

Company registration No 04095614 (England and Wales)

IRONVELD PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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DIRECTORS

John Wardle – *Executive Chairman*

John Wardle, whose first degree was in Mining Engineering followed by a PhD in Microseismic Geotechnics, was most recently CEO of Amerisur Resources plc, the AIM-listed Oil & Gas company, from 2007 to 2020 when it was acquired for approximately £242 million. Prior to this John held roles with BP, Britoil, Emerald Energy and Pebercan.

Martin Eales - *Chief Executive Officer*

Martin Eales joined Ironveld in early 2020 and has overseen the Company's transition into production. Prior to that, Martin spent five years as CEO at Rainbow Rare Earths and had 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 also 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.

Malebo Ratlhagane – *Deputy Group CFO and Executive Director*

Malebo Ratlhagane has acted as Head of Finance for all of the Ironveld Group's South African entities since 2022 and has been with the Company since 2014. She is a Certified Professional Accountant and a member of the South African Institute of Professional Accountants.

Giles Clarke – *Non-Executive Director*

Giles Clarke is Chairman of Westleigh Investments Holdings Limited 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 approximately £242 million in 2020.

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 Chief Financial Officer of Amerisur Resources plc until its sale in 2020 and has held finance director and chief executive positions in a number of other businesses. He is currently Chief Executive of Westleigh Investments Holdings Limited.

ADVISORS

Company secretary	B James
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	Cavendish One Bartholomew Close London EC1A 7BL
Broker	Cavendish One Bartholomew Close London EC1A 7BL
Joint Broker	Turner Pope 8 Frederick's Place London EC2R 8AB
Auditors	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
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 10 th Floor Central Square 29 Wellington Street Leeds LS1 4DL
Financial PR	BlytheRay 4-5 Castle Court London EC3V 9DL

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present the Annual Report and the Financial Statements for the year to 30 June 2023.

This is my first Chairman's Statement at Ironveld. I joined the Board in November 2022 and was appointed to the role of Executive Chairman in November 2023, taking over as Chairman from Giles Clarke. I am delighted that Giles has remained on the Board as a Non-Executive Director and will continue to share his invaluable experience. As a long term substantial shareholder in the Company my interests in seeing the project develop and maximise its potential are fully aligned with all our stakeholders.

During the period, we undertook our first steps from being a development project to becoming a producing company.

In May 2022, just prior to the end of the last financial year, the Company announced that it had agreed terms with a business rescue practitioner and a sole creditor to acquire an existing smelter in Rustenburg, South Africa for a total of ZAR 116 million (approximately £4.9 million), with ZAR 16 million (approximately £675,000) payable following completion with the balance of ZAR 100 million (approximately £4.3 million) repayable from smelter cashflows over 10 years. The Company then completed a Placing to raise gross proceeds of £4.5 million in August 2022 and work commenced to apply these proceeds to the costs of refurbishing the smelter and commencing mining activities.

The Company was able to announce in January 2023 that the first furnace of three at the smelter had been repaired and had successfully test processed magnetite ore. A further £2.0 million gross proceeds was raised in March 2023 by way of an equity placing to assist with the ongoing repairs to the smelter and for working capital purposes.

Some initial sales were recognised from the smelter just prior to period end, both processed ore and non-core scrap items from the facility.

Post period end the smelter operations had to address a number of issues, including the repair of the granulator and securing additional generator power, that impacted planned ramp up of production from the facility. Around the same time a test project to process third party ferro-silicon slag metal was successfully completed which demonstrated the flexibility of the smelter equipment. In November 2023, the Company completed a further fundraising with gross proceeds of £1.0 million in which I again participated. Following this fundraising I was appointed as Executive Chairman.

In addition, the Company has formed a DMS Magnetite joint venture with Pace SA, named IPace, which secured capital funding from Sable Exploration and Mining in September 2023 to develop a business to crush and magnetically separate ore directly from the Company's mining operations for direct sale to end users. At the time of writing, this project is well advanced but commencement of activities has been impacted by extended delivery times for critical electrical components and the first production is expected late January.

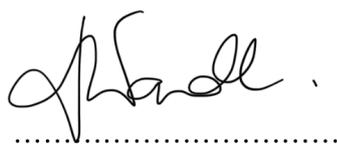
The Board believes that the smelter facility, once fully operational, represents the best opportunity for the Company to maximise value from its magnetite ore as it allows for the opportunity to process the ore into higher value metal products, namely high purity iron, vanadium slag and titanium slag. Following the initial refurbishment of the smelter, it was the Board's stated intention to invest further in capital equipment which will enable production of higher value iron powders. This is still the intention and, as announced in September and October 2023, the Company is engaged in direct funding discussions with a financial institution which, if completed, would allow for the opportunity to advance the project in this manner.

One of my key objectives since assuming the role of Executive Chairman last month has been to analyse all of the Group's overhead costs in the UK and South Africa and to make cost savings wherever possible. Earlier this month we took the decision to suspend operations at the Rustenburg smelter until all of the rented electrical generation units delivered in September and October 2023 could be replaced by dual-fuel units on hire purchase basis. These new units offer attractive benefits in terms of both cost and efficiency, being less expensive than rental units whilst offering a dual-fuel capability. Based on the hire purchase financing term sheet received by the Company from the supplier, this should result in annual savings of around ZAR 40 – 50 million (£1.7 - £2.1 million) compared with the rental costs of the previous units. The smelter plant is now secure and operating with a reduced staff headcount until the new generators are expected to be delivered, alongside the institutional

CHAIRMAN'S STATEMENT (continued)

financing transaction, early in 2024. I believe that this exercise, alongside a similar review of UK overheads, will realise material benefits to the Group's ongoing cost levels in the second half of the current financial year.

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



Dr John Wardle
Executive Chairman

19 December 2023

STRATEGIC REPORT

Financial

The Group recorded a loss before tax of £1.2 million (2022: £0.8 million) in the Period. The Company does not plan to pay a dividend for the year ended 30 June 2023. To date the board has been focussed on bringing the Company to the point of production and related activities. In future periods the directors expect that KPIs for the business will be focussed more on operational matters including production, revenue, profitability and the safe and efficient operation of the smelter complex. Appropriate KPIs will be included in future periods.

Going concern

As at the date of these Financial Statements the direct funding transaction announced by the Company in September and October 2023 is well advanced but not yet concluded, however the Directors have a reasonable expectation that it will do so in early 2024.

Taking account of the funds referred to above and the planned investment into expanding operations at the smelter plant, these Financial Statements have been prepared on a Going Concern basis.

Outlook

The Company expects to close a significant financing transaction early in 2024 which should provide the funding required to materially develop current operations at the smelter, which has not yet operated in line with initial expectations.

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

Principal risks and uncertainties

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

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

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

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

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

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

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

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

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

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

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

During the year ended 30 June 2023 the Board of Directors consider that they have acted in a way that would be most likely to promote the success of the company for the benefit of its members (having regard to the stakeholders and the matters set out in s172(1)(a)-(f) of the Companies Act 2006).

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

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

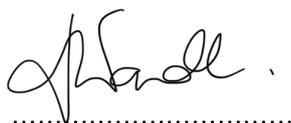
The requirements of s172 are for the Directors to:

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

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

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

This report was approved by the Board on 19 December 2023 and signed on its behalf by:



Dr John Wardle
Executive Chairman

DIRECTORS' REPORT

The Directors present their annual report, together with the Group and Parent Company financial statements for the year ended 30 June 2023. The Corporate Governance Statement set out on pages 10 and 11 forms part of this report.

Principal activity

The principal activity of the Group for the year continued to be the development of a Vanadiferous and Titaniferous Magnetite ore deposit 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
M Eales
J Wardle (appointed on 1 November 2022)
M Ratlhagane (appointed on 5 June 2023)

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

	30 November 2023	30 June 2023	30 June 2022
	ordinary	ordinary	ordinary
	shares	shares	shares
	Number	Number	Number
G Clarke	67,221,168	67,221,168	29,749,281
N Harrison	48,562,761	48,562,761	22,415,208
P Cox	38,785,490	38,785,490	28,785,400
M Eales	39,168,722	39,168,722	-
J Wardle	569,428,567	403,713,567	-
M Ratlhagane	-	-	-

G Clarke and N Harrison's interests in 10,062,470 (2022 - 10,062,470) shares above are through their shareholding in Westleigh Investments Holdings Limited.

Details of Directors' interests in share options are provided in the Directors' remuneration report on page 12.

Political contributions

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

Events arising after the reporting period

On 18 September 2023 the Company first announced that it was in direct funding discussions with an institution. As at the date of these financial statements this transaction is well advanced and the Board has reasonable expectations that a satisfactory transaction will be concluded early in 2024. On the same date, the Company announced that certain Directors had agreed to put in place a working capital facility of up to £500,000.

On 26 October 2023, the Company announced an equity fund raising of £1.0 million representing a placing of 360,000,000 ordinary shares at a price of 0.278 pence. The Company issued Warrants alongside the new ordinary shares to subscribe for 360,000,000 ordinary shares at 0.29 pence for a period of 36 months from Admission. The share proceeds were raised to fund ongoing working capital requirements of the operations. Following the Placing Dr John Wardle was appointed as Executive Chairman of the Company.

DIRECTORS' REPORT (continued)

Going concern

As at the date of approval of these Financial Statements the Rustenburg smelter project has been temporarily placed on care and maintenance following a decision to cease renting electrical generators and put in place a hire purchase agreement for similar power generation for approximately 25% of the monthly cost. The proposed new generator units are available in South Africa and the intention is that the Company will coincide the delivery and installation of these new units with the anticipated direct funding transaction, which is expected to be concluded early in 2024.

Whilst some revenues have been generated during 2023 from the operations at the smelter, when operating at a level below full capacity – particularly during periods of non-operation due to power supply or critical repairs - the overheads incurred by the facility have consumed more cash than revenues earned. The Company therefore took the decision earlier this month to conserve cash by returning rented generator units and to temporarily suspend production, also reducing headcount at the smelter to a level commensurate with care and maintenance activities.

As at the date of approval of these Financial Statements the Company had not signed definitive transaction documents, but the Board has reasonable expectations that a significant funding transaction with a financial institution in South Africa, which has been in process for a number of months, will be concluded early in 2024.

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

Should the agreed funding transaction not be completed or be materially delayed the Company will seek alternative funding arrangements and those arrangements are not yet committed. This represents a material uncertainty in relation to the Company's funding arrangements.

Substantial shareholdings

As at 30 November 2023 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 6:

	Number of Ordinary shares	Percentage
Jarvis Investment Management	433,038,379	11.00%
Premier Miton Investors	263,000,000	6.68%
Hargreaves Lansdown Stockbrokers	194,568,973	4.94%
Interactive Investor	165,988,859	4.22%
HSDL Stockbrokers	129,096,569	3.28%
Catalyse Capital	118,900,000	3.02%

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.

DIRECTORS' REPORT (continued)

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 19 December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'B. James', is written over a horizontal dotted line.

B James
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 was appointed during the period) and two Non-Executive Directors (of whom one was appointed 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.

In November 2023, John Wardle replaced Giles Clarke as Chairman of the Company, with Giles Clarke remaining on the Board as a Non-Executive Director.

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 formally met six times throughout the year.

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 receives 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 has 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 Audit Committee met once during the year.

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 are set by the Board. The Remuneration Committee met three times during the year.

CORPORATE GOVERNANCE STATEMENT (continued)

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.

Status of Non-Executive directors

None 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 2023 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 typically seek 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 (X formerly 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	2023 Total £000	2022 Total £000
N Harrison*	50	-	50	45
G Clarke**	50	-	50	45
P Cox	-	134	134	74
M Eales***	193	-	193	175
J Wardle	33	-	33	-
M Ratlhagane	8	-	8	-
	<u>334</u>	<u>134</u>	<u>468</u>	<u>339</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 remuneration disclosed above, the estimated values of share options granted in the year to the directors and the expense recognised in the year are as follow:

	Options Granted £000	Expense Recognised £000
P Cox	26	3
M Eales	26	3
M Ratlhagane	6	1
	<u>58</u>	<u>7</u>

Other pensions

In addition to the above, pension contributions for M Eales amounting to £15,000 were due for the year (2022 - £14,000). The Non-Executive Directors' appointments are not pensionable.

DIRECTORS' REMUNERATION REPORT (continued)

Details of the individual share options held by the Directors under the Group's 'Long term incentive plan' as at 30 June 2023, are as follows:

Director	Option price	Date of Grant	Expiry date	1 July 2022	(Lapsed)/ Granted	30 June 2023
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
P Cox	0.3p	27/02/2023	27/02/2033	-	12,500,000	12,500,000
M Eales	0.3p	27/02/2023	27/02/2033	-	12,500,000	12,500,000
M Rathagane	0.3p	27/02/2023	27/02/2033	-	3,000,000	3,000,000

With the exception of the share options granted in the year all share options were exercisable at the year-end.

In respect of the share options granted in the year 1/3 are exercisable 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.

The market price of the Company's shares at 30 June 2023 was 0.305p with a range of 0.245p to 0.540p 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 and Company financial statements in accordance with UK-adopted International Accounting Standards (IFRSs) and have also chosen to prepare the parent Company financial statements under UK-adopted international accounting standards. 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 UK-adopted international accounting standards, 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

19 December 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRONVELD PLC
Year ended 30 June 2023

Opinion

We have audited the financial statements of Ironveld Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2023, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 30 June 2023;
- the Group and Parent Company statements of financial position as at 30 June 2023;
- the Group and Parent Company statements of changes in equity for the year then ended;
- the Group and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2023 and of the Group's loss for the period then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards; 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 Group and the Parent 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 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 2.2 in the financial statements, which indicates that the Company is in the process of negotiating a significant funding transaction with a financial institution in South Africa, which has been in process for a number of months and is expected to be concluded early in 2024. At the date of approval of these financial statements those arrangements are not yet committed and this represents a material uncertainty in relation to the Company's funding arrangements that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included the following:

- reviewing and challenging management's going concern assessment and assumptions including expected sales volume and price as well as estimated costs linked to production;
- obtaining evidence to support the likelihood of funds being made available to the Group;
- considering the track record of the directors in raising funds for the Group in the past;
- testing the mathematical accuracy of the models used by management in their assessment; and
- considering the disclosures in the financial statements in relation to going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £400,000 (2022: £400,000), which was based on approximately 1.5% of the Group's total assets at the planning stage. We did not consider it appropriate to change this. We considered an asset basis to be the appropriate benchmark as the Group has yet to record significant revenues. Materiality for the Parent Company financial statements as a whole was set at £387,500 (2022: £390,000), which represents approximately 1.5% of total assets as it is holding company.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £280,000 (2022: £280,000) for the Group and £271,250 (2022: £273,000) for the Parent Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £20,000 (2022: £20,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The statutory audits of the main South African subsidiaries are carried out by a component auditor in South Africa. We considered the exploration and evaluation assets to be significant balances in the group, we therefore instructed the component auditor in South Africa to carry out specific audit procedures in this area. We also reviewed their working papers to ensure the work was carried out in accordance with our group instructions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

In addition to the matter described in the 'Material uncertainty related to going concern' section, we have determined the following to be the key audit matters. This is not a complete list of all risks identified by our audit.

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

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<p><i>Carrying value of exploration and evaluation assets (Group) (notes 2.1, 2.2 & 12)</i></p> <p>At the reporting date the Group had exploration and evaluation assets with a carrying value of £24.1 million (2022: £26.4 million)</p> <p>There is a risk that expenditure being capitalised under IFRS 6 does not relate to the exploration and evaluation activities and, additionally, a risk that the assets are impaired.</p>	<p>We agreed the costs capitalised to underlying supporting documentation and considered whether they meet the criteria set out in IFRS 6 “Exploration for and Evaluation of Mineral Resources”.</p> <p>We carried out procedures, including considering the available technical and preliminary economic assessments of the project to determine whether there were any indications of impairment. These included confirming:</p> <ul style="list-style-type: none"> • that the Group has the continuing right to explore in the specific area; • that the Group is committed to ongoing substantive expenditure on further exploration and evaluation activities; • that exploration and evaluation continues to be commercially viable; and • that there is sufficient data, including competent persons’ evaluation, to indicate that development is likely to proceed and that the carrying amount of the exploration asset is likely to be recovered in full from successful development or by sale.
<p><i>Recognition of assets under construction and associated debt obligations (Group) (notes 2.2, 14 & 18)</i></p> <p>At the reporting date the Group had recognised assets under construction with a carrying value of £6.9 million (2022: £Nil) and associated debt obligations of £4.9 million (2022: £Nil) in relation to the Rustenburg smelter complex. The acquisition is unconditional but subject to contract.</p> <p>There is a risk that assets and associated debt obligations are inappropriately recognised.</p>	<p>We considered whether the contract to purchase Ferrochrome Furnaces (Pty) Limited (FCF) was appropriately capitalised as the purchase of a smelter asset acquisition rather than as a business combination under IFRS3.</p> <p>We evaluated management’s assessment of whether the smelter complex met the definition of an asset and considered the requirements of the Conceptual Framework for Financial Reporting and the recognition criteria in IAS16 and concluded that it should be recognized as an asset of the Group.</p> <p>We agreed the refurbishment costs which have been capitalised to underlying supporting documentation and considered whether they were appropriately capitalised as costs of acquiring and bringing the smelter complex to operational condition.</p> <p>We examined the context of the transactions to purchase FCF and in relation to the smelter. We also considered the related deferred and contingent debt obligations. After appropriate consultation we formed the judgement that the related deferred and contingent debt obligations were liabilities of the Group and should be recognized in the financial statements and as part of the cost of the smelter asset.</p> <p>We considered the disclosures in the financial statements in relation to the smelter asset and the associated critical judgements.</p>

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

<i>Key audit matter (continued)</i>	<i>How the scope of our audit addressed the key audit matter (continued)</i>
<p><i>Carrying value of investments in subsidiary undertakings (Parent Company)</i> <i>(notes 2.2, 15)</i></p> <p>At the reporting date the Parent Company had investments in subsidiary undertakings with a carrying value of £30.9 million (2022: £26.0 million). The carrying value of those investments was in excess of the market capitalisation of the Group at the reporting date, which is an indicator of impairment under IAS36.</p> <p>There is a risk that investments in subsidiary undertakings are impaired.</p>	<p>The Parent Company's investments in subsidiary undertakings of £30.9 million is underpinned by and reflects the underlying exploration and evaluation asset and the expected future cash flows from the Rustenburg smelter complex once fully operational.</p> <p>We obtained management's calculations of the expected cash flows from initial operations of the smelter and evaluated the directors' assessment including the following:</p> <ul style="list-style-type: none"> • reviewing and challenging management's assessment and assumptions including expected sales volumes and prices as well as costs of production and the impact of reasonably probably alternative assumptions including discount rate used; • testing the mathematical accuracy of the models used by management in their assessment; and • considering the disclosures in the financial statements in relation to the smelter asset.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion

Other information

The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit

- the information given in the 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out 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 the parent company or to cease operations, or have no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, UK and South African taxation legislation, health & safety law and environmental agency legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and judgement surrounding the capitalisation of exploration & evaluation assets. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

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

Auditor's responsibilities for the audit of the financial statements (continued)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further 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.

Use of our report

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



19 December 2023

Stephen Bullock (Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

CONSOLIDATED INCOME STATEMENT

	Note	2023 £000	2022 £000
Revenue	4	103	-
Cost of sales		(29)	-
Gross profit		74	-
Administrative expenses		(1,310)	(798)
Operating loss	5	(1,236)	(798)
Other gains and losses	7	47	-
Investment revenues	8	34	4
Finance costs	9	(15)	(17)
Loss before tax		(1,170)	(811)
Tax	10	711	-
Loss for the year		(459)	(811)
Attributable to:			
Owners of the Company		(435)	(806)
Non-controlling interests		(24)	(5)
		(459)	(811)
Loss per share - Basic and diluted	11	(0.02p)	(0.06p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023 £000	2022 £000
Loss for the period	(459)	(811)
Exchange difference on translation of foreign operations	(4,387)	(199)
Total comprehensive loss for the year	<u>(4,846)</u>	<u>(1,010)</u>
Attributable to		
Owners of the Company	(4,250)	(974)
Non-controlling interests	(596)	(36)
	<u>(4,846)</u>	<u>(1,010)</u>

In respect of the exchange differences on translation of foreign operation, the amounts charged/credited to other comprehensive income may be reclassified to the income statement in future periods.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023 £000	2022 £000
Non-current assets			
Intangible assets	13	24,061	26,350
Property, plant and equipment	14	6,938	2
Investments	15	-	-
Other receivables	17	130	3
		<u>31,129</u>	<u>26,355</u>
Current assets			
Inventories	16	45	-
Trade and other receivables	17	307	198
Cash and cash equivalents	25	19	17
		<u>371</u>	<u>215</u>
Total assets		<u>31,500</u>	<u>26,570</u>
Current liabilities			
Payables and contract liabilities	18	(1,862)	(619)
Lease liabilities	19	(10)	-
Borrowings	20	-	(499)
		<u>(1,872)</u>	<u>(1,118)</u>
Non-current liabilities			
Payables and contract liabilities	18	(4,162)	-
Lease liabilities	19	(27)	-
Deferred tax liabilities	21	(3,284)	(4,730)
		<u>(7,473)</u>	<u>(4,730)</u>
Total liabilities		<u>(9,345)</u>	<u>(5,848)</u>
Net assets		<u>22,155</u>	<u>20,722</u>
Equity			
Share capital	23	12,694	10,453
Share premium	24	25,324	21,379
Other reserve	24	94	12
Retained earnings	24	(8,845)	(8,421)
Foreign currency translation reserve	24	(9,860)	(6,045)
		<u>19,407</u>	<u>17,378</u>
Equity attributable to owners of the Company		<u>19,407</u>	<u>17,378</u>
Non-controlling interests	29	2,748	3,344
Total equity		<u>22,155</u>	<u>20,722</u>

These financial statements were approved by the Board and authorised for issue on 19 December 2023.

Signed on behalf of the Board



M Eales
Director

Company Registration No: 04095614

IRONVELD PLC
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PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2023 £000	2022 £000
Non-current assets			
Investments	15	30,854	26,017
Current assets			
Trade and other receivables	17	57	60
Cash and cash equivalents	25	17	12
		74	72
Total assets		30,928	26,089
Current liabilities			
Trade and other payables	18	(267)	(606)
Borrowings	20	-	(499)
Total liabilities		(267)	(1,105)
Net assets		30,661	24,984
Equity			
Share capital	23	12,694	10,453
Share premium	24	25,324	21,379
Other reserve	24	94	12
Retained earnings	24	(7,451)	(6,860)
Total equity (Attributable to owners of the Company)		30,661	24,984

The loss for the financial year dealt with in the financial statements of the parent Company was £602,000 (2022 – loss £693,000).

These financial statements were approved by the Board and authorised for issue on 19 December 2023

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	Foreign currency translation £000	Total £000
At 1 July 2021	10,436	21,261	15	(7,618)	(5,877)	18,217
Loss for the year	-	-	-	(806)	-	(806)
Exchange difference on translation of foreign operations	-	-	-	-	(168)	(168)
Issue of share capital	17	118	-	-	-	135
Exercise of share warrants	-	-	(3)	3	-	-
At 30 June 2022	<u>10,453</u>	<u>21,379</u>	<u>12</u>	<u>(8,421)</u>	<u>(6,045)</u>	<u>17,378</u>
Profit (loss) for the year	-	-	-	(435)	-	(435)
Exchange difference on translation of foreign operations	-	-	-	-	(3,815)	(3,815)
Issue of share capital	2,241	3,945	-	-	-	6,186
Issue of share warrants	-	-	82	-	-	82
Share based payments	-	-	-	11	-	11
At 30 June 2023	<u>12,694</u>	<u>25,324</u>	<u>94</u>	<u>(8,845)</u>	<u>(9,860)</u>	<u>19,407</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 2021	18,217	3,380	21,597
Loss for the year	(806)	(5)	(811)
Exchange difference on translation of foreign operations	(168)	(31)	(199)
Issue of share capital	135	-	135
At 30 June 2022	<u>17,378</u>	<u>3,344</u>	<u>20,722</u>
Profit (loss) for the year	(435)	(24)	(459)
Exchange difference on translation of foreign operations	(3,815)	(572)	(4,387)
Issue of share capital	6,186	-	6,186
Issue of share warrants	82	-	82
Share based payments	11	-	11
At 30 June 2023	<u>19,407</u>	<u>2,748</u>	<u>22,155</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 2021	10,436	21,261	15	(6,170)	25,542
Loss for the year	-	-	-	(693)	(693)
Issue of share capital	17	118	-	-	135
Exercise of share warrants	-	-	(3)	3	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2022	10,453	21,379	12	(6,860)	24,984
Loss for the year	-	-	-	(602)	(602)
Issue of share capital	2,241	3,945	-	-	6,186
Issue of share warrants	-	-	82	-	82
Share based payments	-	-	-	11	11
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	12,694	25,324	94	(7,451)	30,661

CONSOLIDATED CASH FLOW STATEMENT

	Note	2023 £000	2022 £000
Cash used in operating activities	25	(672)	(337)
Interest paid		(3)	-
Net cash used in operating activities		<u>(675)</u>	<u>(337)</u>
Investing activities			
Purchases of property, plant and equipment		(2,337)	(1)
Purchase of exploration and evaluation assets		(2,513)	(396)
Interest received		34	4
Loans to Joint Venture		(141)	-
Loans received from Joint Venture		24	-
Net cash used in investing activities		<u>(4,933)</u>	<u>(393)</u>
Financing activities			
Proceeds on issue of equity (net of costs)		5,755	-
Proceeds from new loans		-	482
Repayment of loans		(140)	-
Payment of lease liabilities		(4)	-
Net cash generated by financing activities		<u>5,611</u>	<u>482</u>
Net increase/(decrease) in cash and cash equivalents		3	(248)
Cash and cash equivalents at beginning of year	25	17	270
Effects of foreign exchange rates		(1)	(5)
Cash and cash equivalents at end of year	25	<u>19</u>	<u>17</u>

COMPANY CASH FLOW STATEMENT

	Note	2023 £000	2022 £000
Cash used in operating activities	25	(1,100)	(230)
Net cash used in operating activities		<u>(1,100)</u>	<u>(230)</u>
Investing activities			
Payments to acquire investments - loans		(4,510)	(495)
Net cash used in investing activities		<u>(4,510)</u>	<u>(495)</u>
Financing activities			
Proceeds on issue of equity (net of costs)		5,755	-
Proceeds from new loans		-	482
Repayment of loans		(140)	-
Net cash generated by financing activities		<u>5,615</u>	<u>482</u>
Net increase/(decrease) in cash and cash equivalents		<u>5</u>	<u>(243)</u>
Cash and cash equivalents at beginning of year	25	<u>12</u>	<u>255</u>
Cash and cash equivalents at end of year	25	<u><u>17</u></u>	<u><u>12</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

Adoption of new and revised Standards

In the current year, the Group has applied new or amended standard for the first time which are mandatory for accounting periods commencing on or after 1 July 2022. None of the standards adopted had a material impact on the financial statements. The significant new and amended standards adopted were as follows:-

Amendments to IFRS 9 in respect of the derecognition of financial liabilities.

Amendments to IAS 16 in respect of proceeds before intended use.

Amendments to IAS 37 in respect of onerous contracts.

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

2.1 Significant accounting policies

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

Basis of preparation

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

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

The principal accounting policies are set out below:

Basis of consolidation

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Significant accounting policies (continued)

Joint ventures

A joint venture (JV) is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the net assets of the arrangement. A separate vehicle (not the parties) will have the rights to the assets and obligations for the liabilities, relating to the arrangement. The JV is not dependent on the parties to the arrangement for funding and the parties to the arrangement have no obligations for the liabilities of the arrangement. The Group's investment in its JV is accounted for using the equity method.

Under the equity method, the investment in the JV is initially recognised at cost to the Group. In subsequent periods, the carrying amount of the JV is adjusted to recognise changes in the Group's share of net assets of the JV since the acquisition date. Goodwill relating to the JV is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of the operations of the JV. In addition, when there has been a change recognised directly in the equity of the JV, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the JV are eliminated to the extent of the interest in the JV.

The aggregate of the Group's share of profit or loss of the JV is shown on the face of the statement of profit or loss and other comprehensive income as part of operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of JV. The financial statements of the JV are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the JV. At each reporting date, the Group determines whether there is objective evidence that the investment in the JV is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the JV and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss and other comprehensive income.

On loss of joint control over the JV, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the JV upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss and other comprehensive income.

Business combinations

Acquisitions of subsidiaries which are determined to be business combinations under IFRS3 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.

Acquisitions of subsidiaries which are determined not to be business combinations under IFRS3 are accounted for on other bases, taking into account the application guidance in Appendix B of IFRS3. Where the directors consider it appropriate to do so the directors will apply the concentration test permitted by para B7B of IFRS3 and account for an acquisition of a subsidiary as an asset acquisition.

Revenue from contracts with customers

The Group is principally engaged in the business of producing Magnetite ore and speciality metals including High Purity Iron, Vanadium slag and Titanium slag. Revenue is measured based on the consideration specified 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. If a customer pays consideration before the Group transfers the goods or services to the customer a contract liability is recognised when the payment is made or due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Significant accounting policies (continued)

Exploration and evaluation

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

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

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

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

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

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

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

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 statement of financial position 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 statement of financial position date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Significant accounting policies (continued)

Taxation (continued)

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 statement of financial position 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.

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	Between 2 and 6 years straight line basis
Motor vehicles	6 years straight line basis
Assets under construction	Not depreciated until brought into use

Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Significant accounting policies (continued)

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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 statement of financial position 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 statement of financial position 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.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Significant accounting policies (continued)

Financial liability and equity

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

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

Trade and other payables

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

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

Investments

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

Share-based payments

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

Operating segments

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

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 5 to 6. 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.

Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2 Critical accounting estimates and judgements

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

Going concern

As at the date of approval of these Financial Statements the Rustenburg smelter project has been temporarily placed on care and maintenance following a decision to cease renting electrical generators and put in place a hire purchase agreement for similar power generation for approximately 25% of the monthly cost. The proposed new generator units are available in South Africa and the intention is that the Company will coincide the delivery and installation of these new units with the anticipated direct funding transaction, which is expected to be concluded early in 2024.

Whilst some revenues have been generated during 2023 from the operations at the smelter, when operating at a level below full capacity – particularly during periods of non-operation due to power supply or critical repairs - the overheads incurred by the facility have consumed more cash than revenues earned. The Company therefore took the decision earlier this month to conserve cash by returning rented generator units and to temporarily suspend production, also reducing headcount at the smelter to a level commensurate with care and maintenance activities. As at the date of approval of these Financial Statements the Company had not signed definitive transaction documents, but the Board has reasonable expectations that a significant funding transaction with a financial institution in South Africa, which has been in process for a number of months, will be concluded early in 2024.

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

Should the agreed funding transaction not be completed or be materially delayed the Company will seek alternative funding arrangements and those arrangements are not yet committed. This represents a material uncertainty in relation to the Company's funding arrangements.

Exploration and evaluation assets

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

Acquisition of Ferrochrome Furnaces (Pty) Limited ("FCF")

On 24 May 2022 the Company announced that it had agreed Heads of Terms and on 31 August 2022 further announced that it had signed a share purchase agreement to acquire 100% of the share capital of FCF, which would provide the Group with an existing smelting facility (the Rustenburg Smelter) which, following refurbishment, would provide the Group with the opportunity to commence processing the ore. The acquisition by subsidiary Ironveld Smelting (Proprietary) Limited, reflected an agreement with the shareholders and the Business Rescue Practitioner of FCF to acquire the entire share capital for a nominal amount but at the date of these accounts the agreement remained subject to contract. Under the agreed terms, the Group will be required to enter into a debt purchase agreement with the sole creditor of FCF for a total of R116 million (approximately £4.8 million). Since the transaction becoming unconditional the Group has incurred £2 million on refurbishing the smelter complex.

This results in the directors making two critical judgements in preparing these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2 Critical accounting estimates and judgements (continued)

Acquisition of Ferrochrome Furnaces (Pty) Limited ("FCF") (continued)

Nature of the acquisition - The directors have considered application notes of IFRS3 and elected to apply the optional test set out in paragraph B7B of IFRS 3 (the 'concentration test') which permits a simplified assessment of whether an acquired set of activities and assets is not a business. Having determined that the concentration test is met and the set of activities and assets is not a business no further assessment is considered necessary. The acquisition of FCF will therefore be accounted for as an asset acquisition and not a business combination.

Recognition of assets under construction and related debt obligations -The directors have considered the definition of an asset set out in Chapter 4 of the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board. In their consideration the directors have had regard to the Group's unencumbered use of the smelter, including the right to use it to generate revenue, management's actions in refurbishing the smelter complex for long term use, the status of the Business Rescue process and consents obtained from the sole creditor of FCF and the probability of a range of possible outcomes and of inflows or outflows of economic benefits. The directors have also considered IAS 16 para 7 in relation to recognition criteria, in particular paragraph 7 (a) which refers to whether it is probable that future economic benefits will flow to the group. Based on the nature of the facts and the actions of management the directors consider that the 'probable' threshold has been passed and therefore it is appropriate to recognise the asset as an asset under construction at the year end.

As a consequence of their determination the directors have recognised the Rustenburg smelter complex in assets under construction (see note 14) and also the deferred and contingent debt obligations under the Debt Purchase Agreement (see note 18)

Until the Business Rescue process in South Africa is fully concluded in all respects the acquisition remains subject to contract and there is an element of uncertainty over this accounting treatment. If for any reason, the likelihood of which the directors consider to be remote, final closure of the Business Rescue process does not take place it is probable that asset under construction of £6.9 million and associated deferred and contingent debt obligations of £4.8 million would be derecognised and capitalised refurbishment expenditure of £2.3 million would be expensed.

Investment impairment indicators

The Company statement of financial position includes an investment in subsidiary companies of £30,854,000 which is underpinned and reflects the underlying subsidiary exploration and evaluation assets discussed above. At the reporting date the group's market capitalisation was less than the carrying value of the investment, which is an indicator of impairment under IAS36. An impairment review has been carried out in the period – see note 15.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. Revenue

	2023 £000	2022 £000
Revenue from contracts with customers – disaggregated revenue information		
Sale of goods – Magnetite Ore	18	-
Sale of goods – Other sales	85	-
	<u>103</u>	<u>-</u>

All revenue represented the sale of goods and was recognised at a point in time.

5. Operating loss

	2023 £000	2022 £000
Operating loss for the year is shown after charging:		
Depreciation on tangible assets	17	1
Short term payments under leases	32	14
Share based payment charge	11	-
Foreign exchange loss/(gain)	5	(2)
Cost of inventories recognised as expense	29	-
	<u>94</u>	<u>13</u>

Auditors' remuneration

Fees payable to the auditors for the audit of the Company's accounts	<u>40</u>	<u>38</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Staff costs

Group

	2023 £000	2022 £000
Wages and salaries	2,042	377
Social security costs	48	22
Pension costs	84	14
Share based payments	11	-
Directors other fees	134	74
	<u>2,319</u>	<u>487</u>

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

	2023 Number	2022 Number
Administration and management	22	12
Mining and smelting	77	-
	<u>99</u>	<u>12</u>

	2023 £000	2022 £000
Directors remuneration and other fees	468	339
Pension	15	14
Share based payments	7	-
	<u>490</u>	<u>353</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Staff costs (continued)

	2023 £000	2022 £000
The aggregate remuneration and fees paid to the highest paid Director was	193	175
Pension	15	14
Share based payments	3	-
	<u>211</u>	<u>189</u>

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

Company

	2023 £000	2022 £000
Wages and salaries	334	265
Social security costs	41	21
Share based payments	3	-
Pension costs	15	14
	<u>393</u>	<u>300</u>

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

	2023 Number	2022 Number
Administration and management	<u>6</u>	<u>4</u>

7. Other gains and losses

	2023 £000	2022 £000
Gain on settlement of financial liabilities with equity	<u>47</u>	<u>-</u>

8. Investment revenues

	2023 £000	2022 £000
Interest on financial deposits	<u>34</u>	<u>4</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Finance costs

	2023 £000	2022 £000
Loan interest and similar charges	11	17
Interest on lease liabilities	2	-
Other finance costs	2	-
	<u>15</u>	<u>17</u>

10. Tax

	2023 £000	2022 £000
<i>a) Tax charge/(credit) for the period</i>		
Corporation tax:		
Current period	-	-
Deferred tax (note 21)	(711)	-
	<u>(711)</u>	<u>-</u>
<i>b) Factors affecting the tax charge for the period</i>		
Loss on ordinary activities for the period before taxation	(1,170)	(811)
	<u>(1,170)</u>	<u>(811)</u>
Loss on ordinary activities for the period before taxation multiplied by effective rate of corporation tax in the UK of 19% (2022 – 19%)	(222)	(154)
	<u>(222)</u>	<u>(154)</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	5
Tax losses not recognised	118	149
Tax losses not previously recognised	(451)	-
Change in tax rates	(157)	-
	<u>(711)</u>	<u>-</u>

c) Factors that may affect future tax charges – The Group has estimated unutilised tax losses amounting to £6,078,000 (2022 - £5,149,000) the values of which are not recognised in the statement of financial position. The losses represent a potential deferred taxation asset of £1,524,000 (2022 - £1,287,000) based on the enacted future tax rate of 25% in the United Kingdom and 27% in South Africa, 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 £9,610,000 (2022 - £8,901,000) which are expected to be deductible against future trading profits of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Loss per share

	2023 £000	2022 £000
Loss attributable to the owners of the Company	(435)	(806)
Loss per share – Basic and diluted Continuing operations	(0.02p)	(0.06p)

The calculation of basic earnings per share is based on 2,963,582,067 (2022 – 1,322,831,729) 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 23.

12. 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 £602,000 (2022 - £693,000).

13. Intangible assets

	Exploration and evaluation assets £000
Group	
Cost:	
At 1 July 2021	26,191
Additions	396
Exchange differences	(237)
At 30 June 2022	26,350
Additions	2,513
Exchange differences	(4,802)
At 30 June 2023	24,061
<i>Impairment and amortisation:</i>	
At 1 July 2021, 30 June 2022 and at 30 June 2023	-
Net book value at 30 June 2023	24,061
Net book value at 30 June 2022	26,350

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Property, plant and equipment

<i>Group</i>	Assets under construction £000	Motor vehicles £000	Plant and machinery £000	Total £000
<i>Cost:</i>				
At 1 July 2021	-	-	39	39
Additions	-	-	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2022	-	-	40	40
	<hr/>	<hr/>	<hr/>	<hr/>
Additions	7,132	58	22	7,212
Exchange differences	(252)	(6)	(9)	(267)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	6,880	52	53	6,985
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation:</i>				
At 1 July 2021	-	-	37	37
Charge for the period	-	-	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2022	-	-	38	38
	<hr/>	<hr/>	<hr/>	<hr/>
Charge for the period	-	12	5	17
Exchange differences	-	(1)	(7)	(8)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	-	11	36	47
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 30 June 2023	6,880	41	17	6,938
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 30 June 2022	-	-	2	2
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The asset under construction represents the cost of refurbishment of the Rustenburg smelter and includes £4,829,000 deferred costs which at the balance sheet date were unconditional but remained subject to contract.

All non-current assets in 2023, 2022 and 2021 were located in South Africa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Investments

Group – Loans to other entities

	2023	2022
	£000	£000
Cost:		
At 1 July	352	355
Exchange differences	(61)	(3)
	<hr/>	<hr/>
At 30 June	291	352
	<hr/>	<hr/>
Impairment:		
At 1 July	352	355
Exchange differences	(61)	(3)
	<hr/>	<hr/>
At 30 June	291	352
	<hr/>	<hr/>
Book value at 30 June	-	-
	<hr/> <hr/>	<hr/> <hr/>

The investment represented the R7 million refundable deposit to Siyanda Smelting and Refining Proprietary Limited which the Group paid in exchange for a period of exclusivity to conclude a potential acquisition of the company. The period of exclusivity expired in 2017. The deposit is interest free and becomes refundable should the acquisition not proceed. The investment was fully impaired as at 30 June 2023 whilst the directors pursued other alternative opportunities.

Company - Subsidiary undertakings

	Loans	Equity	Total
	£000	£000	£000
Cost:			
At 1 July 2021	5,168	20,334	25,502
Additions	515	-	515
	<hr/>	<hr/>	<hr/>
At 30 June 2022	5,683	20,334	26,017
	<hr/>	<hr/>	<hr/>
Additions	4,837	-	4,837
	<hr/>	<hr/>	<hr/>
At 30 June 2023	10,520	20,334	30,854
	<hr/>	<hr/>	<hr/>
Net book value at 30 June 2023	10,520	20,334	30,854
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 30 June 2022	5,683	20,334	26,017
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The loans represent loans to Ironveld Holdings (Propriety) Limited of £10,342,000 (2022 - £5,525,000) 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 was repayable 31 December 2019 with the remainder due 31 December 2020 however further agreement has extended the loan period until project finance is agreed. Also included in loans are working capital loans to Ironveld Mauritius Limited of £178,000 (2022 - £158,000) which are interest free.

At the reporting date the Group's market capitalisation was less than the carrying value of the Company's investments in subsidiaries, which is an indicator of impairment under IAS36. An impairment review has been carried out in the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Investments (continued)

Company - Subsidiary undertakings (continued)

The Company's investments in subsidiary undertakings of £30,854,000 is underpinned and reflects the underlying exploration and evaluation assets and the expected future cash flows from the Rustenburg smaller complex once fully operational. These have been treated as a single cash generating unit for the purposes of the review. Impairment was tested by discounting the expected cash flows of a pilot scale operation of the smelter complex over a 10 year period. Cash flows, net of acquisition debt repayments, were discounted using an industry standard appraisal rate of 10% and sensitised for reasonably possible alternative scenarios, including discount rate. The Company's investment on subsidiaries is not impaired on the base case or in any of the reasonably possible alternative scenarios applied.

The Company has investments in the following subsidiaries.

Name of company	Shares	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings			
Ironveld (Mauritius)	Ordinary	*100%	Holding Company
Ironveld Holdings (Proprietary) Limited	Ordinary	100%	Holding Company
Ironveld Mining (Proprietary) Limited	Ordinary	100%	Mining and exploration
Ironveld Energy (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
Joint venture			
Ipace Proprietary Limited	Ordinary	50%	Sale of Magnetite ore

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

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

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

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

Further details of non-wholly owned subsidiaries of the Group are provided in note 29.

16. Inventories

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Ore stockpile	45	-	-	-
Due within 12 months	45 (45)	-	-	-
Due after more than 12 months	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Trade and other receivables	<i>Group</i>		<i>Company</i>	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade receivables	7	-	-	-
Other receivables	222	134	6	2
Amounts owed by related parties	5	3	-	-
Amounts owed by joint ventures	125	-	-	-
Prepayments	78	64	51	58
	<u>437</u>	<u>201</u>	<u>57</u>	<u>60</u>
Due within 12 months	(307)	(198)	(57)	(60)
	<u>130</u>	<u>3</u>	<u>-</u>	<u>-</u>
Due after more than 12 months				

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, amounts due from joint ventures and other receivables. The Group's credit risk is primarily attributable to its other receivables of which £107,000 (2022 - £107,000) is due from a third party financial institution and further information is provided in note 22. The remaining other receivable relates to recoverable VAT. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

18. Payables and contract liabilities	<i>Group</i>		<i>Company</i>	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade payables	753	132	134	132
Taxation and social security costs	10	4	10	3
Other payables	4,852	5	5	5
Contract liabilities	195	-	-	-
Amounts owed to joint ventures	21	-	-	-
Accruals	193	478	118	466
	<u>6,024</u>	<u>619</u>	<u>267</u>	<u>606</u>
Due within 12 months	(1,862)	(619)	(267)	(606)
	<u>4,162</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due after more than 12 months				

Other payables includes £4,829,000 (R116,000,000) in respect of the proposed Rustenburg smelter acquisition which was unconditional at the year end but which remained subject to contract. On completion, £4,163,000 (R100,000,000) will be due after 12 months with the remainder anticipated to be due within 12 months.

Contract liabilities at both 1 July 2022 and at 1 July 2021 were £Nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Leases

The Group has lease contracts for certain items of motor vehicles with lease terms of six years. In addition, the Group uses short-term leases (less than 12 months term) where considered appropriate to its requirements and takes advantage of the recognition exemptions for such leases.

Right-of-use assets	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
<i>Cost:</i>				
At 1 July	-	-	-	-
Additions	47	-	-	-
Exchange differences	(6)	-	-	-
At 30 June	41	-	-	-
<i>Depreciation:</i>				
At 1 July	-	-	-	-
Charge for the period	10	-	-	-
Exchange differences	(1)	-	-	-
At 30 June	(9)	-	-	-
Net book value at 30 June	32	-	-	-

Lease liabilities	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
At 1 July	-	-	-	-
Additions	47	-	-	-
Interest expense	2	-	-	-
Payments	(6)	-	-	-
Exchange differences	(6)	-	-	-
Due within 12 months	37	-	-	-
Due after more than 12 months	(10)	-	-	-
	27	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Lease liabilities (continued)

Maturity analysis	<i>Group</i>		<i>Company</i>	
	2023 £000	2022 £000	2023 £000	2022 £000
On demand	-	-	-	-
Within 1 year	10	-	-	-
Between 1 to 2 years	10	-	-	-
Between 2 to 5 years	30	-	-	-
Over 5 years	6	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted liabilities	56	-	-	-
Future finance charges and other adjustments	(19)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Lease liabilities in the financial statements	37	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Amounts recognised in the income statement as an expense during the period in respect of lease arrangements are as follows:

	<i>Group</i>		<i>Company</i>	
	2023 £000	2022 £000	2023 £000	2022 £000
Expense relating to short-term leases	32	14	-	-
Depreciation	10	-	-	-
Interest	2	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

20. Borrowings

	<i>Group</i>		<i>Company</i>	
	2023 £000	2022 £000	2023 £000	2022 £000
Other loans	-	499	-	499
	<hr/>	<hr/>	<hr/>	<hr/>
Due within 12 months	-	499	-	499
	<hr/>	<hr/>	<hr/>	<hr/>
Due after more than 12 months	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The others loans represented amounts due to a consortium of high net worth investors and existing shareholders and were repaid in the year. The loans attracted a fixed interest rate of between 7% and 8% per annum.

The financing of the group comprises the contingent consideration (note 18) and the leases (note 19), both of which are detailed in their respective note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Deferred tax

	<i>Group</i>	
	2023	2022
	£000	£000
Balance at 1 July	4,730	4,774
Change in tax rates	(157)	-
Relating to origination and reversal of temporary differences	(554)	-
Exchange differences	(735)	(44)
	<hr/>	<hr/>
Balance at 30 June	3,284	4,730
	<hr/> <hr/>	<hr/> <hr/>

The Group has unrelieved tax losses carried forward which represent a deferred tax asset of £1,524,000 (2022 - £1,287,000) based on current tax rates. This asset is not recognised in these financial statements.

The deferred tax liability is made up as follows:

	<i>Group</i>	
	2023	2022
	£000	£000
Exploration and evaluation assets	3,777	4,730
Temporary timing difference on foreign exchange gains and losses	(440)	-
Other temporary timing differences	(53)	-
	<hr/>	<hr/>
Balance at 30 June	3,284	4,730
	<hr/> <hr/>	<hr/> <hr/>

22. 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 Company and 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 2022.

The capital structure of the Group consist of equity attributable to equity holders of the parent Company. The Company and the Group are not subject to any externally imposed capital requirements.

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 Company and the Group have 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 Company and the Group's short, medium and long term funding and liquidity management requirements. The Company and the Group manage 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. At the year end the Group has no undrawn bank facilities. The Company is in the process of negotiating a significant funding transaction with a financial institution in South Africa which is expected to be concluded in early 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Financial instruments (continued)

Interest rate risk profile

The Company and 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.

Financial assets

The Group has no financial assets, other than short-term receivables and cash deposits of £19,000 (2022 - £17,000). The cash deposits attract variable rates of interest. At the year end the effective rate was 0.36% (2022 - 0.35%). The cash deposits held were as follows:-

	2023 £000	2022 £000
Sterling - United Kingdom banks	16	12
USD – Mauritius banks	-	1
South African Rand - United Kingdom banks	2	-
South African Rand - South African banks	1	4
	<u>19</u>	<u>17</u>

Financial liabilities - Lease liabilities

Lease liabilities of £37,000 (2022 - £Nil) attract interest at a variable rate of 2.49% above the First National Bank Prime lending rate which was 12.99% at the year end.

Sensitivity analysis - As the interest bearing liabilities are not significant to the overall Group then an increase of 1% in interest rates in South Africa at the balance sheet date would not have a significant effect on the profit and loss of the group.

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 2023	Assets £000	Liabilities £000
British Pound Sterling (£)	17	257
USD (\$)	-	6
South African Rand (R)	258	5,594
	<u>275</u>	<u>5,857</u>
	<u><u>275</u></u>	<u><u>5,857</u></u>
As at 30 June 2022	Assets £000	Liabilities £000
British Pound Sterling (£)	12	1,102
USD (\$)	1	10
South African Rand (R)	119	2
	<u>132</u>	<u>1,114</u>
	<u><u>132</u></u>	<u><u>1,114</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Financial instruments (continued)

Financial commitments and guarantee

Rehabilitation guarantees of £1,157,000 (R 27,797,984) 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 2023 £107,000 (R 2,581,388) (2022 - £107,000 (R 2,123,000)) had been deposited in respect of this agreement and is included in other receivables. This receivable represents a concentration of credit risk and the Group is exposed to currency risk on these amounts. As the project had not yet commenced then no liability is considered to have arisen under this guarantee at the reporting date.

23. Share capital

Group and Company

	2023 £000	2022 £000
<i>Allotted, called up and fully paid</i>		
3,574,996,887 (2022 – 1,333,668,130) Ordinary shares of 0.1p each	3,574	1,333
322,447,158 (2022 – 322,447,158) deferred shares of 1p each	3,224	3,224
5,894,917,569 (2022 – 5,894,917,569) deferred shares of 0.1p each	5,896	5,896
	12,694	10,453
	12,694	10,453

On 2 August 2022, a further 1,559,460,724 ordinary shares were issued and admitted to trading to settle existing liabilities and raise gross working capital of £4,400,000 for the Group.

On 1 March 2023, a further 280,000,000 ordinary shares were issued and admitted to trading to raise gross working capital of £840,000 for the Group.

On 14 March 2023, a further 386,666,666 ordinary shares were issued and admitted to trading to raise gross working capital of £1,160,000 for the Group.

On 6 June 2023, a further 15,201,367 ordinary shares were issued and admitted to trading to settle existing liabilities.

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

Further information on the issue of shares after the period end is provided in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Share capital (continued)

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 2022 No.	Granted in year No.	Exercised in year No.	Lapsed/ Cancelled No.	As at 30 June 2023 No.
16 August 2012	1p	4,283,682	-	-	(4,283,682)	-
14 November 2012	1p	6,663,505	-	-	(6,663,505)	-
16 April 2013	1p	33,334	-	-	-	33,334
7 November 2013	1p	2,086,667	-	-	-	2,086,667
1 May 2014	1p	200,000	-	-	-	200,000
1 October 2015	1p	2,500,000	-	-	-	2,500,000
10 January 2020	1p	27,400,000	-	-	-	27,400,000
27 February 2023	0.3p	-	50,000,000	-	(1,750,000)	48,250,000

At the year-end, 31,220,001 options were exercisable (2022 – 42,167,188) as follows.

Date granted	Exercise price	As at 30 June 2022 No.	Granted in year No.	Exercised in year No.	Lapsed/ Cancelled No.	As at 30 June 2023 No.
16 August 2012	1p	4,283,682	-	-	(4,283,682)	-
14 November 2012	1p	6,663,505	-	-	(6,663,505)	-
16 April 2013	1p	33,334	-	-	-	33,334
7 November 2013	1p	2,086,667	-	-	-	2,086,667
1 May 2014	1p	200,000	-	-	-	200,000
1 October 2015	1p	1,500,000	-	-	-	1,500,000
10 January 2020	1p	27,400,000	-	-	-	27,400,000

The exercise period of the options is as follows:

Date granted	Expiry date	Exercise period
16 April 2013	16 April 2023	*
7 November 2013	7 November 2023	*
1 May 2014	1 May 2024	*
1 October 2015	1 October 2025	*
10 January 2020	9 January 2030	**
27 February 2023	27 February 2033	*

Exercise period

* - 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.

** - 1/2 on grant and the remaining 1/2 one year after the grant date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Share capital (continued)

The Group recognised a share based payment expense of £11,000 (2022 - £nil) in the year. No options were exercised in the year.

Share warrants

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

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

Pursuant to the share placing on 2 August 2022 Turner Pope were appointed as sole broker to the Placing and were issued with 375,000,000 broker warrants, exercisable at 0.3p (the placing price) for a period of 3 years from the date of admission. At the year-end, there were 375,000,000 broker warrants in issue.

Pursuant to the share placing in March 2023, the Company issued to subscribers to the Placing with warrants to subscribe for new ordinary shares on the basis of one (1) warrant for every two (2) Placing Shares. The investor warrants are exercisable at 0.50 pence for a period of two years from the date of their grant. At the year end, there were 333,333,333 investor warrants in issue. In addition, the Company issued TPI, the sole broker to the Placing, with 135,000,000 broker warrants, exercisable at 0.3p (the placing price) for a period of three years from the date of admission. At the year-end, there were 135,000,000 broker warrants in issue.

24. Reserves

Group and Company

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Cash used in operations

Group	2023 £000	2022 £000
Operating loss	(1,236)	(798)
Depreciation on property, plant and equipment	17	1
Share based payment charge	11	100
Foreign exchange	(117)	-
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(1,325)	(697)
Movement in inventories	(51)	-
Movement in receivables	(203)	(8)
Movement in payables and contract liabilities	907	368
	<hr/>	<hr/>
Cash used in operations	(672)	(337)

Cash and cash equivalents

	2023 £000	2022 £000
Cash and bank balances	19	17

Company

Company	2023 £000	2022 £000
Operating loss	(911)	(696)
Share based payment charge	3	100
Foreign exchange adjustments	-	-
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(908)	(596)
Movement in receivables	(45)	(1)
Movement in payables	(147)	367
	<hr/>	<hr/>
Cash used in operations	(1,100)	(230)

Cash and cash equivalents

	2023 £000	2022 £000
Cash and bank balances	17	12

26. Significant non-cash transactions

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

	2023 £000	2022 £000
Loan repayments	360,000	-
Accrued directors fees	192,000	-
Services provided	45,000	135,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Related party transactions

Group

During the year the Group incurred £134,000 (2022 - £74,000) for consultancy services to Goldline Global Consulting (Pty) Limited, a company in which P Cox is materially interested. At 30 June 2022, £Nil (2022 - £Nil) remained unpaid in accruals.

Group and Company

The key management personnel of the Group are the directors. Directors' remuneration is disclosed in Note 6.

During the year the Company paid £59,000 (2022 - £48,000) for accounting services to Westleigh Investments Limited, a company in which G Clarke and N Harrison are materially interested.

Included in other loans at 30 June 2023 was a short term loan due to G Clarke of £Nil (2022 - £100,000) and accrued interest of £Nil (2022 - £2,827). The loan attracted interest at 7% per annum and a loan arrangement fee of 2.5% of the facility amount and was repaid in the year.

Included in other loans at 30 June 2023 was a short term loan due to N Harrison of £Nil (2022 - £100,000) and accrued interest of £Nil (2022 - £2,827). The loan attracted interest at 7% per annum and a loan arrangement fee of 2.5% of the facility amount and was repaid in the year.

Included in other loans at 30 June 2023 was a short term loan due to M Eales of £Nil (2022 - £38,500) and accrued interest of £Nil (2022 - £667). The loan attracted interest at 7% per annum and a loan arrangement fee of 2.5% of the facility amount and was repaid in the year.

Further directors' remuneration of £12,000 (2022 - £344,936) was unpaid at the year-end and is included in accruals. During the year £192,000 (2022 - £ Nil) of director's fees were settled by the issue of shares.

28. Financial commitments

At the year end the Group had no financial commitments under operating leases (2022 - £Nil).

On 24 May 2022, the Group announced that it had signed Heads of Terms to acquire 100% of the share capital of Ferrochrome Furnaces (Pty) Limited ("FCF") which will provide the Group with an existing smelting facility and the opportunity to commence mining and processing in the short term. The share capital was to be acquired for a nominal fee but debt was to be acquired of R116m (approximately £4.8m) repayable over a 10 year period. At the year end the acquisition was unconditional but remained subject to contract and the R116m was accrued in these financial statements. The Group commenced plans during the Period to bring the smelter back in to production with overall costs estimated to be between R40m to R65m (£2m to £3.2m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Non-controlling interest

	2023 £000	2022 £000
At 1 July	3,344	3,380
Exchange adjustments	(572)	(31)
Share of loss for the period	(24)	(5)
At 30 June	<u>2,748</u>	<u>3,344</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	
			2023 £000	2022 £000	2023 £000	2022 £000
HW Iron (Proprietary) Limited	(32%)	(32%)	14	-	896	1,067
Lapon Mining (Proprietary) Limited	(26%)	(26%)	6	-	1,903	2,291
Other non-controlling interests			(44)	(5)	(51)	(14)
			<u>(24)</u>	<u>(5)</u>	<u>2,748</u>	<u>3,344</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. 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 2023 of 24.023 (2022 – 19.896).

HW Iron (Proprietary) Limited

	2023 £000	2022 £000
Non-current assets	6,011	6,913
Current assets	5	-
Current liabilities	(5)	-
Non-current liabilities	(3,212)	(3,579)
	<u>2,799</u>	<u>3,334</u>
Equity attributable to owners of the Company	1,903	2,267
Non-controlling interest	896	1,067
	<u>2,799</u>	<u>3,334</u>
Revenue	-	-
Expenses	(1)	(1)
Tax	43	-
	<u>42</u>	<u>(1)</u>
Profit/(loss) for the year	42	(1)
	<u>42</u>	<u>(1)</u>
Attributable to the owners of the Company	28	(1)
Attributable to the non-controlling interests	14	-
	<u>42</u>	<u>(1)</u>
Net cash (outflow)/inflow from operating activities	(1)	2
Net cash outflow from investing activities	(317)	(99)
Net cash inflow from financing activities	318	97
	<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

29. Non-controlling interest (continued)

Lapon Mining (Proprietary) Limited

	2023 £000	2022 £000
Non-current assets	12,248	14,158
Current assets	10	-
Current liabilities	(172)	-
Non-current liabilities	(4,768)	(5,347)
	<u>7,318</u>	<u>8,811</u>
Equity attributable to owners of the Company	5,415	6,520
Non-controlling interest	1,903	2,291
	<u>7,318</u>	<u>8,811</u>
Revenue	18	-
Expenses	(108)	(1)
Tax	114	-
	<u>24</u>	<u>(1)</u>
Profit/(loss) for the year	24	(1)
	<u>24</u>	<u>(1)</u>
Attributable to the owners of the Company	18	(1)
Attributable to the non-controlling interests	6	-
	<u>24</u>	<u>(1)</u>
Net cash inflow from operating activities	91	3
Net cash outflow from investing activities	(446)	(85)
Net cash inflow from financing activities	355	82
	<u>-</u>	<u>-</u>
Net cash flow	-	-
	<u>-</u>	<u>-</u>
Net cash flow - Attributable to the non-controlling interests	-	-
	<u>-</u>	<u>-</u>

30. Events arising after the reporting period

On 18 September 2023 the Company first announced that it was in direct funding discussions with an institution. As at the date of these financial statements this transaction is well advanced and the Board has reasonable expectations that a satisfactory transaction will be concluded early in 2024. On the same date the Company announced that certain Directors had agreed to put in place a working capital facility of up to £500,000.

On 26 October 2023, the Company announced an equity fund raising of £1.0m representing a placing of 360,000,000 ordinary shares at a price of 0.278 pence. The Company issued Warrants alongside the new ordinary shares to subscribe for 360,000,000 ordinary shares at 0.29 pence for a period of 36 months from Admission. The share proceeds were raised to fund ongoing working capital requirements of the operations. Following the Placing Dr John Wardle was appointed as Executive Chairman of the Company.

31. Control

The Directors consider that there is no overall controlling party.