

Company registration No 04095614 (England and Wales)

IRONVELD PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

CONTENTS

Directors	1
Advisors	2
Chairman's Statement - Strategic Report	3-4
Directors' Report	5-7
Corporate Governance Statement	8-9
Directors' Remuneration Report	10-11
Statement of Directors' Responsibilities	12
Independent Auditors' Report	13-16
Consolidated Income Statement	17
Consolidated Statement of Comprehensive Income	18
Consolidated Balance Sheet	19
Parent Company Balance Sheet	20
Consolidated Statement of Changes in Equity	21-22
Company Statement of Changes in Equity	23
Consolidated Cash Flow Statement	24
Company Cash Flow Statement	25
Notes to the Financial Statement	26-48

DIRECTORS

Giles Clarke – *Chairman and Non-Executive Director*

Giles Clarke is Chairman of Westleigh Investments Holdings Limited and Kazera Global plc, as well as Chairman of several private organisations. He founded Majestic Wine in 1981 and built it into a national chain of wine warehouses. He also co-founded Pet City in 1990, which he expanded nationwide before it was listed and subsequently sold in 1996 for £150 million, co-founded Safestore which was sold in 2003 for £44 million and was Chairman of Amerisur Resources plc, sold for £242 million in 2019.

Martin Eales - *Chief Executive Officer*

Martin previously held the position of CEO at London listed Rainbow Rare Earths Limited from 2014 to 2019, where he oversaw the development of that company into the only rare earths producer in Africa. Prior to that, Martin enjoyed a 15 year career in the City of London rising to the role of Managing Director at RBC Capital Markets with a strong track record advising natural resource companies on fundraisings and other corporate transactions. He is a qualified Chartered Accountant.

Peter Cox - *Technical Director*

Peter Cox started his career in the mining industry over 30 years ago as a learner surveyor. After studying mining engineering as a JCI bursar, he worked for that company in various positions at gold and platinum mines, ending as a senior section manager. In 1987, he joined a privately owned mining and exploration company, Severin Southern Sphere Mining, as consulting engineer and general manager. Since mid-1991 he has been the managing director of Goldline Global Consulting (Pty) Ltd, an engineering consulting company which serves the mining industry worldwide. He holds a Mine Surveyor's and a Mine Manager's Certificate of Competency. He has a number of achievements to his name, including being the youngest certificated surveyor in South African mining history and designing the country's narrow reef opencast mining method.

Nicholas Harrison - *Non-Executive Director*

Nicholas Harrison qualified as an accountant with Arthur Andersen and subsequently held a number of senior positions with other professional services organisations. He was Finance Director of Pet City and has held finance director and chief executive positions in a number of private businesses. He is currently Chief Executive of Westleigh Investments Holdings Limited and a non-executive director of Kazera Global plc.

ADVISORS

Company secretary	K J Pinnell
Company number	04095614 (England and Wales)
Registered office	Unit D De Clare House Sir Alfred Owen Way Pontygwindy Industrial Estate Caerphilly Wales CF83 3HU
Nominated Adviser	finnCap 60 New Broad Street London EC2M 1JJ
Broker	finnCap 60 New Broad Street London EC2M 1JJ
Auditors	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
Bankers	HSBC 97 Bute Street Cardiff CF10 5NA
Solicitors	Kuit Steinart Levy LLP 3 St Mary's Parsonage Manchester M3 2RD
Registrar	Link Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
Financial PR	Blytheweigh 4-5 Castle Court London EC3V 9DL

CHAIRMAN'S STATEMENT - STRATEGIC REPORT

During the Period, we continued to undertake various activities focused on realising the value of the Company's assets.

In July 2019, we announced that finnCap had been engaged to lead a review of the strategic alternatives for Ironveld's mining assets (the "Strategic Review"). These assets include unfettered rights to 56.4 million tonnes of magnetite ore, which the JORC compliant mineral resources demonstrates holds 1.4 billion pounds weight of Vanadium – equivalent to four times annual global Vanadium demand; 27 million tons of High Purity Iron in situ; and 8.3 million tonnes of titanium.

In December 2019 we announced the appointment of Martin Eales as the new Chief Executive Officer of the Company, with Peter Cox moving to the position of Technical Director.

The Strategic Review led to a number of engagements with parties potentially interested in making an offer to fund all or part of the development of Ironveld's mining assets and ultimately led to the announcement in March 2020 that the Company and Inclusive Investment Group ("IIG") had signed a conditional Option Agreement envisaging an investment in the Company by IIG of US\$3.2 million (approximately £2.7 million). The Option Agreement was extended in June 2020 and September 2020, with IIG advancing a total of US\$650,000 in bridge funding to the Company, before ultimately lapsing post period end in November 2020.

During the period of the Option Agreement the Company and IIG worked hard to deliver a complete project funding solution, including IIG obtaining a conditional offer of project finance from a South African funding institution, and the parties remain in discussions about a possible future partnership.

Following the announcement of the agreed lapse of the IIG Option Agreement the Company announced a conditional share placing at 0.30 pence per share to raise gross proceeds of £1,150,000, whilst at the same time capitalising various loans and accrued salary/fees owed to IIG, Directors and other lenders. The net proceeds of the placing have been used to strengthen the Company's financial position and cover its overheads whilst it seeks to conclude an alternative development funding transaction.

We remain committed to operating responsibly, working closely with stakeholders and local communities at grassroots level to improve standards of living. We continue to support our 'Keep a Girl in School' initiative working alongside our local partners, The Imbumba Foundation and the Nelson Mandela Foundation, to provide hygiene support to approximately 600 female students at school in the local area. Additionally we plan a new scheme in 2021 which will provide facilities and support to children with maths and science homework outside of school. We were delighted to note that Ironveld's first sponsored graduate mining engineer from the local community, Tebogo Mahoi (2018), completed his mine officials training program and obtained his blasting licence during the period.

Financial

The Group recorded a loss before tax of £1.0m (2019: £0.6m) and had cash balances of £0.03m (2019: £0.6m) at the end of the period. The Company does not plan to pay a dividend for the year ended 30 June 2020.

Going concern

Following approval of the share placing on 14 December 2020 and further rationalisation of the Company's cost base in both South Africa and the UK, the Group's present financial resources and existing facilities are considered sufficient to enable it to operate until the first half of 2022, by which time, the board of directors anticipates to have secured an alternative transaction focused on delivering value from the Group's principal assets..

CHAIRMAN'S STATEMENT - STRATEGIC REPORT

Outlook

Ironveld's Board remains committed to delivering value to our shareholders. Following the recent lapse of the Option Agreement with IIG the Company has re-engaged in discussions with a number of parties which the Board expects to lead to an alternative transaction.

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.

Giles Clarke
Chairman

DIRECTORS' REPORT

The Directors present their annual report, together with the Group and Parent Company financial statements for the year ended 30 June 2020. The Corporate Governance Statement set out on pages 8 and 9 forms part of this report.

Principal activity

The principal activity of the Group for the year continued to be mining, exploration, processing and smelting of Vanadiferous and Titaniferous Magnetite in South Africa. The principal activity of the Company for the period was that of a holding Company.

Dividends

The Directors do not recommend the payment of a dividend for the year.

Directors and their interests

The Directors, who served during the year were as follows:-

G Clarke
N Harrison
P Cox
V von Ketelhodt (resigned 30 November 2020)
R Fraser (resigned 19 September 2019)
D Harvey (resigned 24 September 2019)
M Eales (appointed 16 December 2019)

The beneficial and other interests of the Directors and their families in the shares of the Company were as follows:

	30 June 2020 1p ordinary shares Number	30 June 2019 1p ordinary shares Number
G Clarke	21,211,050	21,211,050
N Harrison	17,210,310	14,460,310
P Cox	259,161	259,161
V von Ketelhodt	262,500	262,500
M Eales	-	-
R Fraser	-	-
D Harvey	-	-

G Clarke and N Harrison's interests in 10,062,470 (2019 - 10,062,470) shares above are through their shareholding in Westleigh Investments Holdings Limited.

Subsequent to the announcement on 26 November 2020 and approval on 14 December 2020, the directors converted loan facilities and deferred remuneration into additional Ordinary shares as follows:-

G Clarke	8,538,231
N Harrison	5,204,898
P Cox	28,526,239

In addition to the shares issued to directors, former director, V von Ketelhodt (who resigned 30 November 2020) was issued with 13,838,534 shares in lieu of deferred remuneration to resignation.

Details of Directors' interests in share options are provided in the Directors' remuneration report on pages 10 and 11.

Political contributions

The Group made no political contributions during this or the preceding period.

DIRECTORS' REPORT (continued)

Events arising after the reporting period

On 26 November the company announced a conditional placing and broker option of £1,000,000 and £150,000 respectively through the issue of up to 383,333,333 at 0.30 pence per share. The company also agreed to settle the following:

- a) all liabilities arising from the drawn down loan facilities announced in February 2020 (£235,000) by way of the issue of 78,333,332 shares at the placing price of 0.30 pence per share and extinguishing the 26,000,000 associated share warrants.
- b) Liabilities for deferred Directors fees of £780,900 by way of the issue of 52,774,570 shares. It was agreed on 27 November 2020 that a weighted average share price over the period of accrual of the fees would be used to calculate the number of shares and represented an issue of shares with a weighted average price of 1.48 pence per share
- c) Bridge funding liabilities from IIG of US\$650,000 plus interest by the issue of 102,174,963 shares at the previously agreed price of 0.42 pence per share along with a cash repayment of US\$150,000.

Going concern

As announced on 12 November 2020, the Company and IIG agreed that the Option Agreement originally announced on 30 March would be allowed to lapse on 30 November 2020. On 26 November 2020, alongside the announcement of a share placing to raise up to £1,150,000, the Company agreed that the majority of the bridging funds provided by IIG (US\$650,000 plus interest) would be capitalised at a price of 0.42 pence per share alongside a cash repayment of approximately £112,000)

Discussions with alternative financial and development funding institutions to secure the project funding required continue.

Following shareholder approval of the of the share placing on 14 December 2020, the Group's present financial facilities are considered sufficient to enable the Company to operate at present levels until the first half of 2022, by which time, the Board of Directors anticipates to have secured the further finance to develop the Project.

Whilst the impact of the global COVID-19 pandemic including the associated travel restrictions has hampered the Company's attempts to secure project development funding to some extent, as the Group is presently not currently undertaking any operations at the project then no significant impact is anticipated over the next 12 months.

Therefore, whilst the existing resources are not sufficient to develop the mining asset, 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. The Group is committed to developing its Project and is actively engaged with interested parties. For this reason, the Board continues to adopt the going concern basis in the preparation of these financial statements.

DIRECTORS' REPORT (continued)

Substantial shareholdings

As at 30 November 2020 the Company had been notified of the following holdings of 3% or more of its issued share capital other than the Directors' holdings set out on page 5:

	Number of Ordinary shares	Percentage
Tracarta	80,380,235	12.27%
Hargreaves Lansdown Stockbrokers	62,862,547	9.60%
Michinoko	60,306,937	9.21%
Africa Asia Capita	39,746,892	6.07%
HSDL Stockbrokers	36,604,353	5.59%
Mr Brendan Kerr	35,000,000	5.34%
Interactive Investor	32,229,934	4.92%
Barclays Smart Investor	28,891,171	4.41%

Financial instruments

The Group's exposure to price risk, credit risk, liquidity risk and cash flow is discussed in the notes to the financial statements. The Group seeks to mitigate foreign currency risk by maintaining sufficient amounts of currency to satisfy the anticipated expenditure in each currency and does not use hedging instruments.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of this report.

Employee relations

Ironveld complies fully with all South African employment legislation, including covering maternity and paternity leave and equal pay. The Board feels that the building and maintaining good relationships with stakeholders where it operates is not only an important part of Ironveld's strategy and its commitment to be an ethical business, but also ensures the Company is able to create value for all its stakeholders.

Statement of disclosure to auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of the relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the Board on 28 December 2020 and signed on its behalf by:



K J Pinnell
Company secretary

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Code

The Board seeks to follow best practice in corporate governance as appropriate for a company of our size, nature and stage of development, As a public company listed on AIM we recognise the importance of an effectively operating corporate governance framework. The Board has adopted the principles of the 2018 Quoted Companies Alliance Corporate Governance Code ("the QCA Code") to support Company's governance framework. The Directors acknowledge the importance of the ten principles set out in the QCA Code and a statement setting out how the Company currently complies (along with any departures) with the QCA Code is provided on the website at www.ironveld.com.

The Board of Directors

During the period, the Board comprised the Chairman, three Executive Directors (of whom one resigned post period end) and three Non-Executive Directors (of whom two resigned during the period). Martin Eales was appointed as Chief Executive Officer during the period. The Group is controlled and led by the Board of Directors with an established schedule of matters reserved for their specific approval. The Board meets regularly throughout the year and is responsible for the overall Group strategy, acquisition and divestment policy, approval of major capital expenditure and consideration of significant financial matters. It reviews the strategic direction of the Company and its individual subsidiaries, their annual budgets, their progress towards achievement of these budgets and their capital expenditure programmes. The function of the Chairman is to supervise the Board and to ensure its effective control of the business, and that of the Chief Executive Officer is to manage the Group on the Board's behalf.

All Board members have access, at all times, to sufficient information about the business, to enable them to fully discharge their duties. Also, procedures exist covering the circumstances under which the Directors may need to obtain independent professional advice. The Board has met 5 times throughout the year with Peter Cox and Vred von Ketelhodt each missing 2 meetings.

The Board has established the following committees to fulfil specific functions:

The Audit Committee has been established to determine the terms of engagement of the group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee will receive and review reports from management and the group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the group. The Audit Committee will have unrestricted access to the group's auditors and internal control procedures.

Due to the nature and size of the Group at present it would not be appropriate for the Group to have its own internal audit department reporting directly to the Audit Committee, this situation is reviewed annually.

The Remuneration Committee has been established to review the scale and structure of the executive directors' and senior employees' remuneration and the terms of their respective service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors of the Company will be set by the Board.

The Nomination Committee has been established to review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.

The Nomination Committee is tasked with ensuring directors are aware of the time commitment requirements during the recruitment selection process and on an ongoing basis. They also help ensure during the year that appointees do not have time commitment issues. All Directors receive detailed induction training upon joining the Board, covering compliance issues, risk management considerations, Board processes and corporate governance considerations. The Senior Independent Director provides a sounding board for the Chairman and assists in building relationships between major shareholders and the Board. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or other Executive Directors has failed to resolve or for which such contact is inappropriate. The Board continue to conduct internal and external Board evaluations which consider the balance of skills, experience, independence and knowledge of the Company. The evaluation process, the Board refreshment, use of third-party search companies and succession planning elements are discussed. The Nomination Committee recommends and reviews nominees for the appointments of new Directors to the Board and ensures there is due process used in selecting candidates.

CORPORATE GOVERNANCE STATEMENT (continued)

Status of Non-Executive directors

Neither of the Non-Executive Directors would be deemed independent under the UK Corporate Governance Code. However, the Non-Executive Directors have considerable experience which the Company draws upon on a regular basis. In addition, the Non-Executive Directors are sufficiently independent of management so as to be able to exercise independent judgement and bring an objective viewpoint and, thereby, protect and promote the interests of shareholders.

Internal control

On the wider aspects of internal control, relating to operational and compliance controls and risk management, the Board, in setting the control environment, identifies, reviews, and regularly reports on the key areas of business risk facing the Group. The Group Board and subsidiary Boards maintain close day to day involvement in all the Group's activities which enables control to be achieved and maintained. This includes the comprehensive review of both management and technical reports, the monitoring of interest rates, environmental considerations, government and fiscal policy issues, employment and information technology requirements and cash control procedures. In this way, the key risk areas can be monitored effectively, and specialist expertise applied in a timely and productive manner. The effectiveness of the Group's system of internal financial controls, for the year to 30 June 2020 and for the period to the date of approval of the financial statements, has been reviewed by the Directors. Whilst they are aware that although no system can provide for absolute assurance against material misstatement or loss, they are satisfied that effective controls are in place.

Relations with shareholders

As part of our commitment to shareholder engagement we have been seeking the views of shareholders through outreach campaigns and roadshows. The Company maintains effective contact with its principal shareholders and welcomes communications from its private investors. The Company's Financial PR contact details are listed on the website and a contact form is also included. The Board is kept updated on questions / issues raised by stakeholders and incorporates information and feedback into future decision making. The directors meet with institutional shareholders on a regular basis to understand their expectations and elicit feedback. The Company holds an AGM which provides private shareholders with an opportunity to ask questions and engage with Company management. The Company also communicates with shareholders through the Annual Report and Accounts, full-year end and half-year results announcements. A range of corporate information (including all Company announcements and presentations) is available to shareholders, investors and the public on the Company's corporate website. The Company also has a social media account (Twitter) through which the Company can maintain a dialogue with shareholders and interested parties.

DIRECTORS' REMUNERATION REPORT

Compliance

This report by the Remuneration Committee, on behalf of the Board, contains details of the remuneration of each Director during the period under review.

Directors' remuneration policy

The Remuneration Committee aims to ensure that the remuneration packages offered are competitive and are designed to attract, retain and motivate executives of the right calibre.

Emoluments of the Directors

	Salary £000	Fees £000	2020 Total £000	2019 Total £000
N Harrison*	45	-	45	45
R Fraser * (resigned 19 September 2019)	11	-	11	45
D Harvey (resigned 24 September 2019)	-	-	-	-
G Clarke**	45	-	45	45
P Cox***	-	185	185	251
V von Ketelhodt (Resigned 30 November 2020)	-	120	120	131
M Eales	101	-	101	-
	<u>202</u>	<u>305</u>	<u>507</u>	<u>517</u>

* Member of the Remuneration Committee during the period

** Member and Chairman of the Remuneration Committee during the period

*** Highest-paid Director during the period

In addition to the above remuneration disclosed above, share options were granted to M Eales with an estimated value of £108,000 of which £80,000 was recognised as an expense in the year.

Other pensions

In addition to the above, pension contributions for M Eales amounting to £7,000 were made during the year (2019 - £Nil).

The Non-Executive Directors' appointments are not pensionable.

Details of the individual share options held by the Directors under the Group's 'Long term incentive plan' as at 30 June 2020, are as follows:

Director	Option price	Date of Grant	Expiry date	1 July 2019	(Exercised)/ Granted	30 June 2020
P Cox	1p	16/08/2012	16/08/2022	1,427,894	-	1,427,894
G Clarke	1p	16/08/2012	16/08/2022	1,427,894	-	1,427,894
N Harrison	1p	16/08/2012	16/08/2022	1,427,894	-	1,427,894
P Cox	1p	13/11/2012	13/11/2022	6,663,505	-	6,663,505
G Clarke	1p	07/11/2013	07/11/2023	600,000	-	600,000
P Cox	1p	07/11/2013	07/11/2023	600,000	-	600,000
N Harrison	1p	07/11/2013	07/11/2023	600,000	-	600,000
M Eales	1p	10/01/2020	09/01/2030	-	27,400,000	27,400,000

DIRECTORS' REMUNERATION REPORT (continued)

Directors' share options (continued)

With the exception of the share options granted in the year all of the share options are exercisable.

In respect of the share options granted in the year 13,700,000 are exercisable immediately and the remaining 13,700,000 following the first anniversary of the grant date.

The market price of the Company's shares at 30 June 2020 was 0.85p with a range of 0.4p to 1.125p during the year.

There have been no movements in the Directors' share options since the year end.

G Clarke
Chairman of the Remuneration Committee

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare such financial statements for each financial period. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the European Union. Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
3. the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board



M Eales
Director
28 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRONVELD PLC



Our opinion is unmodified

We have audited the financial statements of Ironveld Plc for the year ended 30 June 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and the parent Company balance sheets, the consolidated and parent Company cash flow statements, the consolidated and parent Company statements of changes in equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (“IFRSs”) as adopted by the European Union.

In our opinion: the financial statements

- give a true and fair view of the Group’s and the parent Company’s affairs as at 30 June 2020 and of the Group’s loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.1 and 2.2 in the financial statements. As stated, the Company presently only has sufficient funds to cover working capital sufficient to operate at present levels until the first half of 2022 and does not presently have sufficient resources to develop its mining assets. These conditions, along with the other matters as set out in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern

The Group remains in the exploration and evaluation phase of its activities and has therefore not yet generated significant revenue. The Company is reliant on short-term borrowings and on funding obtained from its investors to be able to meet its ongoing working capital requirements. Going concern is therefore a risk if the Company were to have commitments in excess of its available resources. The going concern assessment is subjective and involves uncertainty about future events.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRONVELD PLC (continued)



Key audit matters (continued)

Our procedures included:-

- Review of the Group's budgeting and forecasting procedures;
- Assessment and review of the funds available to the Group;
- Evaluation of the reasonableness of the forecast overheads for the Group;
- Review of the forecasts against historical performance;
- Available and committed finance and repayments arrangements;
- Assessing the adequacy of the disclosures relating to going concern.

Impairment review of exploration and evaluation assets

The Group adopts the accounting requirements of International Financial Reporting Standard 6 "Exploration for and Evaluation of Mineral Resources". This standard exempts the Company from an impairment review providing that the Company has not completed the exploration and evaluation phase of its activities and no other indicators of impairment exist. These key judgements result in a risk that the incorrect accounting treatment has been applied in that the intangible asset has not been subjected to an impairment review. In addition, the carrying amount of the investment in subsidiary companies, held in the parent Company balance sheet, is underpinned by the exploration and evaluation asset and the existence of such impairment indicators would indicate an impairment in the carrying amount.

Our procedures included:-

- Review of the Group plans and announcements for the future;
- Consideration of whether the finance is in place and commitments have been made to the development of the mineral resource;
- Review of the existence of impairment indicators including, access to the mineral asset and the desire of the Group to continue the Project;
- Review the development of the Project and the assessment of the nature of its activities;
- Evaluating the adequacy and consistency of the disclosures made by the Directors in the annual report.

Our application of materiality and an overview of the scope of our audit.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole

Materiality for the Group financial statements as a whole was set at £350,000 determined by reference to a benchmark of total assets. This represents 1.5% of total assets and 1.9% of net assets. As the Group has no significant trading activity, we consider the asset position of the Group to provide the most appropriate benchmark. Materiality for the parent Company was also set at £350,000 representing 1.5% of net assets. We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £17,500, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our Group audit was scoped based on our understanding of the Group, the work of the component auditors and by assessing the risks of material misstatement at Group level. Based on that assessment, we identified the Group as containing 3 reporting components being, United Kingdom, Mauritius and South Africa. The United Kingdom component was subjected to a full scope audit, the Mauritius component was deemed immaterial to the Group in that its material balances were eliminated on consolidation and the South Africa component, which represented 39% (2019 - 36%) of the Group's net assets, was subject to a full scope audit by component auditors other than ourselves. We therefore subjected the South Africa component to further specified audit procedures, the extent of our testing being based on our assessment of the risk of material misstatement and of the materiality of the area, applying Group materiality.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRONVELD PLC (continued)



Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Chairman's statement – strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chairman's statement – strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's statement – strategic report or the Directors' report. Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRONVELD PLC (continued)



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Paul Daly'.

Paul Daly BEng FCA
Senior Statutory Auditor
for and on behalf of

28 December 2020

UHY Hacker Young Manchester LLP
Statutory Auditor
Chartered Accountants

St. James Building
79 Oxford Street
Manchester M1 6HT

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 2020 £000	Year ended 2019 £000
Administrative expenses		(695)	(629)
Operating loss	4	<u>(695)</u>	<u>(629)</u>
Other gains and losses	6	(326)	-
Investment revenues	7	4	6
Finance costs	8	(2)	(2)
Loss before tax		<u>(1,019)</u>	<u>(625)</u>
Tax	9	-	-
Loss for the year		<u><u>(1,019)</u></u>	<u><u>(625)</u></u>
Attributable to:			
Owners of the Company		(1,017)	(624)
Non-controlling interests		(2)	(1)
		<u>(1,019)</u>	<u>(625)</u>
Loss per share- Basic and diluted	10	<u><u>(0.16p)</u></u>	<u><u>(0.10p)</u></u>

There is no difference between the results as disclosed above and the results on a historical cost basis. The income statement has been prepared on the basis that all operations are continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 2020 £000	Year ended 2019 £000
Loss for the period	(1,019)	(625)
Exchange difference on translation of foreign operations	(3,654)	211
Total comprehensive income for the year	<u>(4,673)</u>	<u>(414)</u>
Attributable to:		
Owners of the Company	(4,061)	(448)
Non-controlling interests	(612)	34
	<u>(4,673)</u>	<u>(414)</u>

CONSOLIDATED BALANCE SHEET

	Note	2020 £000	2019 £000
Non-current assets			
Intangible assets	12	23,574	27,423
Property, plant and equipment	13	2	5
Investments	14	-	390
Other receivables	15	2	-
		<u>23,578</u>	<u>27,818</u>
Current assets			
Trade and other receivables	15	76	156
Cash and cash equivalents		28	566
		<u>104</u>	<u>722</u>
Total assets		<u>23,682</u>	<u>28,540</u>
Current liabilities			
Trade and other payables	16	(805)	(610)
Borrowings	17	(210)	-
		<u>(1,015)</u>	<u>(610)</u>
Non-current liabilities			
Deferred tax liabilities	18	(4,384)	(5,243)
Total liabilities		<u>(5,399)</u>	<u>(5,853)</u>
Net assets		<u>18,283</u>	<u>22,687</u>
Equity			
Share capital	20	9,774	9,774
Share premium	21	19,691	19,691
Other reserve	21	189	-
Retained earnings	21	(14,480)	(10,499)
Equity attributable to owners of the Company		<u>15,174</u>	<u>18,966</u>
Non-controlling interests	24	<u>3,109</u>	<u>3,721</u>
Total equity		<u>18,283</u>	<u>22,687</u>

These financial statements were approved by the Board and authorised for issue on 28 December 2020

Signed on behalf of the Board



M Eales
Director

Company Registration No: 04095614

PARENT COMPANY BALANCE SHEET

	Note	2020 £000	2019 £000
Non-current assets			
Investments	14	24,654	24,074
Current assets			
Trade and other receivables	15	30	25
Cash and cash equivalents		15	523
		45	548
Total assets		24,699	24,622
Current liabilities			
Trade and other payables	16	(219)	(70)
Borrowings	17	(210)	-
Total liabilities		(429)	(70)
Net assets		24,270	24,552
Equity			
Share capital	20	9,774	9,774
Share premium	21	19,691	19,691
Other reserve	21	189	-
Retained earnings	21	(5,384)	(4,913)
Total equity (Attributable to owners of the Company)		24,270	24,552

The loss for the financial year dealt with in the financial statements of the parent Company was £551,000 (2019 – loss £382,000).

These financial statements were approved by the Board and authorised for issue on 28 December 2020.

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	Retained Earnings £000	Total £000
At 1 July 2018	8,903	19,161	-	(10,056)	18,008
Exchange difference on translation of foreign operations	-	-	-	176	176
Issue of share capital	871	530	-	-	1,401
Credit for equity-settled share based payments	-	-	-	5	5
Loss for the year	-	-	-	(624)	(624)
At 30 June 2019	<u>9,774</u>	<u>19,691</u>	<u>-</u>	<u>(10,499)</u>	<u>18,966</u>
Exchange difference on translation of foreign operations	-	-	-	(3,044)	(3,044)
Issue of share option	-	-	189	-	189
Credit for equity-settled share based payments	-	-	-	80	80
Loss for the year	-	-	-	(1,017)	(1,017)
At 30 June 2020	<u>9,774</u>	<u>19,691</u>	<u>189</u>	<u>(14,480)</u>	<u>15,174</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Total equity:

	Owners of the Company £000	Non-controlling Interest £000	Total Equity £000
At 1 July 2018	18,008	3,687	21,695
Exchange difference on translation of foreign operations	176	35	211
Issue of share capital	1,401	-	1,401
Credit for equity-settled share based payments	5	-	5
Loss for the year	(624)	(1)	(625)
At 30 June 2019	<u>18,966</u>	<u>3,721</u>	<u>22,687</u>
Exchange difference on translation of foreign operations	(3,044)	(610)	(3,654)
Issue of share option	189	-	189
Credit for equity-settled share based payments	80	-	80
Loss for the year	(1,017)	(2)	(1,019)
At 30 June 2020	<u>15,174</u>	<u>3,109</u>	<u>18,283</u>

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 2018	8,903	19,161	-	(4,536)	23,528
Credit for equity-settled share based payments	-	-	-	5	5
Issue of share capital	871	530	-	-	1,401
Loss for the year	-	-	-	(382)	(382)
	<u>9,774</u>	<u>19,691</u>	<u>-</u>	<u>(4,913)</u>	<u>24,552</u>
At 30 June 2019	9,774	19,691	-	(4,913)	24,552
Credit for equity-settled share based payments	-	-	-	80	80
Issue of share option	-	-	189	-	189
Loss for the year	-	-	-	(551)	(551)
	<u>9,774</u>	<u>19,691</u>	<u>189</u>	<u>(5,384)</u>	<u>24,270</u>
At 30 June 2020	9,774	19,691	189	(5,384)	24,270

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 2020 £000	Year ended 2019 £000
Net cash used in operating activities	22	(397)	(420)
Investing activities			
Purchases of property, plant and equipment		-	(4)
Purchase of exploration and evaluation assets		(555)	(1,202)
Contributions to exploration and evaluation assets		-	268
Interest received		4	6
Net cash used in investing activities		(551)	(932)
Financing activities			
Proceeds on issue of equity (net of costs)		-	1,401
Proceeds on issue of share options and warrants		189	-
Proceeds from new loans		210	-
Net cash generated by financing activities		399	1,401
Net (decrease)/increase in cash and cash equivalents		(549)	49
Cash and cash equivalents at beginning of year	22	566	517
Effects of foreign exchange rates		11	-
Cash and cash equivalents at end of year	22	28	566

COMPANY CASH FLOW STATEMENT

	Note	Year ended 2020 £000	Year ended 2019 £000
Net cash from operating activities	22	(350)	(381)
Investing activities			
Payments to acquire investments		(557)	(961)
Net cash used in investing activities		(557)	(961)
Financing activities			
Proceeds on issue of equity (net of costs)		-	1,401
Proceeds on issue of share options and warrants		189	-
Proceeds from new loans		210	-
Net cash generated by financing activities		399	1,401
Net (decrease)/increase in cash and cash equivalents		(508)	59
Cash and cash equivalents at beginning of year	22	523	464
Cash and cash equivalents at end of year	22	15	523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Ironveld Plc is a public company incorporated and domiciled in the United Kingdom 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 5.

Adoption of new and revised Standards

In the current year, the Group has applied a number of new or amended standard for the first time which are mandatory for accounting periods commencing on or after 1 January 2019. None of the standards adopted had a material impact on the financial statements. The significant new and amended standards adopted were as follows:-

IFRS 16 – Leases

Annual Improvements to IFRSs 2015-2017 Cycle

At the date of authorisation of these financial statements, the following accounting standards, amendments to existing standards and interpretations are not yet effective and have not been adopted early by the Group.

IFRS 17 - Insurance contracts

Amendments to references to the conceptual Framework in IFRS Standards

Annual Improvements to IFRSs 2018-2020 Cycle.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Companies Act 2006.

Under section 408 of the Companies Act 2006 the Parent Company is exempt from the requirement to present its own profit and loss account.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Significant accounting policies (continued)

Basis of consolidation (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Significant accounting policies (continued)

Exploration and evaluation (continued)

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.

Development and production assets

Development and production assets, classified within property, plant and equipment, are accumulated generally on a field basis and represents the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditure incurred in finding the commercial reserves transferred from intangible assets.

Depreciation of producing assets

The net book values of producing assets are depreciated generally on the field basis using the unit or production method by reference to the ratio of production in the period and the related commercial reserves of the field, taking into account the future development expenditure necessary to bring those reserves to production.

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.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and the fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the asset and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after sale.

Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group reported no revenue for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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
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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the permanent diminution in value.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Significant accounting policies (continued)

Operating segments

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

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 3 to 4. 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.

Fair value of acquisition

On acquisition of a subsidiary, the Company is required to estimate the fair value of the assets and liabilities acquired and the consideration paid. The estimate in respect of exploration and evaluation assets is affected by many factors including the future viability of commercial reserves which have been based on the judgement of directors supported by third party technical reports.

Going concern

As announced on 12 November 2020, the Company and IIG agreed that the Option Agreement originally announced on 30 March would be allowed to lapse on 30 November 2020. On 26 November 2020, alongside the announcement of a share placing to raise up to £1,150,000, the Company agreed that the majority of the bridging funds provided by IIG (US\$650,000 plus interest) would be capitalised at a price of 0.42 pence per share alongside a cash repayment of approximately £112,000)

Discussions with alternative financial and development funding institutions to secure the project funding required continue.

Following shareholder approval of the of the share placing on 14 December 2020, the Group's present financial facilities are considered sufficient to enable the Company to operate at present levels until the first half of 2022, by which time, the Board of Directors anticipates to have secured the further finance to develop the Project.

Whilst the impact of the global COVID-19 pandemic including the associated travel restrictions has hampered the Company's attempts to secure project development funding to some extent, as the Group is presently not currently undertaking any operations at the project then no significant impact is anticipated over the next 12 months.

Therefore, whilst the existing resources are not sufficient to develop the mining asset, 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. The Group is committed to developing its Project and is actively engaged with interested parties. For this reason, the Board continues to adopt the going concern basis in the preparation of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2 Critical accounting estimates and judgements (continued)

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 the Group remains 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.

Investment impairment indicators

The Company balance sheet includes an investment in subsidiary companies of £24,654,000 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

	Year ended 2020 £000	Year ended 2019 £000
Operating loss for the year is shown after charging:		
Depreciation on tangible assets	2	3
Short term lease payments under operating leases	26	53
Impairment of receivables	-	-
Share based payment charge	80	-
	<u>80</u>	<u>-</u>

Auditors' remuneration

Fees payable to the auditors for the audit of the Company's accounts	37	37
Fees payable to the Company's auditors and its associates for other services:-		
The audit of the Company's subsidiaries	13	14
Tax compliance services	7	7
Other assurance services	10	12
Other non-audit services	3	3
	<u>33</u>	<u>36</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Staff costs

Group

	Year ended 2020 £000	Year ended 2019 £000
Wages and salaries	350	438
Social security costs	28	15
Pension costs	8	-
Share based payments	80	5
Directors other fees	305	382
	<u>771</u>	<u>840</u>

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

	2020 Number	2019 Number
Administration and management	12	20

	2020 £000	2019 £000
Directors remuneration and other fees	594	517
The aggregate remuneration and fees paid to the highest paid Director was	<u>185</u>	<u>251</u>

Further details of the Directors' remuneration are given in the Directors' Remuneration Report on pages 10 and 11.

Company

	Year ended 2020 £000	Year ended 2019 £000
Wages and salaries - directors	202	135
Social security costs	26	12
Share based payments	80	-
Pension costs	7	-
	<u>315</u>	<u>147</u>

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

	2020 Number	2019 Number
Directors	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Other gains and losses	Year ended 2020 £000	Year ended 2019 £000
Impairment of other investments	326	-
<hr/>		
7. Investment revenues	Year ended 2020 £000	Year ended 2019 £000
Interest on financial deposits	4	6
<hr/>		
8. Finance costs	Year ended 2020 £000	Year ended 2019 £000
Loan interest and similar charges	2	2
<hr/>		
9. Tax	Year ended 2020 £000	Year ended 2019 £000
<i>a) Tax charge for the period</i>		
Corporation tax:		
Current period	-	-
Deferred tax (note 18)	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<i>b) Factors affecting the tax charge for the period</i>		
Loss on ordinary activities for the period before taxation	(1,019)	(625)
	<hr/>	<hr/>
Loss on ordinary activities for the period before taxation multiplied by effective rate of corporation tax in the UK of 19% (2019 – 19%)	(194)	(119)
<i>Effects of:</i>		
Unused tax losses not recognised	194	119
	<hr/>	<hr/>
Tax expense for the period	-	-
	<hr/>	<hr/>

c) Factors that may affect future tax charges - The Group has estimated unutilised tax losses amounting to £5,194,000 (2019 - £4,235,000) the values of which are not recognised in the balance sheet. The losses represent a potential deferred taxation asset of £1,123,000 (2019 - £831,000) 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 £7,445,000 (2019 - £8,082,000) which are expected to be deductible against future trading profits of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. (Loss)/earnings per share

	2020 £000	2019 £000
Loss attributable to the owners of the Company	(1,019)	(625)
Loss per share – Basic and diluted Continuing operations	(0.16p)	(0.10p)

The calculation of basic earnings per share is based on 654,990,841 (2019 – 602,782,339) 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 £551,000 (2019 - £382,000).

12. Intangible assets

	Exploration and evaluation assets £000
Group	
<i>Cost:</i>	
At 1 July 2018	26,218
Additions	1,225
Contributions received	(268)
Exchange differences	248
At 30 June 2019	27,423
Additions	645
Exchange differences	(4,494)
At 30 June 2020	23,574
<i>Amortisation:</i>	
At 1 July 2018, 30 June 2019 and at 30 June 2020	-
Net book value at 30 June 2020	23,574
Net book value at 30 June 2019	27,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Intangible assets (continued)

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. During the period contributions of £Nil (2019 - £268,000) were received from the project partner in respect of the mineral ore testing.

13. Property, plant and equipment

Plant and
machinery

Group

£000

Cost:

At 1 July 2019

Exchange differences

At 30 June 2020

Depreciation:

At 1 July 2019

Charge for the period

Exchange differences

At 30 June 2020

Net book value at 30 June 2020

Net book value at 30 June 2019

Plant and
machinery
£000

Cost:

At 1 July 2018

Additions

At 30 June 2019

Depreciation:

At 1 July 2018

Charge for the period

At 30 June 2019

Net book value at 30 June 2019

Net book value at 30 June 2018

All non-current assets in 2020 and 2019 were located in South Africa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Investments

Group – Loans to other entities

	2020 £000	2019 £000
Cost:		
At 1 July	390	386
Exchange differences	(64)	4
	<hr/>	<hr/>
At 30 June	326	390
	<hr/>	<hr/>
Impairment:		
At 1 July	-	-
Recognised in the year	326	-
	<hr/>	<hr/>
At 30 June	326	-
	<hr/>	<hr/>
Book value at 30 June	-	390
	<hr/> <hr/>	<hr/> <hr/>

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 deposit is interest free and becomes refundable should the acquisition not proceed. The investment was considered to be fully impaired as at 30 June 2020 whilst the directors pursued other alternatives and £326,000 was charged to the income statement.

Company - Subsidiary undertakings

	Loans £000	Equity £000	Total £000
Cost:			
At 1 July 2018	2,762	20,329	23,091
Additions	978	5	983
	<hr/>	<hr/>	<hr/>
At 30 June 2019	3,740	20,334	24,074
	<hr/>	<hr/>	<hr/>
Additions	580	-	580
	<hr/>	<hr/>	<hr/>
At 30 June 2020	4,320	20,334	24,654
	<hr/>	<hr/>	<hr/>
Net book value at 30 June 2020	4,320	20,334	24,654
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 30 June 2019	3,740	20,334	24,074
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The loans represent loans to Ironveld Holdings (Propriety) Limited of £4,215,000 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 in the year has extended the loan period when project finance is agreed. Also included in loans are working capital loans to Ironveld Mauritius Limited of £105,000 which are interest free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Investments (continued)

The Company has investments in the following principal 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 Limited	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.

Further details of non-wholly owned subsidiaries of the Group are provided in note 24.

15. Trade and other receivables

	<i>Group</i>		<i>Company</i>	
	2020 £000	2019 £000	2020 £000	2019 £000
Other receivables	58	138	16	11
Amounts owed by related parties	2	-	-	-
Prepayments and accrued income	18	18	14	14
	<hr/>	<hr/>	<hr/>	<hr/>
Due within 12 months	78 (76)	156 (156)	30 (30)	25 (25)
	<hr/>	<hr/>	<hr/>	<hr/>
Due after more than 12 months	2	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 £27,000 (2019 - £109,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Trade and other payables

	<i>Group</i>		<i>Company</i>	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade payables	48	8	48	8
Taxation and social security costs	13	18	13	14
Other payables	6	10	5	5
Accruals and deferred income	738	574	153	43
	<u>805</u>	<u>610</u>	<u>219</u>	<u>70</u>
Due within 12 months	(805)	(610)	(219)	(70)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due after more than 12 months	-	-	-	-

17. Borrowings

	<i>Group</i>		<i>Company</i>	
	2020 £000	2019 £000	2020 £000	2019 £000
Other loans	210	-	210	-
	<u>(210)</u>	<u>-</u>	<u>(210)</u>	<u>-</u>
Due within 12 months	(210)	-	(210)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due after more than 12 months	-	-	-	-

Further details on loans is provided in note 19.

18. Deferred tax

	<i>Group</i>	
	2020 £000	2019 £000
Balance at 1 July	5,243	5,194
Exchange differences	(859)	(49)
Balance at 30 June	<u>4,384</u>	<u>5,243</u>

The Group has unrelieved tax losses carried forward which represent a deferred tax asset of £1,122,000 (2019 - £831,000). This asset is not recognised in these financial statements.

The deferred tax liability is made up as follows:

	<i>Group</i>	
	2020 £000	2019 £000
Fair value adjustments	<u>4,384</u>	<u>5,243</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2019.

The capital structure of the Group consist of cash and cash equivalents and 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 £28,000 (2019 - £566,000). The cash deposits attract variable rates of interest. At the year end the effective rate was 0.8% (2019 - 0.7%). The cash deposits held were as follows:-

	2020 £000	2019 £000
Sterling - United Kingdom banks	10	518
USD – United Kingdom banks	4	2
South African Rand - United Kingdom banks	1	5
South African Rand - South African banks	13	41
	28	566
	28	566

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 £260,000 were agreed on 3 February 2020. The loans mature 6 months after draw down and attract a fixed interest rate of 8% per annum. The Company issued 26,000,000 share warrants with a subscription price of 1p per share to the lenders, pro rata to the amount of each loan. These warrants have a two year life and the lenders may use the outstanding balances under the loan facilities to exercise the warrants.

At 30 June 2020, £210,000 had been drawn against this facility and therefore £50,000 remained undrawn.

On 11 June 2020, the Company arranged a bridging loan facility with Inclusive Investment Group Propriety Limited ("IIG") of ZAR 3,700,000 (approximately £170,000). At 30 June 2020 no amount had been drawn under this facility. On 3 September 2020, a further extension of these facilities of ZAR 3,300,000 (approximately £154,000) was agreed.

On 30 March 2020, the Company arranged a potential US\$1 million facility with IIG which could be drawn down if IIG completed its share subscription under the outstanding option agreement and therefore no amounts were available to draw on this facility at the year-end and the facility lapsed on 30 November 2020.

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 2020	Assets £000	Liabilities £000
British Pound Sterling (£)	31	417
USD (\$)	1	21
South African Rand (R)	56	564
	88	1,002
	88	1,002
As at 30 June 2019	Assets £000	Liabilities £000
British Pound Sterling (£)	528	70
USD (\$)	2	13
South African Rand (R)	564	527
	1,094	610
	1,094	610

Financial commitments and guarantee

Rehabilitation guarantees of £1,340,000 (R 24,278,412) 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 2020 £27,000 (R 577,000) (2019 - £109,000 (R 1,962,000)) had been deposited in respect of this agreement and is included in other receivables. As no significant activity had taken place on the Group's mineral resources then R 1,500,000 was withdrawn from the bond in the year. This receivable represents a concentration of credit risk and the Group is exposed to currency risk on these amounts. As the project has 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

	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
654,990,841 (2019 – 654,990,841) ordinary shares of 1p each	6,550	6,550
322,447,158 (2019 - 322,447,158) deferred shares of 1p each	3,224	3,224
	<u>9,774</u>	<u>9,774</u>

As announced on 26 November 2020 and subsequently approved on 14 December 2020, the Company agreed to carry out a subdivision of the existing ordinary shares whereby each existing ordinary share of 1 pence each will be subdivided into one New Ordinary share of 0.1 pence each and nine deferred shares of 0.1 pence each to enable the placing at 0.30 pence per share to become unconditional. The New Ordinary shares continue to carry the same rights as attached to the existing ordinary shares, save for the reduction in nominal value.

On 15 December 2020, a further 643,949,531 shares were issued and admitted to trading to settle existing liabilities and raise working capital of £1,150,000 for the Group.

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.

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 2019 No.	Granted in year No.	Exercised in year No.	Lapsed/ Cancelled No.	As at 30 June 2020 No.
21 May 2010	10p	1,600,000	-	-	(1,600,000)	-
16 August 2012	1p	5,949,558	-	-	-	5,949,558
14 November 2012	1p	6,663,505	-	-	-	6,663,505
16 April 2013	1p	1,033,334	-	-	-	1,033,334
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
27 January 2016	1p	445,545	-	-	-	445,545
10 January 2020	1p	-	27,400,000	-	-	27,400,000
30 March 2020	0.42p	-	440,176,070	-	-	440,176,070

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Share capital (continued)

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 £80,000 (2019 - £5,000) in the year. No options were exercised in the year.

The aggregate of the estimated fair value of the employee related share options granted in the period amounted to £108,000 (2019 - £Nil). The inputs to the Black Scholes Model were as follows:-

Weighted average share price (pence)	0.75
Weighted average share price (pence)	1.00
Expected volatility	82%
Weighted average period to exercise	5 years
Risk free rate	0.7%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the three years prior to the grant date. The expected period to exercise is based on management's best estimate.

Share options (continued)

On 30 March 2020, the Company announced that it had entered in a share Option Agreement with IIG pursuant to which IIG could subscribe for 440,176,070 new Ordinary shares in the capital of the company at a price of 0.42 pence per share. The option agreement was issued in exchange for US\$250,000.

The Option agreement had an initial expiry date of 17 June 2020 but in order to bring the timetable for the potential Option exercise in line with the proposed project financing application, the Company entered into an extension of the Agreement to 30 September 2020. In consideration of this extension IIG agreed to provide the Company with a bridging funding facility of up to ZAR3.7 million (approximately £170,000) which was intended to provide the Company with the requisite funds to continue in operations until such time as the funding application is reviewed. Further to the above, on 3 September 2020, the exercise period Option Agreement was once again extended to 30 November 2020 in exchange for further bridging funding of ZAR 3.3 million (approximately £150,000). The option lapsed on 30 November 2020.

Share warrants

Pursuant to the loan facilities agreement, dated 3 February 2020 for £260,000 and referred to in note 19, the Company issued share warrants to the lenders over 26,000,000 shares at 1 pence per share. The warrants had a 2 years life and the lender was able to use the outstanding balances under the loan facilities to exercise the warrants. Following the approval of the conditional placing on 14 December 2020 and the repayment of the associated loans, these share warrants lapsed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Reserves

<i>Group</i>	Other reserve £000	Share premium account £000	Retained earnings £000
At 1 July 2019	-	19,691	(10,499)
Loss for the year	-	-	(1,017)
Exchange difference on translation of foreign operations	-	-	(3,044)
Issue of share options and warrants	189	-	-
Credit for equity settled share based payments	-	-	80
At 30 June 2020	<u>189</u>	<u>19,691</u>	<u>(14,480)</u>

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, comprising 1p ordinary shares and 1p deferred shares less any costs of issuing the shares.

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.

Company

	Other reserve £000	Share premium account £000	Retained earnings £000
At 1 July 2019	-	19,691	(4,913)
Loss for the period	-	-	(551)
Issue of share options and warrants	189	-	-
Credit for equity settled share based payments	-	-	80
At 30 June 2020	<u>189</u>	<u>19,691</u>	<u>(5,384)</u>

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, comprising 1p ordinary shares and 1p deferred shares less any costs of issuing the shares.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Cash generated from operations

Group	2020 £000	2019 £000
Operating loss	(695)	(629)
Depreciation on property, plant and equipment	2	3
Share based payment charge	80	-
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(613)	(626)
Movement in receivables	61	22
Movement in payables	155	185
	<hr/>	<hr/>
Cash used in operations	(397)	(419)
Interest paid	-	(1)
	<hr/>	<hr/>
Net cash used in operations	(397)	(420)

Cash and cash equivalents	2020 £000	2019 £000
Cash and bank balances	28	566
	<hr/>	<hr/>

Company	2020 £000	2019 £000
Operating loss	(571)	(404)
Share based payment charge	80	-
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(491)	(404)
Movement in receivables	(6)	13
Movement in payables	147	10
	<hr/>	<hr/>
Net cash used in operations	(350)	(381)

Cash and cash equivalents	2020 £000	2019 £000
Cash and bank balances	15	523
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Related party transactions

Group

During the year the Group incurred £185,000 (2019 - £251,000) for consultancy services to Goldline Global Consulting (Pty) Limited, a company in which P Cox is materially interested. At 30 June 2020, £392,000 (2019 - £365,000) remained unpaid in accruals. Following the year end the accrued fees were settled by the issue of shares in the Company.

During the year the Group incurred £120,000 (2019 - £131,000) for consultancy services to Novem Consulting, a private company in which V von Ketelhodt is materially interested. At 30 June 2020, £171,000 (2019 - £145,000) remained unpaid in accruals. Following the year end the accrued fees were settled by the issue of shares in the Company.

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 (2019 - £48,000) for accounting services to Westleigh Investments Limited, a company in which G Clarke and N Harrison are materially interested. During the year the Company paid £Nil (2019 - £20,000) for consultancy services to Merlin Partnership LLP, a company in which G Clarke is materially interested.

Included in other loans is a short term loan due to G Clarke of £10,000 (2019- £Nil). The loan attracts interest at 8% per annum and was repaid after the year-end by the issue of 3,333,333 shares and the interest waived.

Further directors' remuneration of £96,805 (2019 - £Nil) was unpaid at the year-end and is included in accruals. Following the year end £60,000 of the accrued fees were settled by the issue of shares in the Company.

24. Non-controlling interest

	2020 £000	2019 £000
At 1 July	3,721	3,687
Exchange adjustments	(610)	35
Share of loss for the period	(2)	(1)
At 30 June	<u>3,109</u>	<u>3,721</u>

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	
	2020	(2019)	2020 £000	2019 £000	2020 £000	2019 £000
HW Iron (Proprietary) Limited	32%	(32%)	-	-	989	1,184
Lapon Mining (Proprietary) Limited	26%	(26%)	-	-	2,124	2,540
Other non-controlling interests			(2)	(1)	(4)	(3)
			<u>(2)</u>	<u>(1)</u>	<u>3,109</u>	<u>3,721</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. 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 2020 of 21.4676 (2019 – 17.9497).

HW Iron (Proprietary) Limited

	2020	2019
	£000	£000
Non-current assets	6,261	7,261
Current assets	3	-
Current liabilities	(1,970)	(2,122)
Non-current liabilities	(1,205)	(1,441)
	<u>3,090</u>	<u>3,698</u>
Equity attributable to owners of the Company	2,101	2,514
Non-controlling interest	989	1,184
	<u>2,101</u>	<u>1,184</u>
Revenue	-	-
Expenses	(1)	-
	<u>(1)</u>	<u>-</u>
Loss for the year	(1)	-
	<u>(1)</u>	<u>-</u>
Attributable to the owners of the Company	(1)	-
Attributable to the non-controlling interests	-	-
	<u>(1)</u>	<u>-</u>
Net cash outflow from operating activities	-	-
Net cash outflow from investing activities	(157)	(188)
Net cash inflow from financing activities	157	188
	<u>-</u>	<u>-</u>
Net cash inflow	-	-
	<u>-</u>	<u>-</u>
Net cash flow - Attributable to the non-controlling interests	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Non-controlling interest (continued)

Lapon Mining (Proprietary) Limited

	2020	2019
	£000	£000
Non-current assets	12,992	15,300
Current assets	2	-
Current liabilities	(1,647)	(1,728)
Non-current liabilities	(3,179)	(3,802)
	<u>8,168</u>	<u>9,770</u>
Equity attributable to owners of the Company	6,044	7,230
Non-controlling interest	2,124	2,540
	<u>8,168</u>	<u>9,770</u>
Revenue	-	-
Expenses	(1)	(1)
	<u>(1)</u>	<u>(1)</u>
Loss for the year	(1)	(1)
	<u>(1)</u>	<u>(1)</u>
Attributable to the owners of the Company	(1)	(1)
Attributable to the non-controlling interests	-	-
	<u>(1)</u>	<u>(1)</u>
Net cash outflow from operating activities	(1)	(1)
Net cash outflow from investing activities	(153)	(183)
Net cash inflow from financing activities	153	184
	<u>(1)</u>	<u>(1)</u>
Net cash flow	(1)	-
	<u>(1)</u>	<u>(1)</u>
Net cash flow - Attributable to the non-controlling interests	-	-
	<u>(1)</u>	<u>(1)</u>

25. Financial commitments

At the year end the Group had no financial commitments under operating leases (2019 - £Nil).

26. Control

The Directors consider that there is no overall controlling party.