of share warrants	-	-	(3)	-	3	-
At 30 June 2022	10,453	21,379	12	(6,045)	(8,421)	17,378

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Total equity:

	Owners of the Company £000	Non-controlling Interest £000	Total Equity £000
At 1 July 2020	15,174	3,109	18,283
Loss for the year	(460)	(5)	(465)
Exchange difference on translation of foreign operations	1,416	276	1,692
Reclassification to liability	(189)	-	(189)
Credit for equity-settled share based payments	29	-	29
Issue of share capital	2,232	-	2,232
Issue of share option and warrants	15	-	15
At 30 June 2021	18,217	3,380	21,597
Loss for the year	(806)	(5)	(811)
Exchange difference on translation of foreign operations	(168)	(31)	(199)
Issue of share capital	135	-	135
At 30 June 2022	17,378	3,344	20,722

COMPANY STATEMENT OF CHANGES IN EQUITY

Equity attributable to the equity holders of the Company:

	Share Capital £000	Share Premium £000	Other Reserve £000	Retained Earnings £000	Total Equity £000
At 1 July 2020	9,774	19,691	189	(5,384)	24,270
Loss for the year	-	-	-	(815)	(815)
Reclassification to liability	-	-	(189)	-	(189)
Credit for equity-settled share based payments	-	-	-	29	29
Issue of share capital	662	1,570	-	-	2,232
Issue of share options and warrants	-	-	15	-	15
At 30 June 2021	10,436	21,261	15	(6,170)	25,542
Loss for the year	-	-	-	(693)	(693)
Issue of share capital	17	118	-	-	135
Exercise of share warrants	-	-	(3)	3	-
At 30 June 2022	10,453	21,379	12	(6,860)	24,984

CONSOLIDATED CASH FLOW STATEMENT

	Note	2022 £000	2021 £000
Net cash used in operating activities	**22**	(337)	(642)
Investing activities			
Purchases of property, plant and equipment		(1)	(1)
Purchase of exploration and evaluation assets		(396)	(492)
Interest received		4	3
Net cash used in investing activities		(393)	(490)
Financing activities			
Proceeds on issue of equity (net of costs)		-	1,134
Proceeds from new loans		482	363
Repayment of loans		-	(109)
Net cash generated by financing activities		482	1,388
Net (decrease)/increase in cash and cash equivalents		(248)	256
Cash and cash equivalents at beginning of year	**22**	270	28
Effects of foreign exchange rates		(5)	(14)
Cash and cash equivalents at end of year	**22**	17	270

COMPANY CASH FLOW STATEMENT

	Note	2022 £000	2021 £000
Net cash used in operating activities	**22**	(230)	(507)
Investing activities			
Payments to acquire investments - loans		(495)	(384)
Investments repaid - loans		-	81
Net cash used in investing activities		(495)	(303)
Financing activities			
Proceeds on issue of equity (net of costs)		-	1,134
Proceeds from new loans		482	25
Repayment of loans		-	(109)
Net cash generated by financing activities		482	1,050
Net (decrease)/increase in cash and cash equivalents		(243)	240
Cash and cash equivalents at beginning of year	**22**	255	15
Cash and cash equivalents at end of year	**22**	12	255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Ironveld Plc is a public company incorporated and domiciled in England and Wales under the Companies Act 2006 whose shares are listed on the Alternative Investment Market of the London Stock Exchange. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in note 3 and in the Directors Report on page 6.

Adoption of new and revised Standards

In the current year, the Group has applied new or amended standard for the first time which are mandatory for accounting periods commencing on or after 1 July 2021. None of the standards adopted had a material impact on the financial statements. The significant new and amended standards adopted were as follows:-

Amendments to IFRS 4, IFRS 7, IFRS 9 and IFRS 16 in respect of the IBOR reform.

At the date of authorisation of these financial statements, amendments to existing standards and interpretations, applicable to the group, are not yet effective and have not been adopted early by the Group. The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group and Company's results or equity.

2.1 Significant accounting policies

The financial statements are based on the following policies which have been consistently applied:

Basis of preparation

The financial statements of the Group and Parent Company have been prepared in accordance with UK-adopted international accounting standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. The financial statements are presented in pounds sterling because that is considered to be the currency of the primary economic environment.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities controlled by the Company (its subsidiaries) made up to the year-end. Control is achieved where the Company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control and ceases when the Company loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders are initially measured at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying value of the non-controlling interests is the amount of initial recognition plus the non-controlling interests' share of the subsequent changes in equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

2.1 Significant accounting policies (continued)

Business combinations

Acquisitions of subsidiaries are accounted for using acquisition accounting. The consideration for each acquisition is measured at the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control in the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

Exploration and evaluation

Costs incurred prior to acquiring the rights to explore are charged directly to the income statement.

Licence acquisition costs and all other costs incurred after the rights to explore an area have been obtained, such as the direct costs of exploration and appraisal (including geological, drilling, trenching, sampling, technical feasibility and commercial viability activities) are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets, pending determination. Amounts charged to project partners in respect of costs previously capitalised are deducted as contributions received in determining the accumulated cost of E&E assets.

E&E assets are not amortised prior to the conclusion of the appraisal activities. At completion of appraisal activities, if financial and technical feasibility is demonstrated and commercial reserves are discovered then, following development sanctions, the carrying value of the relevant E&E asset will be reclassified as a development and production asset in intangible assets after the carrying value has been assessed for impairment and, where appropriate adjusted. If after completion of the appraisal of the area it is not possible to determine technical and commercial feasibility or if the legal rights have expired or if the Group decide to not continue activities in the area, then the cost of unsuccessful exploration and evaluation are written off to the income statement in the relevant period.

The Group's definition of commercial reserves for such purposes is proved and probable reserves on an entitlement basis. Proved and probable reserves are the estimated quantities of minerals which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from the known reserves and which are considered to be commercially producible.

Such reserves are considered commercially producible if management has the intention of developing and producing them and such intention is based upon:

- a reasonable expectation that there is a market for substantially all of the expected production;
- a reasonable assessment of the future economics of such production;
- evidence that the necessary production, transmission and transportation facilities are available or can be made available; and
- agreement of appropriate funding; and
- the making of the final investment decision.

On an annual basis a review for impairment indicators is performed. If an indicator of impairment exists an impairment review is performed. The recoverable amount is then considered to be the higher of the fair value less costs of sale or its value in use. Any identified impairment is written off to the income statement in the period identified.

Research and development

Research expenditure is recognised as an expense in the period in which it is incurred.

An internally-generated asset arising from any development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

2.1 Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax payable and deferred tax.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of the taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all appropriate taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to be applicable in the period when the liability or asset is realised and is based on tax laws and rates substantially enacted at the balance sheet date. Deferred tax is charged in the income statement except where it relates to items charged/credited in other comprehensive income, in which case the tax is also dealt with in other comprehensive income.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. All of the Groups leases has a lease term of 12 months or less.

Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% - 25% straight line basis or reducing balance basis

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the income statement in the period in which they arise.

When presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at average exchange rates for the period, unless exchange rates have fluctuated significantly in which case the rates at the date of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests where appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using the closing rate.

2.1 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Other receivables
Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method except for short-term receivables when recognition of interest would be immaterial. The Group recognises appropriate allowances for expected credit losses in the income statement based on a historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liability and equity
Interest bearing bank and other loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are initially recognised at fair value and are subsequently amortised using the effective interest method. Fair value is estimated from available market data and reference to other instruments considered to be substantially the same.

Trade and other payables
Trade payables and other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The Group's activities expose it primarily to the financial risks of changes in interest rates on borrowings and foreign exchange risk.

Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Share-based payments

The Group issues equity-settled share-based payments to certain employees and other parties. Equity settled share-based payments are measured at fair value at the date of grant. In respect of employee related share based payments, the fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. In respect of other share based payments, the fair value is determined at the date of grant and recognised when the associated goods or services are received.

Operating segments

The Group considers itself to have one operating segment in the year and further information is provided in note 3.

2.1 Significant accounting policies (continued)

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group has adequate resources to continue in operating existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details are provided in the note 2.2 and in the Strategic Report on pages 4 to 5. The financial statements therefore do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

2.2 Critical accounting estimates and judgements

The Group makes 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.

Going concern

As at the date of approval of these Financial Statements the Company has now commenced mining activities and the newly acquired smelter will shortly be processing ore following refurbishment of the first of what will be three operating furnaces. The majority of the capital expenditure for the entire Rustenburg smelter project has now been spent, however there is still further work to complete before the smelter is operating at planned full capacity in mid-2023 and the Group will need to carefully balance its cashflow consumed in operations against sales revenues received in order to complete this planned work.

In particular, should a decision be made to invest in equipment necessary for production of higher value iron powder products, the Group will need to secure further funding of approximately £1.5 – 2.0 million. At present the Group has no commitments or obligations to purchase this equipment.

First revenues for the Group’s products are expected in early 2023 and these revenues are expected to increase during 2023 as the smelter approaches full capacity.

As at the date of approval of these financial statements the Company had not received the agreed subscription proceeds from Grosvenor due to delays in Grosvenor finalising its own facilities with lenders. The Company is in regular contact with Grosvenor and has received reasonable assurances that it has made good progress with a funding entity and will remit the subscription funds as soon as possible.

Taking into account existing cash resources, and the assumed receipts of funding detailed above the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of the financial statements. For this reason, the Board continues to adopt the going concern basis in the preparation of these financial statements.

Should the agreed subscription proceeds be further delayed the Company will seek alternative funding arrangements and those arrangements are not yet committed. This represents a material uncertainty in relation to the Company’s funding arrangements.

Exploration and evaluation assets

The Group has adopted a policy of capitalising the costs of exploration and evaluation and carrying the amount without impairment assessment until impairment indicators exist (as permitted by IFRS 6). The directors consider that as at the Period end the Group remained in the exploration and evaluation phase and therefore, under IFRS 6, the directors have to make judgements as to whether any indicators of impairment exist and the future activities of the Group. No such indicators of impairment were identified and therefore, in accordance with IFRS 6, no impairment review has been carried out. The Directors remain committed to development of the asset.

2.2 Critical accounting estimates and judgements (continued)

Investment impairment indicators

The Company balance sheet includes an investment in subsidiary companies of £26,017,000 which is underpinned and reflects the underlying subsidiary exploration and evaluation assets discussed above. As no indicators of impairment have been identified in the exploration and evaluation asset then subsequently no indicators or impairment in the investment in subsidiary have been identified and as is consistent with the exploration and evaluation assets, no impairment review has been carried out in the period.

Deferred tax assets

The directors must judge whether the future profitability of the Group is likely in making the decision whether or not to recognise a deferred tax asset in respect of taxation losses. No deferred tax assets have been recognised in the year.

3. Business and geographical segments

Information reported to the Group Directors for the purposes of resource allocation and assessment of segment performance is focused on the activity of each segment and its geographical location. The directors consider that there is only one business segment, which is the activity of prospecting, exploration and mining based in South Africa.

4. Operating loss

	2022	2021
Operating loss for the year is shown after charging:	£000	£000
Depreciation on tangible assets	1	2
Short term payments under leases	14	26
Share based payment charge	-	29
Foreign exchange gain	(2)	(54)

Auditors' remuneration

Fees payable to the auditors for the audit of the Company's accounts	38	35

5. Staff costs

Group

	2022 £000	2021 £000
Wages and salaries	377	355
Social security costs	22	34
Pension costs	14	14
Share based payments	-	29
Directors other fees	74	169
	487	601

5. Staff costs (continued)

The average monthly number of employees, including Directors, during the period was as follows:	2022 Number	2021 Number
Administration and management	12	11

	2022 £000	2021 £000
Directors remuneration and other fees	339	434
Pension	14	14
Share based payments	-	29
	353	477

	2022 £000	2021 £000
The aggregate remuneration and fees paid to the highest paid Director was	175	175
Pension	14	14
Share based payments	-	29
	189	218

Further details of the Directors' remuneration are given in the Directors' Remuneration Report on page 11.

Company

	2022 £000	2021 £000
Wages and salaries - directors	265	265
Social security costs	21	33
Share based payments	-	28
Pension costs	14	14
	300	340

The average monthly number of employees, including Directors, during the period was as follows:	2022 Number	2021 Number
Directors	4	4

6. Other gains and losses

	2022 £000	2021 £000
Gain on settlement of financial liabilities with equity	-	335
Fair value loss on derivative instruments	-	(12)
	-	323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Investment revenues

	2022	2021

	£000	£000
Interest on financial deposits	4	3

8. Finance costs

	2022 £000	2021 £000
Loan interest and similar charges	17	8

9. Tax

a) Tax charge for the period	2022 £000	2021 £000
Corporation tax:		
Current period	-	-
Deferred tax (note 18)	-	-
	-	-
b) Factors affecting the tax charge for the period		
Loss on ordinary activities for the period before taxation	(811)	(465)
Loss on ordinary activities for the period before taxation multiplied by effective rate of corporation tax in the UK of 19% (2021 – 19%)	(154)	(88)
Effects of:		
Expenses not deductible for tax purposes	5	-
Tax losses not recognised	149	88
Tax expense for the period	-	-

c) Factors that may affect future tax charges - The Group has estimated unutilised tax losses amounting to £5,148,658 (2021 - £4,455,087) the values of which are not recognised in the balance sheet. The losses represent a potential deferred taxation asset of £1,287,000 (2021 - £847,000) based on the enacted future tax rate of 25%, which would be recoverable should the Group make sufficient suitable taxable profits in the future.

In addition, the Group has pooled exploration costs incurred of £8,901,000 (2021 - £8,578,000) which are expected to be deductible against future trading profits of the Group.

10. Loss per share (continued)

	2022 £000	2021 £000
Loss attributable to the owners of the Company	(811)	(465)
Loss per share – Basic and diluted		
Continuing operations	(0.06p)	(0.05p)

The calculation of basic earnings per share is based on 1,322,831,729 (2021 – 1,008,492,369) ordinary shares, being the weighted average number of ordinary shares in issue during the year. Where the Group reports a loss for the current period, then in accordance with IAS 33, the share options are not considered dilutive. Details of such instruments which could potentially dilute basic earnings per share in the future are included in note 20.

11. Loss attributable to owners of the parent Company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's loss for the financial year amounted to £693,000 (2021 - £815,000).

12. Intangible assets

	Exploration and evaluation assets £000
Group	
Cost:	
At 1 July 2020	23,574
Additions	492
Exchange differences	2,125
At 30 June 2021	26,191
Additions	396
Exchange differences	(237)
At 30 June 2022	26,350
Impairment and amortisation:	
At 1 July 2020, 30 June 2021 and at 30 June 2022	-
Net book value at 30 June 2022	26,350
Net book value at 30 June 2021	26,191

The Group's exploration and evaluation assets all relate to South Africa.

In respect of the exploration and evaluation assets which remain in the appraisal phase, the Group has performed a review for impairment indicators, as required by IFRS 6 and in the absence of such indicators no impairment review was carried out.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Property, plant and equipment

Group	**Plant and machinery £000**
Cost:	
At 1 July 2021	39
Additions	1
At 30 June 2022	40
Depreciation:	
At 1 July 2021	37
Charge for the period	1
At 30 June 2022	38
Net book value at 30 June 2022	2
Net book value at 30 June 2021	2

	Plant and machinery £000
Cost:	
At 1 July 2020	34
Additions	1
Exchange differences	4
At 30 June 2021	39
Depreciation:	
At 1 July 2020	32
Charge for the period	2
Exchange differences	3
At 30 June 2021	37
Net book value at 30 June 2021	2
Net book value at 30 June 2020	2

All non-current assets in 2022, 2021 and 2020 were located in South Africa.

14. Investments

Group *– Loans to other entities*

	2022 £000	2021 £000
Cost:		
At 1 July	355	326
Exchange differences	(3)	29
At 30 June	352	355
Impairment:		
At 1 July	355	326
Exchange differences	(3)	29
At 30 June	352	355
Book value at 30 June	-	-

The investment represented the Rand 7million refundable deposit to Siyanda Smelting and Refining Proprietary Limited which the Group paid in exchange for a period of exclusivity to conclude a potential acquisition of the company. The period of exclusivity expired in 2017. The deposit is interest free and becomes refundable should the acquisition not proceed. The investment was fully impaired as at 30 June 2022 whilst the directors pursued other alternative opportunities.

Company - Subsidiary undertakings

	Loans £000	Equity £000	Total £000
Cost:			
At 1 July 2020	4,320	20,334	24,654
Additions	848	-	848
At 30 June 2021	5,168	20,334	25,502
Additions	515	-	515
At 30 June 2022	5,683	20,334	26,017
Net book value at 30 June 2022	5,683	20,334	26,017
Net book value at 30 June 2021	5,168	20,334	25,502

The loans represent loans to Ironveld Holdings (Propriety) Limited of £5,525,000 (2021 - £5,031,000) which incur interest at a rate not exceeding the base lending rate applicable in England and Wales. Under the initial terms of the loan, £2,500,000 is repayable 31 December 2019 with the remainder due 31 December 2020 however further agreement has extended the loan period until project finance is agreed. Also included in loans are working capital loans to Ironveld Mauritius Limited of £158,000 (2021 - £137,000) which are interest free.

14. Investments (continued)

The Company has investments in the following subsidiaries. To avoid a statement of excessive length, details of the investments which are not significant have been omitted:

Name of company	Shares	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings			
Ironveld (Mauritius)	Ordinary	*100%	Holding Company
Ironveld Holdings (Proprietary) Limited	Ordinary	100%	Holding Company
Ironveld Mining (Proprietary) Limited	Ordinary	100%	Mining and exploration
Ironveld Middelburg (Proprietary) Limited	Ordinary	100%	Ore processing and smelting
Ironveld Smelting (Proprietary) Limited	Ordinary	74%	Ore processing and smelting
HW Iron (Proprietary) Limited	Ordinary	68%	Prospecting and mining
Lapon Mining (Proprietary) Limited	Ordinary	74%	Prospecting and mining
Luge Prospecting and Mining (Proprietary) Limited	Ordinary	74%	Prospecting and mining

* Held directly by Ironveld Plc all other holdings are indirect.

All subsidiary undertakings are incorporated and domiciled in South Africa, other than Ironveld Mauritius Limited, which is incorporated and domiciled in Mauritius.

The registered office of all subsidiaries with the exception of Ironveld (Mauritius) was Gartner House, 33 Wessel Road, Rivonia 2128, South Africa.

The registered office of Ironveld (Mauritius) is - C/o Rogers Capital Corporate Services Limited, 3rd Floor, Rogers House, No. 5 President John Kennedy Street, Port Louis, Republic of Mauritius.

Further details of non-wholly owned subsidiaries of the Group are provided in note 25.

15. Trade and other receivables	***Group***		***Company***	
	2022 £000	**2021 £000**	**2022 £000**	**2021 £000**
Other receivables	134	128	2	-
Amounts owed by related parties	3	3	-	4
Prepayments	64	49	58	45
	201	180	60	49
Due within 12 months	(198)	(177)	(60)	(49)
Due after more than 12 months	3	3	-	-

Amounts owed by related parties represent expenses paid on behalf of the non-controlling interest shareholders by the company and are expected to be recovered in more than 12 months. The amounts are unsecured and interest free.

Credit risk
The Group's principal financial assets are bank balances, cash balances, and other receivables. The Group's credit risk is primarily attributable to its other receivables of which £107,000 (2021 - £105,000) is due from a third party financial institution and further information is provided in note 19. The remaining receivable relates to recoverable VAT. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

16. Trade and other payables	***Group***		***Company***	
	2022	**2021**	**2022**	**2021**

	£000	£000	£000	£000
Trade payables	132	25	132	25
Taxation and social security costs	4	5	3	5
Other payables	5	5	5	5
Accruals	478	237	466	229
	619	272	606	264
Due within 12 months	(619)	(272)	(606)	(264)
Due after more than 12 months	-	-	-	-

17. Borrowings

	Group		*Company*	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Other loans	499	-	499	-
Due within 12 months	499	-	499	-
Due after more than 12 months	-	-	-	-

Further details on loans is provided in note 19.

18. Deferred tax

	Group	
	2022	**2021**
	£000	**£000**
Balance at 1 July	4,774	4,384
Exchange differences	(44)	390
Balance at 30 June	4,730	4,774

The Group has unrelieved tax losses carried forward which represent a deferred tax asset of £1,287,000 (2021 - £847,000) based on current tax rates. This asset is not recognised in these financial statements.

The deferred tax liability is made up as follows:

	Group	
	2022	**2021**
	£000	**£000**
Fair value adjustments	4,730	4,774

19. Financial instruments

The Group's policies as regards derivatives and financial instruments are set out in the accounting policies in note 2. The Group does not trade in financial instruments.

Capital risk management

The Group manages its capital to ensure that they will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consist of equity attributable to equity holders of the parent Company.

The Group is not subject to any externally imposed capital requirements.

Interest rate risk profile

The Group is exposed to interest rate risk because the Group borrows funds for working capital at fixed and variable rates. The Group exposure to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of the transactions concluded is spread where possible.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by assessing required reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn bank facilities that the Group has at its disposal to manage liquidity are set out below.

Financial facilities

The Group did not have any secured bank loan or overdraft facilities during the current or comparative period.

Financial assets

The Group has no financial assets, other than short-term receivables and cash deposits of £17,000 (2021 - £270,000). The cash deposits attract variable rates of interest. At the year end the effective rate was 0.35% (2021 – 0.08%). The cash deposits held were as follows:-

	2022 £000	**2021 £000**
Sterling - United Kingdom banks	12	251
USD – United Kingdom banks	-	3
USD – Mauritius banks	1	3
South African Rand - United Kingdom banks	-	1
South African Rand - South African banks	4	12
	17	270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Financial instruments (continued)

Financial liabilities

Other loans

Other loans represents the Group's interest bearing financial liabilities. The others loans are due to a consortium of high net worth investors and existing shareholders with whom facilities of £500,000 were agreed. The loans mature 6 months after draw down and attract a fixed interest rate of between 7% and 8% per annum. The loan agreements required share warrants over 13,000,000 shares with a subscription price of 1p per share to the certain lenders, adjustable to the placing price (if lower) for any placing undertaken during the loan term. These warrants have a three year life and the lenders may use the outstanding balances under the loan facilities to exercise the warrants.

At 30 June 2022, the Group had undrawn loan facilities of £1,500.

Currency exposures

The Group undertakes transactions denominated in foreign currencies and is consequently exposed to fluctuations in exchange rates. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities were as follows:-

As at 30 June 2022	**Assets £000**	**Liabilities £000**
British Pound Sterling (£)	12	1,102
USD ($)	1	10
South African Rand (R)	119	2
	132	1,114

As at 30 June 2021	**Assets £000**	**Liabilities £000**
British Pound Sterling (£)	251	265
USD ($)	6	8
South African Rand (R)	124	2
	381	275

Financial commitments and guarantee

Rehabilitation guarantees of £2,012,000 (R 40,043,396) have been issued to the Department of Mineral Resources for three subsidiaries, HW Iron Proprietary Limited, Lapon Mining Proprietary Limited and Luge Prospecting and Mining Company Proprietary Limited in order to comply with Section 41 of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002). Under this agreement the Group will pay deposits to a third-party financial institution to be held pending discharge of any potential claim on this guarantee. At 30 June 2022 £107,000 (R 2,123,000) (2021 - £105,000 (R 2,068,000)) had been deposited in respect of this agreement and is included in other receivables. This receivable represents a concentration of credit risk and the Group is exposed to currency risk on these amounts. As the project had not yet commenced then no liability is considered to have arisen under this guarantee at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Share capital

Group and Company

	2022 £000	**2021 £000**
Allotted, called up and fully paid		

1,333,668,130 (2021 – 1,316,440,372) Ordinary shares of 0.1p each	1,333	1,316
322,447,158 (2021 – 322,447,158) deferred shares of 1p each	3,224	3,224
5,894,917,569 (2021 – 5,894,917,569) deferred shares of 0.1p each	5,896	5,896
	10,453	10,436

On 9 February 2022, a further 10,351,405 shares were issued and admitted to trading in exchange for professional services. Further, on 23 February 2022, a further 6,876,353 shares were issued and admitted to trading to settle in exchange for professional services.

Unlike ordinary shares, the deferred shares have no voting rights, no dividend rights and on a return of capital or winding up are entitled to a return of amounts credited as paid. The deferred shares are not transferrable and beneficial interests in the deferred shares can be transferred to such persons as the Directors may determine as custodian for no consideration without sanction of the holder. For this reason the deferred shares are excluded from any Earnings per share calculations.

Further information on the issue of shares after the period end is provided in note 27.

Share options

The Company has a share option scheme for certain employees and former employees of the Group. The share options in issue during the year were as follows:

Date granted	Exercise price	As at 1 July 2021 No.	Granted in year No.	Exercised in year No.	Lapsed/ Cancelled No.	As at 30 June 2022 No.
16 August 2012	1p	4,283,682	-	-	-	4,283,682
14 November 2012	1p	6,663,505	-	-	-	6,663,505
16 April 2013	1p	33,334	-	-	-	33,334
7 November 2013	1p	2,086,667	-	-	-	2,086,667
1 May 2014	1p	200,000	-	-	-	200,000
1 October 2015	1p	2,500,000	-	-	-	2,500,000
10 January 2020	1p	27,400,000	-	-	-	27,400,000

20. Share capital (continued)

At the year-end, 42,167,188 options were exercisable (2021 – 42,167,188) as follows.

Date granted	Exercise price	As at 30 June 2021 No.	Granted in year No.	Exercised in year No.	Lapsed/ Cancelled No.	As at 30 June 2022 No.
16 August 2012	1p	4,283,682	-	-	-	4,283,682
14 November 2012	1p	6,663,505	-	-	-	6,663,505
16 April 2013	1p	33,334	-	-	-	33,334
7 November 2013	1p	2,086,667	-	-	-	2,086,667
1 May 2014	1p	200,000	-	-	-	200,000
1 October 2015	1p	1,500,000	-	-	-	1,500,000
10 January 2020	1p	27,400,000	-	-	-	27,400,000

The exercise period of the options is as follows:

Date granted	Expiry date	Exercise period
16 August 2012	16 August 2022	The options are exercisable 1/3 on the first anniversary of grant, 1/3 on the second anniversary of grant and the final 1/3 on the third anniversary of grant
14 November 2012	14 November 2022	
16 April 2013	16 April 2023	
7 November 2013	7 November 2023	
1 May 2014	1 May 2024	
1 October 2015	1 October 2025	
27 January 2016	27 January 2026	
10 January 2020	9 January 2030	½ on grant and the remaining ½ one year after the grant date.

Of the options granted on 1 October 2015, 1,000,000 are exercisable following first commercial production from the proposed 15 MW smelter.

The Group recognised a share based payment expense of £nil (2021 - £29,000) in the year. No options were exercised in the year.

Share warrants

Pursuant to the share placing on 14 December 2020 Turner Pope were appointed as joint broker to the Placing and in addition to 3,333,333 ordinary shares were issued with 95,833,333 broker warrants, exercisable at 0.3p (the placing price) for a period of 36 months from the date of admission. The broker warrants were transferrable and on 4 March 2021 17,500,000 warrants were exercised for £52,500. At the year-end, there were 78,333,333 broker warrants in issue.

Pursuant to the loan facilities agreement, dated 19 May 2022, the Company issued share warrants to the lenders over 13,000,000 shares at 1 pence per share. The warrants had a 3 years life and the lender was able to use the outstanding balances under the loan facilities to exercise the warrants. The loans were repaid after the year end and at the year-end and in accordance with the agreement, the price was adjusted downwards to the subsequent placing price of 0.3p per share. At the year end, there were 13,000,000 lender warrants in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Reserves

Group and Company

Other reserves represent the equity component of share options and share warrants issued in the year.

The balance classified as share premium is the premium on the issue of the Group's equity share capital, less any costs of issuing the shares.

The foreign currency translation reserve accumulates the foreign currency gains and losses on the translation of foreign operations.

Retained earnings is made up of cumulative profits and losses to date, share based payments, adjustments arising from changes in non-controlling interests and exchange differences on translation of foreign operations.

22. Cash generated from operations

Group	**2022 £000**	**2021 £000**
Operating loss	(798)	(783)
Depreciation on property, plant and equipment	1	2
Share based payment charge	100	90
Foreign exchange	-	(54)
Operating cash flows before movements in working capital	(697)	(745)
Movement in receivables	(8)	(59)
Movement in payables	368	162
Net cash used in operations	(337)	(642)

Cash and cash equivalents	**2022 £000**	**2021 £000**
Cash and bank balances	17	270

Company	**2022 £000**	**2021 £000**
Operating loss	(696)	(745)
Share based payment charge	100	90
Foreign exchange adjustments	-	(5)
Operating cash flows before movements in working capital	(596)	(660)
Movement in receivables	(1)	17
Movement in payables	367	136
Net cash used in operations	(230)	(507)

Cash and cash equivalents	**2022 £000**	**2021 £000**
Cash and bank balances	12	255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Significant non-cash transactions

The company settled liabilities and paid for services by the issue of shares. The value of the shares issued was as follows:-

	2022 £000	2021 £000
Loan repayments	-	785,211
Accrued directors fees	-	229,569
Services provided	135,000	97,000

24. Related party transactions

Group

During the year the Group incurred £74,000 (2021 - £101,000) for consultancy services to Goldline Global Consulting (Pty) Limited, a company in which P Cox is materially interested. At 30 June 2022, £Nil (2021 - £Nil) remained unpaid in accruals.

Group and Company

The key management personnel of the Group are the directors. Directors' remuneration is disclosed in Note 5.

During the year the Company paid £48,000 (2021 - £48,000) for accounting services to Westleigh Investments Limited, a company in which G Clarke and N Harrison are materially interested.

Included in other loans at 30 June 2022 was a short term loan due to G Clarke of £100,000 and accrued interest of £2,827. The loan attracted interest at 7% per annum and a loan arrangement fee of 2.5% of the facility amount.

Included in other loans at 30 June 2022 was a short term loan due to N Harrison of £100,000 and accrued interest of £2,827. The loan attracted interest at 7% per annum and a loan arrangement fee of 2.5% of the facility amount.

Included in other loans at 30 June 2022 was a short term loan due to M Eales of £38,500 and accrued interest of £667. The loan attracted interest at 7% per annum and a loan arrangement fee of 2.5% of the facility amount.

Further directors' remuneration of £344,936 (2021 - £151,804) was unpaid at the year-end along with £Nil (2021 - £7,536) pension cost and is included in accruals. During the year £nil (2021 - £90,000) of director's fees were settled by the issue of shares.

25. Financial commitments

At the year end the Group had no financial commitments under operating leases (2021 - £Nil).

On 24 May 2022, the Group announced that it had signed Heads of Terms to acquired 100% of the share capital of Ferrochrome Furnaces (Pty) Limited ("FCF") which will provide the Group with an existing smelting facility and the opportunity to commence mining and processing in the short term. The share capital was to be acquired for a nominal fee but debt was to be acquired of R115m (approximately £5.75m) repayable over a 10 year period. At the year end the acquisition remained subject to contract. The Group had indicated plans to refurbish the smelter costing between R40m to R65m (£2m to £3.2m).

26. Non-controlling interest

	2022 £000	**2021 £000**
At 1 July	3,380	3,109
Exchange adjustments	(31)	276
Share of loss for the period	(5)	(5)
At 30 June	3,344	3,380

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

	Proportion of voting rights and shares held		**Profit/ (loss) allocated to non-controlling interests**		**Accumulated non-controlling interests**	
	2022	**(2021)**	**2022 £000**	**2021 £000**	**2022 £000**	**2021 £000**
HW Iron (Proprietary) Limited	(32%)	(32%)	-	(3)	1,067	1,077
Lapon Mining (Proprietary) Limited	(26%)	(26%)	-	(1)	2,291	2,313
Other non-controlling interests			(5)	(1)	(14)	(10)
			(5)	(5)	3,344	3,380

26. Non-controlling interest (continued)

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. The accounts of the subsidiaries have been translated from their presentational currency of South African Rand (R) using the R: GBP exchange rate prevailing at 30 June 2022 of 19.896 (2021 – 19.711).

HW Iron (Proprietary) Limited

	2022 £000	2021 £000
Non-current assets	6,913	6,765
Current assets	-	3
Current liabilities	-	-
Non-current liabilities	(3,579)	(3,402)
	3,334	3,366
Equity attributable to owners of the Company	2,267	2,289
Non-controlling interest	1,067	1,077
Revenue	-	-
Expenses	(1)	(10)
Loss for the year	(1)	(10)
Attributable to the owners of the Company	(1)	(7)
Attributable to the non-controlling interests	-	(3)
Net cash inflow from operating activities	2	-
Net cash outflow from investing activities	(99)	(13)
Net cash inflow from financing activities	97	13
Net cash inflow	-	-
Net cash flow - Attributable to the non-controlling interests	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Non-controlling interest (continued)

	2022 £000	2021 £000
Non-current assets	14,158	14,093
Current assets	-	4
Current liabilities	-	-
Non-current liabilities	(5,347)	(5,202)
	8,811	8,895
Equity attributable to owners of the Company	6,520	6,582
Non-controlling interest	2,291	2,313
Revenue	-	-
Expenses	(1)	(2)
Loss for the year	(1)	(2)
Attributable to the owners of the Company	(1)	(1)
Attributable to the non-controlling interests	-	(1)
Net cash inflow from operating activities	3	(6)
Net cash outflow from investing activities	(85)	(10)
Net cash inflow from financing activities	82	13
Net cash flow	-	(3)
Net cash flow - Attributable to the non-controlling interests	-	(1)

27. Events arising after the reporting period

On 15 July 2022, the Company announced an equity fund raising of £4m representing a placing of 1,333,333,333 ordinary shares at a price of 0.3 pence. In addition a Broker option raised an additional £0.5m by the issue of 166,666,666 shares at the placing price of 0.3 pence. Net of expenses, the shares issues raised approximately £4.2m. Under the fee arrangements with the broker (Turner Pope), the Company issued Broker Warrants to subscribe for 375,000,000 ordinary shares at the placing price for a period of 36 months from Admission. The share proceeds were raised to allow the acquisition and refurbishment of the smelter referred to in note 26.

Along with the placing, a further 59,460,725 ordinary shares were issued to Giles Clarke, Nick Harrison and Martin Eales in lieu of loans, deferred salary and deferred fees.

On 11 August 2022 the Group announced that contractors had commenced work on the refurbishment of the FCF smelter site whilst contract negotiations progressed. The Share purchase agreement to acquire 100% of the share capital of FCF for approximately £50 was subsequently signed on 31 August 2022 and the Debt Purchase Agreement was signed 1 November 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Control

The Directors consider that there is no overall controlling party.