GCM RESOURCES

Annual Report and Accounts 2024

(LON:GCM)

GCM Resources plc

GCM Resources plc ("GCM" or the "Company"), the AIM listed mining and energy company, has identified a world class coal resource of 572 million tonnes (JORC 2004 compliant) at the Phulbari Coal and Power Project ("the Project") in north-west Bangladesh. Utilising the latest highly energy efficient coal-power generating technology the Phulbari coal mine can support some 6,600MW. The Project site can also support over 2,000MW of Solar Power capacity throughout the Project life span. GCM requires approval from the Government of Bangladesh to develop the Project.

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Non-Executive Chairman's Statement

The Board presents the Company's Annual Report and Accounts for the year ended 30 June 2024, which unfortunately was a period that did not meet business development expectation. The first half of the reporting year was dominated by the run-up to the Bangladesh national election held on 7 January 2024, which saw the Awami League government return to power. This outcome gave the appearance of political stability and, as noted at the Annual General Meeting held on 29 February this year, the Ministry for Power, Energy and Mineral Resources was widely reported to be preparing a presentation for the then Prime Minister, Sheikh Hasina, focusing on strategies and challenges related to the country's coal-based energy sector. The Phulbari coal mine was recognised as part of the solution and key issues expected to be discussed included Bangladesh's growing reliance on imported coal for its power plants, which has led to financial and logistical challenges.

With the time taken for the newly elected government to become operational and given the fact that the former Prime Minister was away from the country for approximately five weeks after the election, the opportunity for delivery of that presentation did not arise before student led protests started in June this year. These protests which initially were demands for public service job quota reforms, quickly escalated into a larger anti-government demonstration, that on 5 August ultimately led to the collapse of the Awami League government (after consecutively being 15 years in power) and caused the former Prime Minister to depart Bangladesh.

An interim government led by Nobel laureate Dr Muhammad Yunus now governs Bangladesh (the "Interim Government"), focusing on restoring peace and implementing institutional reforms in preparation for fair elections. This government, while widely supported for its commitment to democratic change, faces challenges with economic disruptions, price hike of essentials, ongoing unrest among garment workers, restoring law and order and difficulties in restoring trust in public institutions. While the International Community is also supportive of the reform agenda and appreciates it will take time to achieve, the political parties that have arisen to fill the political void are increasingly pushing for early elections.

The Company believes a new and exciting opportunity has been created to work directly with the Interim Government in moving the Phulbari Coal and Power Project (the "Project") forward. It is recognised that we will need to reassess our proposal and ensure it still aligns with national interests, economic priorities, and environmental considerations. This work is underway and with the initial aim being to brief key decision-makers in the Interim Government and receive their feedback. However, timing the delivery of the Project needs careful consideration, given the Interim Government has been in power a matter of months and is awaiting reports from various commissions and committees it has established to advise on the true state of key sectors driving the economy and necessary reforms.

On March 11 this year, the Company announced that it had signed a contract with development partner, Power Construction Corporation of China, Ltd. ("PowerChina") for "Phulbari Coal Mining Infrastructure Construction and Overburden Stripping". The scope of works under this Mine Construction Contract includes design, procurement, installation, construction and commissioning of mine infrastructure and overburden removal, dewatering and drainage. It also includes selective mining and stockpiling of valuable industrial mineral co-products that occur in the overburden. These co-products are expected to deliver considerable cashflow for the Project ahead of coal extraction.

The Company continues to work closely with PowerChina on improvements to the Project and recently we engaged consultants that previously worked on the Project's feasibility study to update the economic model. This will enable a better understanding of the impact of contract mining on the initial capital requirements and the split of cost and revenue between local currency and foreign currency. Ultimately, we want to emphasise in our Proposal how the Phulbari coal source will decrease the need for expensive imports and show how coal supply agreements negotiated largely in local currency will be advantageous for the Interim Government, with this revenue covering the Project's significant local costs.

Other steps taken in Financial Year 2024 include:

- On 15 September 2023, the Company announced its Independent Non-Executive Chairman, Mohd Najib Bin Abdul Aziz resigned from his position, and that Independent Non-Executive Director ("NED"), Christian Taylor Wilkinson, agreed to act as interim Non-Executive Chairman until such time that new NEDs were appointed, and the board makes its final decision on the Chairman role.

- On 28 November 2023, the Company announced that the MOU with PowerChina, focused on coal mine development, had been extended for a further 12-months to 6 December 2024.

- On 28 November 2023, the Company announced that it had requested to drawdown an amount of £300,000 being the final tranche available under the Loan Facility with Polo Resources Limited ("Polo") as announced 26 March 2021 and as

Non-Executive Chairman's Statement (continued)

amended and announced 3 March 2022.

- On 28 December 2023, the Company announced that it was unable to complete the 2022-23 audit of its accounts due to a delay in receipt of funds requested under the Loan Facility with Polo. Consequently, the audited financial accounts for year end 30 June 2023 could not be published by 31 December 2023 and therefore the Company's shares would be temporarily suspended from trading from 2 January 2024.

- On 24 January 2024, the Company announced that it had received notice from Polo, pursuant to Section 168 of the Companies Act 2006, that a resolution to remove Independent Non-Executive Chairman, Christian Taylor Wilkinson, be tabled at the forthcoming Annual General Meeting.

- On 26 January 2024, the Company announced that it had raised £500,000 by means of a direct subscription of ordinary shares and that the Company planned to raise additional funds by the end of May 2024 to ensure it had 12-months working capital.

- On 29 January 2024, the Company announced the publication of its final accounts for year end 30 June 2023 and that its 2023 Annual General Meeting would be held on 29 February 2024.

- On 2 February 2024, the Company announced that trading in its shares had been Restored.

- On 2 February 2024, the Company announced that Independent Non-Executive Chairman, Christian Taylor Wilkinson, had tendered his resignation, leaving on 28 February 2024.

- On 25 March 2024, the Company announced that it had appointed two Independent Non-Executive Directors being Paul Shackleton taking the role of Acting Chairman and Charlie Green.

- On 16 April 2024, the Company announced that it had raised £2m by means of a direct subscription of ordinary shares.

Outside the Reporting Period:

- On 15 July 2024, the Company announced the appointment of Zeus Capital Limited as Nominated Adviser and Joint Broker. This change followed the acquisition of WH Ireland Capital Markets Division by Zeus Capital Limited. The Company subsequently notified the change of Nominated Adviser and Joint Broker to Allenby Capital Limited on 5 November 2024.

Overarching Operating Environment:

Although the former Bangladesh government had expanded the country's power generating capacity, it did so by relying on imported fuel and not promoting extraction of its domestic coal and gas resources. Bangladesh's installed coal-fired power capacity currently stands at 8,175MW (commissioned and soon to be commissioned). This represents an investment of some US$20 – 30 billion, predominantly in the latest High Efficiency – Low Emission (HELE) ultra-supercritical coal fired power plant technology with an annual coal supply demand of some 19 million tonnes of coal of the quality of the Phulbari reserves.

The combined effect of the post-COVID energy demand surge and the ongoing conflicts in Ukraine and the Middle East has severely impacted world-wide supply chains, particularly for energy products. For Bangladesh, with its heavy dependance on imported energy, the effect on its economy has been dramatic. Over the past 3-years, its Taka currency has devalued by some 40% and the foreign exchange reserves have dropped by some 50%. Consequently, the Interim Government is confronting outstanding energy import and power supplier payments of some US$3 billion. Assuming it can clear this debt, it also needs to obtain ongoing financial support to maintain imported energy supply while it urgently defines the strategy and action plans to move away from imported energy to a more affordable and secure balanced energy supply.

The Phulbari coal mine could supply enough coal to support up to 6,600MW or about 80% of the beforementioned coal demand. Apart from reliability of long-term coal supply at attractive terms and greatly reduced foreign exchange outflow, the added advantages for Bangladesh include employment, taxes and royalties which otherwise would occur in the foreign country exporting the coal.

Through the implementation of large-scale solar power in conjunction with the mine development schedule and the utilisation of emerging electric mining equipment, the Phulbari coal mine can achieve a Net Zero carbon emission "green" status and deliver an estimated 30% reduction in greenhouse gases versus the equivalent imported coal scenario.

While efforts to increase renewable energy sources are underway, the transition is proving complex and slow. China and India, which together consume around 70% of the world's coal, are heavily reliant on coal to sustain their rapid industrial growth and energy needs. Other Southeast Asian countries, such as Indonesia, Vietnam, and Bangladesh, have in recent years expanded their coal capacity due to the pressing need for reliable and cost-effective electricity.

There remains a large gap between developed countries and developing countries regarding the ability to phase out fossil fuels. While Bangladesh is pursuing solar and wind based renewable energy projects, these are far from being able to provide base-load power. For the foreseeable future, thermal and nuclear remain the main options for providing base-load power to support Bangladesh's industrial growth and economic development.

The United Nations Climate Change Conference COP29 was held in Baku, Azerbaijan from 11 to 22 November, 2024. It is understood the Chief Advisor of Bangladesh's Interim Government, Dr. Muhammad Yunus, participated and delivered speeches at various forums and held meetings with other key participants. The priority of Bangladesh as a Least Developed Country ("LDC"), was once again reported to be advocacy for significantly increased climate finance to combat the effects of climate change and assistance with the energy transition.

Once again, I thank our shareholders and stakeholders for their on-going support. We are working tirelessly to make the Project fit the Interim Government's energy supply expectations and gain their approval to move the Project forward together with our development partner, PowerChina.

Paul Shackleton
Non-Executive Chairman
18 November 2024

Group Strategic Report

Strategy and Business Model

GCM's primary objective is to develop the Phulbari coal deposit into a large-scale open-pit mining operation. The core plan supports up to 6,600MW of highly energy-efficient, low-emission Ultra-Supercritical (HELE) power generation. However, given the current economic conditions in Bangladesh–including pressures on foreign reserves and currency devaluation–the Company is revising the Project's economic model. The updated approach emphasises domestic thermal coal sales primarily in local currency, with foreign currency requirements supported by Semi-Soft Coking Coal (SSCC) sales on the international market. SSCC will be extracted through a wash plant, which will also produce a low-ash, high-energy thermal coal product for the domestic market. Thermal coal sales in local currency are a 'win-win' in that a significant proportion of the Project's costs are in local currency, including land acquisition and resettlement costs.

The development of a large-scale solar park, with a phased capacity expansion of at least 2,000MW, is an integral component of GCM's objectives. The solar park will supply power both to the national grid and the Phulbari coal mine, supporting the goal of achieving "Green Mine" status for the project.

Strategic Goals:

1. *Project Approval and Development*: The priority is obtaining approval from the Bangladesh Government for the comprehensive Project Proposal. With our Development Partner, PowerChina, GCM aims to finance, develop, and operate all project aspects over a 35+ year lifespan.

2. *Government Needs*: GCM intends to maximise the benefits for the Bangladesh Government by delivering an affordable, high energy, large volume, low risk thermal coal supply to greatly reduce dependence on imported energy and exposure to the international market's supply and cost vagaries.

3. *Joint Ventures*: To ensure efficient and economically sustainable mining operations, GCM will establish Joint Ventures (JVs) for essential business units that support coal delivery and overall project success.

This strategy aligns with GCM's vision of balancing economic viability with sustainable, energy-efficient power generation for Bangladesh.

Business Model Overview:

Our business model is structured around two primary business units, each addressing a core aspect of the Project:

1. Mining Company

Purpose: To develop and operate the Phulbari coal mine.

Objective: To establish a reliable domestic market for the mine's full production, supporting the Project's economic sustainability and facilitating project financing.

2. Power Company

Purpose: To develop and operate a proposed near mine-site 4,000 MW Ultra-Supercritical power plant in partnership with PowerChina, depending on the Bangladesh government's evolving Energy and Power Master Plan. This includes a large scale mine-site Solar Power Park, planned to be implemented in conjunction with the mine development and production plan.

Context: Bangladesh currently has 8,175 MW installed and soon to be commissioned capacity of coal-fired power plants, requiring about 19 million tonnes of Phulbari quality coal annually. The Project's proposed additional 4,000 MW plant could still be an attractive, cost-effective additional power supply as being located near the mine-site would greatly reduce the coal handling and transport costs, delivering the lowest cost and most reliable coal-fired power for Bangladesh. The large-scale Solar Power Park will off-set the power demands of the Phulbari coal mine and underpin its "green mine" credentials with net zero carbon emissions.

Joint Ventures (JVs) for Critical Areas:

Our business model also includes two additional joint ventures to address essential operational areas:

1. Coal Transport JV Company

Responsibilities: To ensure efficient coal delivery to market by arranging funding and overseeing necessary transport infrastructure upgrades, including rolling stock and barges.

Objective: To manage the coal transport system for timely and cost-effective delivery to customers.

2. Industrial Mineral Co-Product JV Company

Responsibilities: To manage the extraction and delivery of high-demand industrial mineral co-products, such as gravel, aggregate, sands, glass sands, ceramic and pottery clay, and bottled water. These are recoverable from the overburden removed to access coal.

Opportunity: The potential value of these co-products is estimated at over ten billion dollars, providing significant early cash flow to the Mining Company ahead of first coal production and supporting local industry demand in Bangladesh.

Strategic Impact:

GCM's strategy and business model are designed to secure project approval and deliver long-term benefits, including:

Energy Security: Reducing Bangladesh's exposure to volatile global energy markets.

Economic Benefits: Enhancing foreign exchange reserves and providing low-cost coal-based energy to drive industrial growth and economic competitiveness.

Job Creation: Generating higher-paying jobs and contributing to economic development.

National Growth Catalyst: Acting as a catalyst for Bangladesh's economic growth, supporting the nation's goal of attaining developing country status by 2026.

Alignment with Bangladesh's Vision 2041:
The Project aligns with Bangladesh's development goals, supporting Vision 2041 by assisting to eradicate poverty and achieving higher middle-income status by 2031, paving the way for Bangladesh to become a developed nation by 2041.

Progress Aligned with Strategic Objectives

The Company's Feasibility Study and Scheme of Development for the coal mine component of the Project is currently awaiting approval from the Bureau of Mineral Development, part of the Energy and Mineral Resources Division under the Ministry of Power, Energy and Mineral Resources.

During the reporting period, progress was affected by the political focus shifting toward the National Election, held on 7 January 2024. GCM's Dhaka-based team continued to engage actively with government agency contacts, especially within the Ministry for Power, Energy and Mineral Resources ("the Ministry"), to position the Company for effective collaboration with the new government, expected to be fully operational by Q1 2024. In these discussions, GCM shared an outline of the Project Proposal and detailed information on the Phulbari coal mine development, to assist the Ministry with a presentation for the then Prime Minister, focussed on domestic coal solutions to reduce economic pressures brought on by the growing reliance on imported coal.

The Company achieved a significant project milestone with the signing of the Mine Construction and Overburden Stripping contract with PowerChina in March this year. This takes the Project in the direction of contract mining which significantly reduces start-up capital requirement and reduces risk. It was intended to deliver the Phulbari coal mine development proposal, highlighting the PowerChina contract mining arrangements, once the Ministry had made its presentation and achieved a political sign-off for domestic coal sector.

The former Prime Minister spent considerable time away from Bangladesh post-election and the Ministry had not made the coal sector presentation before the student led protests began in June this year. These protests escalated and on August 5 this year, just outside the reporting period, the Awami League government of some 15 years tenure collapsed and the Prime Minister departed the country. An Interim Government was appointed with a reform agenda principally aimed at eliminating corruption, overhauling the political process and kick-starting the economy.

The Interim Government is looking for solutions to drive the economy and this represents a good opportunity for the Company to deliver the Project's proposal. However, there still needs to be careful preparation, given the government is not long in power and has a very large reform workload.

Year in review

Despite clear signs the Bangladesh Government was considering incorporating domestic energy resources into its heavily import-dependent energy mix, momentum was lost as the 1st half of the reporting year became dominated by preparations for the January 2024 national election. The Company's Dhaka team maintained contact with Ministry officials and were advised that a formal presentation on domestic coal sector development was being prepared for the Prime Minister.

Following the election, Ministry officials confirmed they had been instructed to complete the presentation and the Company assisted with detailed information regarding the Phulbari coal mine. The Ministry's efforts were widely reported in the media and these reports also cited the importance of developing the Phulbari coal mine in securing a significant supply of coal to off-set import dependence.

In March this year, the Company signed a contract with PowerChina for Mine Construction and Overburden Stripping. This EPC contract would effectively cover all mining activity required to expose coal and is a clear demonstration of the Company's capability of delivering the Project. Significant progress has also been made towards securing finance.

In June this year, student protests began with a focus on getting the government to remove its quota system for public service jobs, which effectively had over 60% of the jobs reserved. Given that youth unemployment is a growing problem, there was considerable support for the student movement.

By July, just outside the reporting period, the student movement took on a very different complexion with a new focus being the Prime Minister to resign and removal of the government.

Group Strategic Report (continued)

Clashes with law enforcement officials were extreme and despite heavy casualties, the protests continued and on 5 August this year the government collapsed and the Prime Minister left the country. An Interim Government with a reform agenda is now in power.

The political upheaval has impacted Business development; however, the Interim Government era does represent an opportunity for direct engagement and presentation of the benefits of moving the Project forward. This is supported by the fact that there is over US$3 billion outstanding debt for power and energy supply; suppliers have begun to curtail further supply until that debt is settled; and some independent power plants have been forced to shut down units due to an inability to pay for imported coal. In the long-term, solutions will need to be found that are affordable, sustainable and reduce Bangladesh's exposure to the international energy market.

Zeus Capital Limited became the Company's Nominated Adviser and Joint Broker on 13 July this year, following their acquisition of WH Ireland's Capital Market Division. Following that, on 5 November this year the Company appointed Allenby Capital Limited as Nominated Adviser and Joint Broker.

Finance review

The Group recorded a loss of £1,388,000 during the year ended 30 June 2024 compared to a loss of £1,320,000 during the previous year. The loss increased from the comparative year principally due to an increase in Board personnel, and also exchange rate losses between the Pound and Bangladesh Taka, which compare to a £68,000 gain for the year ended 30 June 2023. There was a decrease from £180,000 in 2023 to £90,000 this year as a result of natural reductions in payment to the consultants, but their continuing partnership allows the Group to continue its progress in-line with GCM's strategy of developing power generation as a new business stream, with no slow-down in pursuing and continuing with the Project.

The Group recorded a net increase in cash at the end of the year to £1,658,000 (2023: £543,000 decrease). Net cash used in operations for the year was £763,000 (2023: £627,000), cash used in investing activities was £444,000 (2023: £656,000), and cash inflow from financing was £2,322,000 (2023: £865,000).

The Group has continued its aim to maintain tight control of expenditure incurred during the year, however the revision of the Board composition, was a contributing factor to the administrative expenses increasing by 10.8% to £807,000 for the year ended 30 June 2024 (2023: £728,000) which included £15,000 non-cash expenditure, and finance costs remained stable at £494,000 (2023: £480,000). Capitalised expenditure in relation to the mine proposal was £443,000 for the year ended 30 June 2024 compared to £625,000 in the previous year.

To finance its operations during the year, GCM completed two successful Subscriptions in conjunction raising Gross proceeds of £500,000 in January 2024 with Clear Capital Ltd, and £2,000,000 with Axis Capital Markets Ltd in April 2024. In addition, GCM continued to have available, the short-term loan facility with Polo Resources Limited ("Polo") (the "Polo Loan Facility"). A drawdown of £300,000 on the Polo Loan Facility was requested during November 2023, but not completed. Of the full facility of £3,500,000, £3,200,000 has currently been utilised. The terms of the loan facility were amended in March 2022 as part of the completed placing and subscriptions, such that the lender may request conversion by the issuance of new ordinary shares in the Company at 5.14 pence per share (being the Issue Price) subject to any necessary regulatory approvals. All other terms of the agreement remained unchanged. (See Note 12 for detailed terms).

As GCM does not yet generate any revenue, the Board expects that the Group's operations will continue to be funded by a combination of equity and debt financing.

Continuing for the foreseeable future, the Company's cash expenditure is not expected to increase and, as far as possible, obligations to key stakeholders will be primarily satisfied by the issue of new ordinary shares in the capital of the Company ("Ordinary Shares"), to both incentivise those stakeholders and preserve cash.

As at the date of this report, the Company had drawn down £3,200,000 of the Polo Loan Facility and the Company currently has approximately £1,200,000 in available cash resources, which is sufficient to meet the Company's immediate cash requirements until July 2025, assuming the Company's currently forecast cash costs. The Company will further explore additional funding during the first six months of 2025.

Corporate Social Responsibility (CSR)

GCM recognizes that the Project is a continuous, community-centred effort, rather than a one-off initiative typical of other large developments. Sustaining the Project's Social License to Operate (SLO) requires consistent engagement throughout its lifespan. Essential to this is our commitment to listen to the communities we serve, address their concerns, keep them fully informed, support local livelihoods, and not only mitigate environmental impacts but actively improve the surrounding ecosystem.

Commitment to High Standards:
GCM is dedicated to developing the Project in alignment with leading national and international environmental and social standards, specifically:

- International Finance Corporation (World Bank) policies and standards;
- The Equator Principles;
- The Asian Development Bank's (ADB) Safeguard Policies; and
- The prevailing laws and policies of Bangladesh.

As a signatory of the UN Global Compact, the world's largest voluntary corporate responsibility initiative, GCM upholds core values in human rights, labour standards, environmental stewardship, and anti-corruption.

Community Engagement and Stakeholder Inclusion:
Feedback from government agencies reflects the importance of making local communities active stakeholders who are incentivised to support the Project. This includes offering employment, access to education, and fair compensation for land and relocation needs. In response, GCM's Resettlement Action Plan (RAP) was developed as part of the comprehensive Environmental and Social Impact Assessment for the coal mine, and reflects the specific requirements identified through extensive community surveys within and adjacent to the Project Area. A demographic survey conducted in 2019 further updated population and household data to guide our approach.

Through the RAP, GCM is committed to uplifting the local community and will ensure the following:

- Fair, transparent, and fully compensated relocation;
- Enhanced living standards with improved town and village amenities;
- Financial grants to improve livelihoods;
- Training programs and preferential employment opportunities;
- Support for agricultural development to bolster local farming.

On-the-Ground Engagement:
To maintain strong community ties, GCM has a permanent field presence within the Project Area. Our field team, supported by 71 Community Liaison Assistants (CLAs) recruited from within the community, actively engages with local residents and authorities. This presence ensures continuous dialogue, transparency, and responsiveness, fostering trust and collaboration throughout the Project's development.

Risks and uncertainties

The predominant risks and uncertainties faced by the Company are set out below:

Political and Economic Risks:
The political landscape has become dominated by the fall of the past Awami League government of former Prime Minister Shaikh Hasina on 5 August 2024 and the appointment of an Interim Government, on 8 August 2024. The Interim Government consists of Chief Adviser Dr Yunus (Nobel Laureate) and 24 Advisers covering key ministries. The student led protests that caused the government to fall had mobilised enormous support for eliminating corruption and undertaking political and economic reforms and this has become the Interim Government's mandate.

Chief Adviser Dr Yunus is well respected both in Bangladesh and the international community and it seems all are keen that the reform agenda runs to its conclusion. At this juncture, there appears to be no timeline to achieve this end and consensus seems that this could take a couple of years, after which there would be a free and fair election. The election may happen before, though no one is sure about the timeline as no roadmap has been declared.

The early months of the Interim Government has exposed well organised wide-spread corruption, estimated to have cost the Bangladesh economy some US12-15 billion annually. It is not surprising that early actions have seen many bureaucratic and corporate personnel changes with many arrests and cases filed.

The period of reform carries inherent risks with the major one being that the Interim Government remains in power for several years but fails to take long-term decisions; the re-emerging political parties become frustrated with the protracted timeline towards an election resulting in further street protests and uncertainty. However, there are mitigating factors given the Interim Government continues to enjoy support of the international community allowing its confidence to grow; the Bangladesh people by and large want to see the reforms implemented; and the Bangladesh military has pledged its support and is integrated with the police force to maintain law and order.

Strategic Risk:
There is a risk that the strategic partnership with the Chinese state-owned enterprise, PowerChina, may not proceed, which would impact the Company's plan to position the Project as a secure, captive coal mine with dependable market outlets for its full production. This could threaten the economic viability of the mine. However, mitigating

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circumstances have arisen with the signing of the Mine Construction and Overburden Stripping EPC contract with PowerChina in March 2024. This demonstrates commitment by both companies to move the Project forward. It also carries with it the pathway to securing project financing. PowerChina is also a partner in several independent coal-fired power plants in Bangladesh which are keen to secure coal supply from the Phulbari coal mine, helping to underpin the Project's revenue stream. The remaining revenue is planned to come from coal supply agreements with government-owned power plants. The risk of not achieving the latter is mitigated by the fact the government has US$20 – 30 billion worth of latest HELE power plants that it is unable to fuel from imported coal and the fact that the Project could supply coal paid for in local currency.

Additionally, the Company's Bangladesh team has begun working with key Interim Government contacts to both promote the Project and determine the best timing to present the Project Proposal, given the early stage of the Interim Government and its immediate focus being to establish commissions and committees to facilitate its reform agenda.

Financing Risk:
There is a risk that the Company may face challenges in raising the necessary working capital to sustain operations before submitting the Project Proposal to the government, as well as the additional funds required to guide the Project through government approvals and into the implementation stage. The first financing risk is mitigated by the Company's strong track record of successfully raising capital through equity markets. The second financing risk is addressed through existing agreements with our Development Partner, PowerChina, who has expressed a willingness to support project financing in exchange for being awarded EPC (Engineering, Procurement, and Construction) contracts. The signing of the US$1 billion Mine Construction and Overburden Stripping EPC contract with PowerChina in March 2024 is a demonstration of the commitment of both companies to move the Project forward.

The Directors remain confident that the Company will secure the necessary funds when needed. For further details, refer to the Directors' Report.

Commercial Risk:
The primary commercial risk for the Project in Bangladesh stems from potential adverse movements in coal prices and associated cost factors. However, the ongoing global energy supply uncertainty, with increased coal and LNG prices has positively shifted the Project's viability outlook. The newly appointed Interim Government is going through an initial phase of reviewing existing energy and power arrangements, given that it has exposed huge corruption in this sector. The fact that the country has accrued US$3 billion for imported energy and power and that suppliers have begun to curtail further supply until that debt is serviced, that independent power plants have idle capacity because the government has a foreign currency crisis and cannot support the required fuel import, and the country cannot afford to continue with an import all energy strategy, all support the need for cost-effective and locally sourced energy solutions. Phulbari coal presents an attractive alternative to imported fuel sources. The Project offers a hedge against global supply chain disruptions and escalating energy import costs, potentially saving Bangladesh billions of dollars in foreign exchange reserves with thermal coal supply contracts able to be set up with local currency payments.

Analysts suggest the supply and demand dynamics will likely sustain elevated energy prices in the medium term. This trend strengthens the economic case for utilising Phulbari coal, as it provides stability in energy costs and reduces dependency on volatile international markets. To mitigate further economic risks, coal supply agreements for power plants will include escalation clauses, adjusting for rising costs and ensuring the mine's financial resilience.

Bangladesh's installed (and to be commissioned) coal-fired power generation capacity currently stands at 8,175 MW, requiring an estimated 19 million tonnes of Phulbari quality coal annually. The Phulbari coal mine could satisfy up to 80% of this coal demand, underscoring the strategic role of Phulbari coal in supporting the country's energy security goals.

Legal Risk:
The primary legal risk facing the project is the potential revocation of the mining lease and exploration licenses. Should this occur, it could jeopardise the project's viability. To mitigate this risk, the Company strictly adheres to all terms and conditions of the "Exploration and Mining of Coal in Northern Bangladesh" Contract with the Government. This includes ensuring that all ongoing requirements related to the mining lease and exploration licenses are fully met. The Group remains vigilant in maintaining compliance with these terms. Recently, GCM obtained a comprehensive legal opinion confirming that the Contract is legally enforceable under both Bangladeshi and international law. This assurance strengthens the project's legal foundation and mitigates the risk of potential revocation.

Health and Safety, Social and Environmental Risks:
The Company is firmly dedicated to advancing the Project while upholding the highest international

standards for health, safety, social, and environmental responsibility. In alignment with its Corporate Social Responsibility (CSR) objectives, the Company actively adheres to rigorous social and environmental guidelines, as outlined in this Strategic Report. These standards ensure that the Project's development aligns with globally recognised best practices, minimizing potential health, safety, and environmental impacts. Through continuous monitoring and improvement, the Company strives to mitigate risks to local communities and the environment, reinforcing its commitment to sustainable and responsible development.

Climate Change Risks:
The global push for climate action has placed increased pressure on governments and financial institutions to reduce reliance on fossil fuel-based energy. In Bangladesh, this trend may impact future policy directions, especially concerning coal-fired power generation. Climate-aware financing may become more restricted, limiting the funding and viability of projects that depend heavily on fossil fuels. This situation prompts Bangladesh to consider alternative, lower-emission energy sources and emphasizes the need for policy adjustments aligned with sustainable development.

Bangladesh still is expected to officially transition from a Least Developed Country ("LDC") to a Developing Country by 2026, following the United Nations' recommendation for an extended preparation period due to COVID-19's economic impact. Until then, Bangladesh will retain its trade privileges as an LDC. In tandem, the government has set ambitious targets through its Vision 2041, which outlines goals to eradicate absolute poverty, achieve upper middle-income status by 2031, and progress towards developed-nation status by 2041. These goals necessitate a robust energy strategy to support industrial growth and employment, which must also be aligned with sustainability objectives.

Bangladesh contributes minimally to global greenhouse gas emissions, at less than 0.35% and far lower than those of developed economies. Its per capita GDP and power generation levels also remain modest, underscoring the limited role it plays in global emissions.

Vision 2041 highlights two critical pillars to drive energy and power sector development:

1. Adopting a Least-Cost Power Generation Pathway: Bangladesh aims to expand power generation capacity in a cost-effective manner, prioritizing low-cost solutions to ensure industrial competitiveness and economic growth.

2. Securing Affordable Primary Energy Supply: The government seeks reliable and low-cost energy sources to support ongoing development.

To fulfil these goals, Bangladesh must significantly increase its power generation capacity with a focus on efficient, low-cost energy. Even with substantial coal usage, such as the full production capacity from the Phulbari coal mine, the country's CO_2 contribution would still be minimal in the global context. This underscores the need to balance development priorities with climate commitments.

The Bangladesh government acknowledges the strategic importance of fuel diversification for energy security. However, the nation remains heavily dependent on imported fuels, making it vulnerable to global energy price fluctuations and supply chain disruptions. The recent global energy crisis has highlighted the risks associated with a high dependence on imported fuels, prompting the government to implement austerity measures and explore options to strengthen domestic energy resilience.

In conclusion, while Bangladesh's role in global emissions remains small, it faces the dual challenge of expanding its energy sector to support economic growth while also adapting to the global shift towards greener energy. Strategic diversification, efficient power generation, and responsible coal use within a framework of minimal emissions are likely to be key aspects of Bangladesh's evolving energy policy.

Board engagement with stakeholders

This section serves as our section 172 statement and should be read in conjunction with the rest of the Strategic Report and the Company's Corporate Governance Statement.

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, and would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, governments, local communities, and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

The Directors uses its Board meetings as a mechanism for giving careful consideration to the factors set out above in discharging their duties under section 172.

Stakeholder engagement
Key stakeholder groups we engage with are listed below, together with an explanation of why we focus on them and how we engage them.

Group Strategic Report (continued)

Employees
The success of the Group is dependent upon the hard work and dedication of all our employees. The Board ensures a continuing investment in existing employees who are supported through professional, technical and on-the-job training relevant to their functional areas, as well as other relevant role-specific training. The Board directs executives and senior managers to keep staff informed of the progress and development of the Company on a regular basis through formal and informal meetings and regular communications. In addition, the Board ensures funds are provided for regular events to encourage employee participation in local community initiatives.

Government Agencies & Local Communities
The Group operates in the regulated mining sector in Bangladesh. The Board ensures the Company adopts a positive focus on maintaining productive relations with local communities and all levels of government. As a result, the Chief Executive Officer and Chief Operating Officer regularly conduct consultations with multi-levels of government agencies to ensure that all regulatory approvals and permits remain in good order. Development of local community improvement programmes are undertaken with consultation of local government and community representatives to maintain positive and productive relationships necessary to advance the Phulbari project.

As a mining exploration Group, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. Wherever possible, local communities are engaged in the geological operations and support functions required for field operations. The regions in which the Group operates have native title laws. The Company is respectful of native title rights and engages proactively with local communities. In addition, we are careful to manage the environmental obligations of our work, and undertake site rehabilitation programmes, and prepare mine management plans, in accordance with local laws and regulations. Our goal is to meet or exceed standards, to ensure we maintain our social licence to operate from the communities with which we interact.

Contractors & Suppliers
Our proposed Joint Venture associates, consultants and suppliers are key business partners, and the quality of goods and services we receive are essential to supporting operations and to enhance the project process with our goal to successfully submit our project proposal to the Bangladesh Government for approval.

During the year, the Board committed significant resources into fostering improved relationships with our key partners. As directed by the Board, management collaborates and continually works with our partners and the full supply chain, sharing best practice and seeking out synergies to improve.

Lender
For the entire reporting period the Chairman, CEO and FD, on behalf of the Board have been in regular contact with its lender. An extension to the loan agreement was agreed during the year, which enabled the Group to continue on a stable financial platform.

Investors
Investors are considered key stakeholders, and consequently investor relations are a focus area for Directors. Where possible the Board engages investors on Group performance following project updates and results announcements with face-to-face meetings or scheduled calls.

On behalf of the Board,

Datuk Michael Tang PJN
Chief Executive Officer
18 November 2024

Board of Directors

Executive Directors

Datuk Michael Tang PJN *(Executive Chairman)* is Chairman of the Company's largest shareholder, Polo Resources Limited, and is the principal of Mettiz Capital Limited, an investment company. Datuk Tang has significant corporate and financial experience in natural resources, power generation, healthcare, technology, manufacturing and real estate. Datuk Tang qualified as a barrister at Lincoln's Inn and holds a Bachelor of Law degree from the London School of Economics and Political Science. Datuk Tang was conferred the Distinguished Order for Meritorious Service ("Panglima Jasa Negara") which carries the honorific title of "Datuk" by His Majesty King of Malaysia. The award was in recognition of his invaluable service and contribution to the nation.

Keith Fulton *(Finance Director)* is the Finance Director of GCM and has over 25 years accounting and finance experience and was a partner at the audit firm Chapman Davis for over fourteen years. He began his career at Badger Hakim, where he qualified as a Chartered Accountant, following which he held various financial advisory and leadership positions at a number of corporates, including Finance Director at IDG UK Holdings Ltd. Keith is a member of the Institute of Chartered Accountants in England and Wales.

Gary Lye *(Chief Operating Officer)* is the Chief Operating Officer of GCM and Chief Executive Officer of GCM's subsidiary, Asia Energy Corporation (Bangladesh) Pty Ltd. He has been with the Phulbari Coal and Power Project (the Project) since January 2004 and led the exploration programme and Feasibility Study. He is a qualified geologist and geotechnical engineer with a Master's Degree in Rock Mechanics from the Royal School of Mines, London and a Diploma of the Imperial College (DIC), London and has over 45 years' international experience in the mining industry. Gary previously held senior mining positions with several leading mining companies. This included roles as Strategic Mine Development Manager with Kalgoorlie Consolidated Gold Mines at their Super Pit operations in Kalgoorlie, Western Australia, and as Manager of Mining Research for CRA in Perth, Western Australia.

Non-Executive Directors

Paul Shackleton *(Non-Executive Chairman)* is an experienced London based corporate finance adviser and broker who, since 1996, has specialised in both domestic and international AIM traded companies, including advising companies in the role of Nominated Adviser. He brings a wealth of knowledge and experience, particularly in transactions, fund raising, Corporate Governance and Regulation. He is currently a Non-Executive Director of Rurelec Plc and Woodbois Limited. Mr Shackleton chairs the Remuneration, and Nomination committees.

Charlie Green *(Non-Executive Director)* is a chartered accountant and member of ICAEW (Institute of Chartered Accountants in England and Wales). Over his 47-year career, he has held senior positions in auditing and accounting, financial services within merchant banking and corporate recruitment services (headhunting). He is currently Director of corporate headhunting firm Emmet Green Associates Ltd. After qualifying as a Chartered Accountant, he spent over 11 years in an auditing role with Peat Marwick Mitchel & Co (now KPMG) and Reuters plc. He then worked for 10-years in investment banking taking senior financial services roles with Morgan Grenfell & Co Ltd, Merrill Lynch & Co and Credit Suisse First Boston. He moved into the recruitment industry beginning with Austin Knight UK Ltd. (and TMP after it took over Austin Knight) and Odgers. After a 3-year period as an operations, financial and compliance consultant for a NOMAD boutique Investment Bank, he moved back into corporate headhunting where he has been Director of Emmet Green Associates Ltd for the past 25 years. Mr Green chairs the Audit committee.

Corporate Governance Report

Corporate Governance Statement

The Board of Directors ("Board") aims to adhere to industry good practice in relation to corporate governance of the Company. The Board approved the adoption of the Quoted Companies Alliance Corporate Governance Code 2018 ("QCA Code") on 9 July 2018. The Code is published by the Quoted Companies Alliance ("QCA") and is available at www.theqca.com. On 13 November 2023, the QCA published the latest version of its corporate governance code ("2023 Code") aimed at 'UK Growth companies'. The 2023 Code will apply to financial years beginning on or after 1 April 2024, meaning the Company's first required year of compliance is the year commencing 1 July 2024.

The QCA Code sets out 10 principles which should be applied. These are listed below together with a short explanation of how the Group applies each of the principles. Where the Group does not fully comply with each principle an explanation as to why has also been provided:

Principle One: Strategy and business model

The Board has developed and implemented a strategy which it believes will achieve long term value for shareholders. This strategy is set out in the Strategic Report. The Company believes that this strategy is appropriate to protect the Company from unnecessary risk and optimise its long-term future.

Principle Two: Understanding shareholder needs and expectations.

The Board is committed to maintaining good communications and seeks to understand and meet shareholder needs and expectations by engaging with them across a range of platforms. All shareholders are encouraged to attend the Company's Annual General Meetings where they can meet and directly communicate with the Board. After the close of business at the Annual General Meeting, the Chairman opens the floor to questions from shareholders. The Company provides phone numbers on all its updates and RNS announcements where shareholders can contact the appropriate senior Company representatives directly. Shareholders also have access to information through the Company's website, www.gcmplc.com.

Shareholders are also welcome to contact the Company via email at info@gcmplc.com with any specific queries.

Principle Three: Stakeholder responsibilities

The Board recognises that the long-term success of the Company is reliant upon strong positive relationships with the Government of Bangladesh, local potentially affected communities, its partners, customers, contractors, suppliers, employees and other stakeholders.

The Company is committed to developing any project under its control to the highest international social and environmental standards. In addition to compliance with applicable national laws, GCM has committed to comply with the Equator Principles, the International Finance Corporation's Performance Standards on Social and Environmental Sustainability and the principles of the UN Global Compact.

At this stage in the Company's development, the Board has not adopted a specific written policy on Corporate Social Responsibility as the standards it has committed to gives sufficient guidance at the Company's current stage of development.

The Company engages positively with local communities, regulatory authorities and stakeholders in its project locations and encourages feedback through this engagement. Through this process the Company identifies the key resources and fosters the relationships on which the business relies.

Principle Four: Risk management

The Board periodically reviews the risks to which the Group is exposed including on all significant new transactions, and ensures that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Group at this stage in its development and in the foreseeable future are detailed within the Strategic Report together with risk mitigation strategies employed by the Board.

Principle Five: A well-functioning Board of Directors

The Acting Non-Executive Chairman (Paul Shackleton) has overall responsibility for the Corporate Governance of the Company. The Board is responsible for formulating, reviewing and approving the Group's strategy, budget, major transactions and monitoring achievement of its business objectives. An agenda and supporting documentation are circulated to the directors before each Board meeting. Open and timely access to all information is provided to directors to enable them to bring independent judgement on issues affecting the Group and facilitate them in discharging their duties. The Board meets formally periodically during the year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic, operational and financial matters.

The Board currently consists of the Acting Non-Executive Chairman (Paul Shackleton), the Chief Executive Officer (Datuk Michael Tang PJN), the Finance Director (Keith Fulton), the Chief Operating Officer (Gary Lye) and one Non-Executive Director (Charlie Green). The Board considers that its composition is satisfactory and complies with the QCA Code, however, is currently actively recruiting one further non-executive director to improve its Board composition.

The roles of Chairman and Chief Executive Officer are split per best practice. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. The Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information. No one individual has unfettered powers of decision. The Finance Director works full time for the Company.

The non-executive directors are considered independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The Board is supported by the audit, remuneration and the nomination committees, details of which can be found below.

Principle Six: Appropriate skills and experience of the Directors
For the current size and stage of development of the Company, the Board considers the current balance of sector, financial and public market skills and experience present on the Board is appropriate to execute the Company's strategy and business plan and discharge its duties effectively. As the Company evolves, the Board will be reviewed and expanded as necessary to ensure appropriate expertise is always in place to support its business activities. Details of the current Board of Directors' biographies are set out within the Board of Directors section.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

Principle Seven: Evaluation of Board performance
Due to GCM's size and available resources, and the status of the Company's operations, the Company has yet to set in in place a formal evaluation system for its Board, Directors and employees. The appropriateness of performance review will be reassessed as the Company's corporate governance evolves in line with development of its business. The board shall monitor requirements for succession planning on an ongoing basis.

Principle Eight: Corporate culture
The Company operates in the United Kingdom and Bangladesh. It is committed to upholding all laws relevant to countering bribery and corruption in all jurisdictions in which it operates and remains bound by the laws of the United Kingdom, including the Bribery Act 2010, in respect of conduct both at home and abroad.

The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever we operate, implementing and enforcing effective systems to counter bribery.

The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Board takes account of employees' interests when making decisions, and suggestions from employees aimed at improving the Group's performance are welcomed.

The Company has adopted a Share Dealing Code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle Nine: Maintenance of governance structures and processes
Ultimate authority for all aspects of the Company's activities rests with the Board. The Non-Executive Chairman is responsible for the effectiveness of the Board, ensuring that no individual or group dominates the Board's decision-making, and that the Non-Executive Directors are properly briefed on all operational and financial matters. The Non-Executive Chairman has overall responsibility for corporate governance matters in the Group. The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. Key operational and financial decisions are reserved for the Board through periodic Board meetings.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third-parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten: Shareholder communication
The Company encourages communication with both private and institutional shareholders. The Company's website is regularly updated and users, including all stakeholders, can register to be alerted via email when material announcements are made. The Company's contact details are on the website for investor relations enquiries.

Shareholders are encouraged to attend the Company's Annual General Meeting. Notices of General Meetings are posted to shareholders and copies for at least the past five years are contained within the Annual Reports, copies of which are available on the website.

The results of voting on all resolutions in future general meetings will be posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent votes.

Corporate Governance Report (continued)

Board and Committees

The Board currently consists of three executive directors and two non-executive directors (including the Chairman). The Board considers that this composition is satisfactory, considering the size and scale of the Group's activities and that no one individual or group dominates the decision-making process. The composition of the Board, including the balance between executive and non-executive directors will continue to be reviewed to ensure that the Board continues to have the appropriate structure and skills to meet the needs of the Group as its business develops. The Board will continue to monitor and actively recruit additional independent non-executive directors.

The Board meets regularly through the year, providing effective leadership and overall management of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the Group's forecast and budget, major capital expenditure, risk management policies and approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner prior to Board meetings. The Board delegates certain of its responsibilities to the Board Committees which have clearly defined terms of reference and are listed below.

All directors have access to the advice and services of the Group's solicitors, Nominated Adviser and the Company Secretary. Any Director may take independent professional advice at the Group's expense in the furtherance of their duties

Retirement by rotation

One third of directors are required to retire at every Annual General Meeting (AGM) of the Company by rotation and may be re-elected by ordinary resolution.

The Audit Committee

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. Mr Charlie Green is Chair of the Audit Committee, along with Mr Paul Shackleton who is a member of the Committee, supported by Keith Fulton, the Finance Director and Company Secretary, and the full board who are not formally member of the committee. The membership of the committee will be reviewed annually and upon any changes to the composition of the Board. During the year the Audit Committee was active in assessing the adequacy of the interim and annual financial statements, including conducting meetings with the auditors of the Company.

The Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board of Directors' and senior executives' remuneration. Non-Executive Directors' remuneration is considered by the Board. Financial packages for the Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another Company. Mr Paul Shackleton is Chair of the Remuneration Committee, along with Mr Charlie Green who is a member of the committee, supported by Keith Fulton, the Finance Director and Company Secretary, and the full board who are not formally members of the committee. The membership of the committee will be reviewed annually and upon any changes to the composition of the Board. During the year the Remuneration Committee conducted a review of executive remuneration, including benchmarking to market and making appropriate recommendations to the Board.

The Nominations Committee

The Nominations Committee makes recommendations to the Board for the recruitment of Directors and senior executives. Mr Paul Shackleton is Chair of the Nominations Committee, along with Mr Charlie Green who is a member of the committee, supported by Keith Fulton, the Finance Director and Company Secretary, and the full board who are not formally members of the committee. The membership of the committee will be reviewed annually and upon any changes to the composition of the Board. During the year the Nominations Committee has been involved in the assessment of prospective candidates for non-executive positions as requested by the Board.

Paul Shackleton
Non-Executive Chairman
18 November 2024

Directors' Report

The Directors present their annual report and the audited accounts for the year ended 30 June 2024.

Principal activities

GCM Resources plc (GCM) was incorporated as a Public Limited Company (Company register number 04913119) on 26 September 2003 and admitted to the London Stock Exchange Alternative Investment Market (AIM) on 19 April 2004.

The Company's principal activity, through its subsidiaries, is the development of the Phulbari Coal and Power Project in Bangladesh.

Business review

Phulbari Coal and Power Project
A detailed review of progress on the Phulbari Coal and Power Project is included in the Group Strategic Report.

Financial resources
As at 30 June 2024, GCM held £1,658,000 in cash (2023: £543,000 cash).

Corporate responsibility
GCM is committed to undertaking its activities in accordance with the highest international social, environmental and operational standards. For detailed information please refer to the Group Strategic Report.

Financial review
The Group recorded a loss after tax of £1,388,000 for the year ended 30 June 2024 (2023: loss after tax of £1,320,000). Non-cash expenses of £90,000 were incurred during the year (2023: £180,000).

Capitalised evaluation expenditure relating to the Phulbari Coal and Power Project was £443,000 for the year ended 30 June 2024 (2023: £625,000).

Events after the end of the reporting period
The events which took place subsequent to 30 June 2024, are fully disclosed in Note 21 to the Consolidated Financial Statements.

Dividends
The Directors do not recommend the payment of a dividend (2023: nil).

Going concern

As at 30 June 2024, the Group had £1,658,000 in cash and £285,000 of net current assets. The directors and management have prepared a cash flow forecast to 31 December 2025, which shows that the Group will require further funds to cover operating costs to advance the Phulbari Coal and Power Project and meet its liabilities as and when they fall due. Based on current forecasts, additional funding will need to be either raised from third parties or the short-term loan facility with Polo Resources Limited ("Polo Loan Facility") increased and extended by the end of July 2025, in order to meet current operating cost projections. The Directors also note that, under the amended terms of the existing Polo Loan Facility, the lender agreed not to serve a repayment request in cash for 5 years from the date of amended terms, 26 March 2021, or alternatively convert to shares at 5.14 pence per share at the lender's option (as amended on 1 March 2022). The Company does not currently have secured funding arrangements in place to cover this loan or further potential expenditure which may be needed to advance the Project and, accordingly, should Polo request repayment of the Polo Loan Facility (under certain terms of the Loan Facility), GCM will need to raise funds in a short amount of time, which may not be available on terms acceptable to the Board or on a workable timeframe.

The Company currently has £300,000 available for drawdown under the Polo Loan Facility at the date of this report, and based on projected future cash expenditure, the remaining amount available for drawdown under the Polo Loan Facility at the date of this report is not expected to be sufficient to support the Company's operations for the twelve months from the date of this report. At the current run rates, along with the Company's existing cash resources, this is only expected to provide sufficient capital for the next seven/eight months. The Company intends to explore alternative funding options over the first half of 2025, with the aim to complete and secure the necessary third-party funding by the end of June 2025.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

— Sufficient additional funding can be obtained for working capital purposes; and

— In the event that operating expenditure increases significantly as a result of successful progress with regards to the Phulbari Coal and Power Project, sufficient funding can be obtained.

While the Directors remain confident that necessary funds will be available as and when required, as at the date of this report these funding arrangements are not secured, the above conditions and events represent material uncertainties that may cast significant doubt over the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Directors' Report (continued)

Upon achieving approval of the Phulbari Coal and Power Project, significant additional financial resources will be required to proceed to development.

Future outlook

The Group is fully committed to the Phulbari Coal and Power Project and is directly engaging with the Government of Bangladesh and other stakeholders to move the Project forward. A detailed review of progress on the Phulbari Coal and Power Project is included in the Group Strategic Report.

Principal risks and uncertainties

Details of the Group's principal risks and uncertainties can be found within the Group Strategic Report.

Financial instruments

Details of the financial risk management objectives and policies of the Group and information on the Group's exposure to financial risks can be found in note 18 to the financial statements.

Directors

The Directors who served during the year:

	Appointed	Resigned
Executive Directors		
Datuk Michael Tang PJN	–	–
Keith Fulton	–	–
Gary Lye	–	–
Non-Executive Directors		
Paul Shackleton	22 March 2024	–
Charlie Green	22 March 2024	–
Mohd. Najib Abdul Aziz	–	11 October 2023
Christian Taylor-Wilkinson	–	28 February 2024

Amounts paid for services of Directors for the year ended 30 June 2024 were:

	Salary & fees £	Share based payments £	2024 Total £	2023 Total £
Executive Directors				
Datuk Michael Tang PJN (*)	303,600	–	303,600	303,600
Keith Fulton	90,000	15,000	105,000	100,000
Gary Lye	133,800	–	133,800	173,828
Non-Executive Directors				
Paul Shackleton (appointed 22 March 2024)	8,192	–	8,192	–
Charlie Green (appointed 22 March 2024)	7,510	–	7,510	–
Mohd. Najib Abdul Aziz (resigned 11 October 2023)	1,700	–	1,700	6,000
Christian Taylor-Wilkinson (resigned 28 February 2024)	4,000	–	4,000	6,000
	548,802	15,000	563,802	589,428

(*) Michael Tang's remuneration remains partially unpaid as at 30 June 2024, see Note 20 also.

The Directors who held office at 30 June 2024, or on date of resignation, had the following interests in the ordinary shares and options of the Group:

	2024 Shares	2024 Conditional shares (1)	2024 Options	2023 Shares	2023 Conditional shares	2023 Options
Executive Directors						
Datuk Michael Tang PJN	–	–	– (2)	–	–	7,250,000
Keith Fulton	1,400,702	–	–	1,023,343	–	–
Gary Lye	2,000	170,000	– (2)	2,000	170,000	825,000
Non-Executive Directors						
Paul Shackleton (4)	–	–	–	–	–	–
Charlie Green (4)	7,000	–	–	–	–	–
Mohd. Najib Abdul Aziz (3)	–	–	–	–	–	–
Christian Taylor-Wilkinson (3)	–	–	–	–	–	–

(1) Shares awarded in the event of key milestones being reached. Refer to Note 17 to the financial statements.

(2) Options with an exercise price of £0.11, vested on 1 January 2016 and an expiry date of 31 May 2020. On 29 May 2020, these options were extended on the same terms until 31 May 2024, and these options have now expired.

(3) Christian Taylor-Wilkinson resigned on 28 February 2024, and Mohd. Najib Abdul Aziz resigned on 11 October 2023.

(4) Paul Shackleton and Charlie Green were appointed on 22 March 2024.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Further reviews of internal controls will be undertaken as the Group develops to ensure that they remain adequate and effective.

Business risk

The Board regularly evaluates and reviews business risks when reviewing project timelines. The types of risks reviewed include (refer to Note 1 and the Strategic Report for further detailed information):

- Regulatory and compliance obligations
- Political and economic risks
- Environmental requirements
- Legal risks relating to contracts, licences and agreements
- Insurance risks – the Group holds insurance coverage for potential employee and liability claims
- Political risks arising from operating in Bangladesh
- Climate Change Risk

Risk management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation and monitoring risks through regular reviews by senior management.

Treasury policy

The Group currently finances its operations through equity and debt financing and holds its cash to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board. Refer to note 18 for liquidity risk.

Directors’ Report (continued)

Capital management

Capital comprises of cash only. The Group holds a loan facility of £3,500,000 of which £3,200,000 had been fully utilised as at 30 June 2024. The Group does not hold other loans, financial leases, or other non-current finance obligations.

	2024 £000	2023 £000
Cash	1,658	543
Borrowing facilities undrawn (*)	300	300
Capital	1,958	843

(*) £300,000 of the available facility, was requested to be drawn down on 28 November 2023, however has not been received by the Company, and the Company at the date of this report has not further requested the drawdown funds.

Upon approval of the Phulbari Coal and Power Project, funding will be sought from a mix of equity and debt sources to finance development. The objective of the Group’s capital management will be to manage gearing levels and capital ratios in order to support its business, maximise shareholder value and maintain a healthy capital position. The Group incurs expenditure in a number of currencies including UK Pounds, Bangladesh Taka, US Dollars and Australian dollars. The Group has a policy of not hedging currency exposures.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the directors of the Company which was in force at the date of approval of this report.

Political contributions

No payments to political parties have been made during the year (2023: nil).

Relations with shareholders

The Board attaches great importance to maintaining good relationships with its shareholders. The Group’s activities are detailed in the Annual Report and Financial Statements, the Interim Report and market announcements. Market sensitive information is always released to all shareholders concurrently in accordance with stock exchange rules. The AGM provides an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group’s activities. The Group maintains a corporate website where information on the Group is regularly updated and all announcements are posted.

Website disclosure

The Group has a website www.gcmplc.com on which statutory information, press releases and background information on the Group and its operations can be found.

Annual General Meeting (AGM)

Full details of the resolutions to be proposed at the Company’s AGM will be included in the Notice of Meeting which will be distributed to shareholders along with the Annual Report.

Auditors

The auditors to the Group, PKF Littlejohn LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the AGM.

Directors’ statement as to disclosure of information to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company’s auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Statement of Directors’ responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare Group financial statements under UK-adopted international accounting standards. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements comply with the requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board,

Keith Fulton
Executive Director
18 November 2024

Independent Auditor's Report

Independent auditor's report to the members of GCM Resources Plc

Opinion
We have audited the financial statements of GCM Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice) and as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2024, and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 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 1 in both the group and parent company financial statements, which indicates that the group's and the parent company's ability to continue as a going concern is dependent on the ability to secure additional funding through financing arrangements or the issue of equity. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company'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 director's 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:

- Challenging the directors' forecasts prepared to assess the group's and parent company's ability to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.
- Reviewing the consistency of committed cash flows against contractual arrangements and compared general overheads to current run rates.
- Comparing actual results for the year to past budgets to assess the forecasting ability/accuracy of management.
- Verifying the latest post year end cash position in comparison to budgeted.
- Reviewing post year end information such as board meeting minutes and Regulatory News Services (RNS).
- Discussions with the directors the strategies that they are pursuing to secure further funding if and when required.
- Reviewing the adequacy of the disclosures in respect of going concern including the uncertainty over the ability to raise additional funds.

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

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

Based on our professional judgement, we consider 1.5% of total assets (2023: 1.5% of total assets) to be the most significant determinant of the group's financial performance used by shareholders as the group continues to bring its mining assets through to development. Materiality of the parent company was based upon 5% of the loss before tax (2023: 5% of the loss before tax) in order to achieve sufficient coverage of expenditure in our testing.

Whilst materiality for the financial statements as a whole was £682,000 (2023: £659,000), each significant component of the group was audited to a lower level of materiality. The parent company materiality was £66,000 (2023: £66,000) with the other components being audited to a materiality of £341,000 (2023: £329,000). These materiality levels were used to determine the financial statement areas that are included within the scope of our audit work and the extent of sample sizes during the audit.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at 70% (2023: 70%) of the above materiality levels for both group and parent company, equating to £477,400 (2023: £461,000) and £46,000 (2023: £46,000) respectively, based upon our assessment of the risk of misstatement.

We agreed with management that we would report to the audit committee all individual audit differences identified during the course of our audit in excess of £34,100 (2023: £32,000) for the financial statements as a whole and £3,300 (2023: £3,300) for the parent company. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

Our approach to the audit

Our group audit scope focused on the group's principal operating location being Bangladesh which was subject to a full scope audit together with the parent company, which was also subject to a full scope audit. These represent the significant components of the group.

The remaining components of the group were considered non-significant and these components were principally subject to analytical review procedures.

Entities subject to full scope audits account for 99% (2023: 99%) of the total assets.

The audits of each of the significant components were performed in the United Kingdom. All of the audits were conducted by PKF Littlejohn LLP.

Independent Auditor's Report (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How our scope addressed this matter</th></tr>
<tr><td>
Carrying value of intangible exploration and evaluation asset (Group)
As disclosed in note 9 to the group financial Statements, the group's intangible asset represents capitalised exploration and evaluation expenditure on the Phulbari Coal Project. The balance is £43.8m as at 30 June 2024 (2023: £43.4m).
The group has a contract with the Government of Bangladesh to explore, develop and mine on the Phulbari Coal licence area. In 2005 the Group submitted a feasibility study and mine development plan, in line with the terms of the contract, in order to obtain approval to move forward with development. To date the government has not provided the necessary approval. As a result, there is continued uncertainty regarding if and when such approval will be obtained. The parent company has received a legal opinion confirming that the group retains legal title to the asset despite the delays in approval, and that the contract with the Government of Bangladesh is enforceable under Bangladesh and International law.
The directors consider that the delay in obtaining the approval does not represent an indicator of impairment under IFRS 6 Exploration for and Evaluation of Mineral Resources. As part of the impairment assessment the directors concluded that the value of the intangible asset and investment in subsidiary continues to be appropriately supported by the original definitive feasibility study submitted in 2005. As such, the carrying value is dependent upon the ultimate approval of the feasibility study and mine development plan. The directors remain satisfied that approval will ultimately be obtained and concluded that no impairment is required at 30 June 2024.
The directors have disclosed their key judgements, together with the uncertainties in this regard, in note 1 to the financial statements. Given the level of judgement applied, and the ongoing delays in obtaining government approvals, we consider this to be a significant audit risk and a key audit matter.
</td><td>
Our work included:

Evaluating the Directors' assessment of the group's right to tenure over the Phulbari Coal licence area by reviewing historical agreements and the external legal opinion obtained by the group on the status of the overriding contract. We obtained legal opinions from the group's external solicitor and assessed the solicitor's competence and independence to give such opinions. A discussion was held with the lawyer providing those opinions.
Gaining an understanding of the strategy the directors are pursuing to progress the project given the continued delays in securing development approval and reviewing the partnership agreements the parent company has entered into historically and during the period.
Evaluating management's assessment of impairment indicators and underlying economic model against the original feasibility study submitted in 2005, including the approved coal reserves study. We critically challenged the key estimates and assumptions used including their continued appropriateness including assessment of the price inputs to market data and forecasts; re-calculation of discount rates; and review of the forecast costs. We performed our own sensitivity analysis over individual key inputs, together with a combination of sensitivities over such inputs.
Reviewing the minutes of meeting of GCM's board and RNS announcements for indicators of a potential trigger for impairment.
Evaluating the disclosures given in the notes to the financial statements, including the judgments and the uncertainties regarding the ultimate approval by the Government of Bangladesh.

Key observation:
We draw attention to Note 1 in the financial statements, which describes the significant uncertainty related to the issuance of the relevant approval and license by the government of Bangladesh. The entity holds an exploration and evaluation asset valued at £43.8m, the value of which is linked to the receipt of this approval. As of the date of this report, the government has not yet provided the relevant approval, and there is no assurance that it will be granted. Should this approval not be granted, this would indicate that the exploration and evaluation asset may be impaired.
</td></tr>
</table>

Key Audit Matter	How our scope addressed this matter
Carrying value of investment in subsidiaries (Parent Company) The parent company holds an investment in Asia Energy Corporation (Bangladesh) Pty Limited which is the entity that holds the underlying Phulbari asset. The value of the investment on the parent company balance sheet is £48.5m (2023: £49.7m), as disclosed in note 6 to the parent company financial statements. The recoverability of the investment in Asia Energy Corporation (Bangladesh) Pty Limited is reliant on the successful development of the Phulbari asset and is therefore subject to the same uncertainties regarding recoverability. Given the level of judgement applied, and the ongoing delays in obtaining government approvals, we consider this to be a significant audit risk and a key audit matter.	**Our work included:** • Obtaining evidence of ownership for all investments held within the group; • Obtaining the impairment review for all investments held from management and corroborating the assumptions made to third party evidence; and • Reviewing the value of the net investment in subsidiaries against the underlying assets and verifying and corroborating the judgements/estimates used by management to assess the recoverability of investments. **Key observation:** We note that carrying value of the investment is inherently linked to the Phulbari asset amounting to £43.8m, and any impairment on the asset would also give rise to an impairment in the value of the investment.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company 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 course of 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

In the 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 in relation to which 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.

Independent Auditor's Report

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company 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 group and parent company 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.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and our experience of the resource exploration sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from
  - Companies Act 2006;
  - AIM listing rules;
  - Quoted Companies Alliance Code; and
  - Local laws and regulations in Bangladesh where the group operates.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Enquiries of management
  - Review of Board minutes
  - Review of legal expenses including inquiry of the group's legal representative
  - Review of RNS announcements
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the estimates, judgements and assumptions applied by management in the assessment of impairment of intangible assets, valuation of investments have the greatest potential for management bias. Refer to the Key audit matter section above.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Nicholas Joel
(Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
18 November 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income

For year ended 30 June

Continuing operations	Notes	2024 £000	2023 £000
Operating expenses			
Pre-development expenditure	16	**(90)**	(180)
Exploration and evaluation costs		**(2)**	68
Administrative expenses		**(807)**	(728)
Operating loss	3	**(899)**	(840)
Finance revenue		**5**	–
Finance costs		**(494)**	(480)
Loss before tax		**(1,388)**	(1,320)
Taxation	6	**–**	–
Loss for the year		**(1,388)**	(1,320)
Other comprehensive income		**–**	–
Total comprehensive expense for the year		**(1,388)**	(1,320)
Loss per share			
Basic (pence per share)	7	**(0.6p)**	(0.7p)
Diluted (pence per share)	7	**(0.6p)**	(0.7p)

The notes on pages 29 to 42 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For year ended 30 June

	Share capital £000	Share premium account £000	Other Reserves £000	Accumulated losses £000	Total £000
Balance at 1 July 2022	12,495	57,576	642	(32,632)	38,081
Total comprehensive loss	–	–	–	(1,320)	(1,320)
Share issuances	253	513	(255)	–	511
Share issuance costs	–	(35)	–	–	(35)
Shares to be issued	–	–	180	–	180
Share based payments	–	–	2	–	2
Balance at 30 June 2023	12,748	58,054	569	(33,952)	37,419
Total comprehensive loss	–	–	–	(1,388)	(1,388)
Share issuances	689	2,052	(180)	–	2,561
Share issuance costs	–	(228)	–	–	(228)
Shares to be issued	–	–	90	–	90
Share based payments	–	–	2	–	2
Balance at 30 June 2024	**13,437**	**59,878**	**481**	**(35,340)**	**38,456**

The notes on pages 29 to 42 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 June

Company number 04913119

	Notes	2024 £000	2023 £000
Current assets			
Cash and cash equivalents		**1,658**	543
Other receivables	8	**22**	25
Total current assets		**1,680**	568
Non-current assets			
Right of use assets	13	**21**	42
Intangible assets	9	**43,810**	43,367
Total non-current assets		**43,831**	43,409
Total assets		**45,511**	43,977
Current liabilities			
Payables	11	**(1,380)**	(1,353)
Lease liabilities	13	**(15)**	(20)
Total current liabilities		**(1,395)**	(1,373)
Non-current liabilities			
Lease liabilities	13	**(3)**	(22)
Borrowings	12	**(5,657)**	(5,163)
Total non-current liabilities		**(5,660)**	(5,185)
Total liabilities		**(7,055)**	(6,558)
Net assets		**38,456**	37,419
Equity			
Share capital	14	**13,437**	12,748
Share premium account	14	**59,878**	58,054
Other reserves	14	**481**	569
Accumulated losses		**(35,340)**	(33,952)
Total equity		**38,456**	37,419

These financial statements were approved by the Board of Directors and were signed on their behalf by:

Keith Fulton
Executive Director
18 November 2024

The notes on pages 29 to 42 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For year ended 30 June

	Note	2024 £000	2023 £000
Cash flows used in operating activities			
(Loss) before tax		**(1,388)**	(1,320)
Adjusted for:			
Pre-development expenditure	16	**90**	180
Finance costs	15	**494**	480
Other non-cash expenses		**8**	10
		(796)	(650)
Movements in working capital:			
Decrease in operating receivables		**2**	12
Increase in operating payables		**31**	11
Cash used in operations		**(763)**	(627)
Net cash used in operating activities		**(763)**	(627)
Cash flows used in investing activities			
Payments for intangible assets		**(444)**	(656)
Net cash used in investing activities		**(444)**	(656)
Cash flows from financing activities			
Issue of ordinary share capital		**2,550**	900
Share issue costs		**(228)**	(35)
Net cash from financing activities		**2,322**	865
Total increase/(decrease) in cash and cash equivalents		**1,115**	(418)
Cash and cash equivalents at the start of the year		**543**	961
Cash and cash equivalents at the end of the year	15	**1,658**	543

The notes on pages 29 to 42 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. Accounting policies

GCM Resources plc is domiciled in England and Wales, was incorporated in England and Wales as a Public Limited Company on 26 September 2003 and admitted to the London Stock Exchange Alternative Investment Market ("**AIM**") on 19 April 2004.

The financial report was authorised for issue by the Directors on 18 November 2024, and the Consolidated Balance Sheet was signed on the Board's behalf by Keith Fulton.

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2024.

The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated.

The functional and presentational currency of each of the entities in the Group is pounds sterling, and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

Political and economic risks – carrying value of intangible asset

The principal asset is in Bangladesh and accordingly subject to the political, judicial, fiscal, social and economic risks associated with operating in that country.

The Group's principal project relates to thermal coal and semi-soft coking coal, the markets for which are subject to international and regional supply and demand factors, and consequently future performance will be subject to variations in the prices for these products.

GCM, through its subsidiaries, is party to a Contract with the Government of Bangladesh which gives it the right to explore, develop and mine in respect of the licence areas. The Group holds a mining lease and exploration licences in the Phulbari area covering the prospective mine site. The mining lease has a 30-year term from 2004 and may be renewed for further periods of 10 years each, at GCM's option.

In accordance with the terms of the Contract, GCM submitted a combined Feasibility Study and Scheme of Development report on 2 October 2005 to the Government of Bangladesh. Approval of the Scheme of Development from the Government of Bangladesh is necessary to proceed with development of the mine. GCM continues to await approval.

The Group has received no notification from the Government of Bangladesh (the "**Government**") of any changes to the terms of the Contract. GCM has received legal opinion that the Contract is enforceable under Bangladesh and International law, and will consequently continue to endeavour to receive approval for development.

Accordingly, the Directors believe that the Phulbari Coal and Power Project (the "**Project**") will ultimately receive approval, although the timing of approval remains in the hands of the Government. To enhance the prospects of the Project, GCM has engaged in a strategy to align the Project with the needs and objectives of the Government. This includes the option to supply coal to both privately owned and the Government's own commissioned and in the pipeline power plants, which currently totals 8,175MW. The Government is seeking to grow its economy and deliver electricity at prices that will ensure competitiveness of its industries. The Group's strategy of developing the Phulbari coal deposit as a captive, large-scale, open pit mining operation supporting some 6,600MW of highly energy-efficient Ultra-Supercritical power generation will enable cheaper coal-fired electricity than imported coal options. This evolving strategy has been enhanced to include installation of a large-scale Solar Power Park (up to 2,000MW) within the Project area, to be installed within the first two years of gaining land access; operating the Phulbari coal mine as a "Net Zero Carbon" or "Green Mine"; and participation modalities for Government.

Until approval of the Scheme of Development from the Government of Bangladesh is received there is continued uncertainty over the recoverability of the intangible mining assets. The Directors consider that it is appropriate to continue to record the intangible mining assets at cost, however if for whatever reason the Scheme of Development is not ultimately approved the Group would impair all of its intangible mining assets, totalling £43,810,000 as at 30 June 2024.

Going concern

As at 30 June 2024, the Group had £1,658,000 in cash and £285,000 of net current assets. The directors and management have prepared a cash flow forecast to December 2025, which shows that the Group will require further funds to cover operating costs to advance the Phulbari Coal and Power Project and meet its liabilities as and when they fall due. Based on current forecasts, additional funding will need to be either raised from third parties or the short-term loan facility with Polo Resources Limited ("**Polo Loan Facility**") increased and extended by the end of July 2025, in order to meet current operating cost projections. The Directors also note that, under the amended terms of the existing Polo Loan Facility, the lender agreed not to serve a repayment request in cash for 5 years from the date of amended terms, 26 March 2021, or alternatively convert to shares at 5.14 pence per share at the lender's option (as amended on 1 March 2022). The Company does not currently have secured funding arrangements in place to cover this loan or further potential expenditure which may be needed to advance the Project and, accordingly, should Polo request repayment of the Polo Loan Facility (under certain terms of the Loan Facility), GCM will need to raise funds in a short amount of time, which may not be available on terms acceptable to the Board or on a workable timeframe.

The Company currently has £300,000 available for drawdown under the Polo Loan Facility at the date of this report, and based on projected future cash expenditure, the remaining amount available for drawdown under the Polo Loan Facility at the date of this report is not expected to be sufficient to support the Company's operations for the twelve months from the date of this report. At the current run rates, along with the Company's existing cash resources, this is only expected to provide sufficient capital for the next seven/eight months. The Company intends to explore alternative funding options over the first half of 2025, with the aim to complete and secure the necessary third-party funding by the end of June 2025.

Notes to the Consolidated Financial Statements (continued)

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

– Sufficient additional funding can be obtained for working capital purposes; and
– In the event that operating expenditure increases significantly as a result of successful progress with regards to the Phulbari Coal and Power Project, sufficient funding can be obtained.

While the Directors remain confident that necessary funds will be available as and when required, as at the date of this report these funding arrangements are not secured, the above conditions and events represent material uncertainties that may cast significant doubt over the Group's and Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Upon achieving approval of the Phulbari Coal and Power Project, significant additional financial resources will be required to proceed to development.

Use of judgements, estimates and assumptions
The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Intangibles – Note 9
In assessing the recoverability of intangible assets, if an impairment trigger under IFRS 6 is identified then intangibles are tested for impairment. Management have assessed various factors as impairment triggers including but not limited to, the delay in obtaining approval of the Scheme of Development, however have concluded that these do not meet the definition of an impairment indicator under IFRS 6. However, management have undertaken a further assessment to remain prudent to assess for recoverability, of which estimates are used to determine the expected net return on investment. The estimated return on investment takes into account estimated recoverable reserves, coal prices, development and production costs, capital investment requirements, discount rates and environmental and social costs among other things. Management has considered the estimated return on investment to be significantly higher than the current carrying value and therefore no impairment has been accounted for. The headroom in the value in use calculation compared to the carrying value is not sensitive to probable changes in the key underlying assumptions. Refer to "Political and economic risks – carrying value of intangible asset" section within Note 1 for further details in respect of the recoverability of intangible mining assets and the Board's judgement regarding the ultimate approval of the project being secured.

Power plant development costs
Power project expenditure is expensed as pre-development expenditure until it is probable that future economic benefits associated with the Project will flow to the Group and the costs can be measured reliably. To assess whether it is probable that future economic benefits will arise from the power plant development costs, management judgement was required and considered: objective evidence that the power plant is technically and economically feasible, and objective evidence that the appropriate authorities of the Government of Bangladesh have, or are likely to approve power plant development. All power project expenditure were accordingly expensed in the year.

Basis of consolidation
Where the Company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries (the "**Group**") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Power project development costs
Power project expenditure is expensed as pre-development expenditure until it is probable that future economic benefits associated with the project will flow to the Group and the costs can be measured reliably. When it is probable that future economic benefits will flow to the Group, all costs associated with developing a power plant project are capitalised as power project expenditure within property, plant and equipment category of tangible non-current assets. The capitalised expenditure will include appropriate technical and administrative expenses but not general overheads. Power project assets are not depreciated until the asset is ready and available for use.

Intangible assets
Exploration and evaluation costs are capitalised as exploration and evaluation assets on an area of interest basis in accordance with IFRS 6. Costs such as geological and geophysical surveys, drilling and commercial appraisal costs, and other directly attributable costs of exploration and appraisal including technical and administrative costs, are capitalised as intangible exploration and evaluation assets.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and mining of the area of interest, or by its sale; or

(ii) activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing or planned for the future.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the Group should test for impairment. In the event that there is an indicator of impairment, the Group performs an impairment test in accordance with its policy on impairment as stated below. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Impairment
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial Instruments
Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are subsequently measured at amortised cost.

<u>Classification and measurement of financial assets</u>
The initial classification of a financial asset depends upon the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group's financial assets are measured at amortised costs and are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.

The Group's cash and cash equivalents and other receivables are measured at amortised cost. Other receivables are initially measured at fair value. The Group holds other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Cash and cash equivalents
Cash includes cash on hand and demand deposits with any bank or other financial institution. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

<u>Impairment of financial assets</u>
The Group recognises loss allowances for expected credit losses ("ECL's") on its financial assets measured at amortised cost. Due to the nature of its financial assets, the Group measures loss allowances at an amount equal to the lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses.

<u>Classification and measurement of financial liabilities</u>
A financial liability is initially classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative or designated as FVTPL on initial recognition.

Notes to the Consolidated Financial Statements (continued)

The Group's accounts payable, accrued liabilities and short-term debt are measured at amortised cost.

Accounts payable and accrued liabilities are initially measured at fair value and subsequently measured at amortised cost. Accounts payable and accrued liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Short-term debt is initially measured at fair value, net of transaction costs incurred. Subsequently they are measured at amortised cost using the effective interest rate method. Short-term debt is classified as current when payment is due within 12 months after the reporting period.

The Group has no financial liabilities measured at FVTPL.

Where there is a modification to a financial liability, the financial original liability is de-recognised and a new financial liability is recognised at fair value in accordance with the Group's policy.

Other loans and borrowings
All loans and borrowings which are financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance costs in the income statement.

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised outside profit and loss, in which case it is recognised in other comprehensive income or directly in equity as appropriate.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency transactions
Transactions in currencies other than pounds sterling are recorded at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Share based payments
The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the recipients become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) or to conditions not related to performance or service (non-vesting conditions).

Where equity settled share based payments are made to non-employees the cost of equity-settled transactions is measured by reference to fair value of the goods or services received and measured at the date the entity obtains the goods or the counterparty renders the service.

Where the fair value of the goods or services received cannot be estimated reliably, the entity measures the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition or non-vesting condition, be treated as vesting as described above. This includes any award where non-vesting conditions within the control of the Group or the employee are not met. Where the equity-settled share based payment is directly attributable to exploration and evaluation activities, the movement in cumulative expense since the previous balance sheet date is capitalised, with a corresponding entry in equity. Otherwise, the movement in cumulative expense is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

New standards and interpretations applied
The Group has adopted all of the amended standards and interpretations during the year that are relevant to its operations, none of which had a material impact on the financial statements.

New standards and interpretations not applied
IASB and IFRIC have issued a number of new standards and interpretations with an effective date after the date of these financial statements. These will be adopted in the period that they become mandatory, unless otherwise indicated. Information on the new standards which could impact the Group is presented below

	Effective date	Adoption date
International Accounting Standards (IAS / IFRSs)		
Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024	1 January 2024
Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024	1 January 2024
Amendment to IAS 7 and IFRS 7 – Supplier finance	1 January 2024	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025	1 January 2025
Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027	1 January 2027

Based on the current and foreseeable operations, the adoption of the above standards and interpretations will not have a material impact on the Group's financial statements in the period of initial application.

2. Segment analysis

The Group operates in one segment being the exploration and evaluation of energy related projects. The only significant project within this segment is the Phulbari Coal and Power Project (the Project) in Bangladesh.

3. Operating loss

	2024 £000	2023 £000
The operating loss is stated after charging:		
Directors' remuneration	**564**	589
Other staff costs (1)	**8**	9
Operating lease rentals (2)	**19**	16
Depreciation of property, plant and equipment (3)	**–**	–

(1) Other staff costs for 2024 financial year were £192,000 of which £8,000 was expensed in administrative expenses, £nil expensed in exploration and evaluation costs and £184,000 capitalised (2023 £9,000 expensed in administrative expenses, £nil expensed in exploration and evaluation costs and £212,000 capitalised).

(2) Operating lease rental costs for 2024 financial year were £23,000 of which £19,000 was expensed and £4,000 capitalised (2023: £25,000 of which £16,000 was expensed and £9,000 capitalised).

(3) Total depreciation for 2024 was £nil which was capitalised to intangibles (2023: £3,000 capitalised).

During the year Phulbari-related exploration and evaluation costs amounting to £2,000, primarily related to Foreign Exchange losses were expensed in accordance with the Group's accounting policy on exploration and evaluation costs (2023: credited £68,000).

Notes to the Consolidated Financial Statements (continued)

4. Auditor's remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group.

	2024 £000	2023 £000
Audit of the group and company financial statements	**43**	41
Audit of subsidiaries	**–**	–
Total audit	**43**	41
Total fees	**43**	41

5. Amounts paid for Directors' services, and staff costs

	2024 £000	2023 £000
Amounts paid for Directors' services		
Amounts paid for Directors' services	**564**	589

The amounts paid for Directors' services during the year are disclosed in further detail in the Directors' Report. The aggregated remuneration of the highest paid director is £303,600 (2023: £303,600).

Staff costs

Wages and salaries[1]	**184**	212
Social security costs	**8**	9
	192	221

(1) Excludes amounts paid for Directors' services.

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Exploration and evaluation	**12**	14
Administration	**3**	3
	15	17

6. Taxation

Reconciliation of the tax charge in the income statement

	2024 £000	2023 £000
Loss on ordinary activities before tax	**(1,388)**	(1,320)
UK corporation tax @ 25% (2023:25/19%)	**(347)**	(251)
Unrecognised deferred tax assets during the year	**331**	252
Non-deductible expenditure	**16**	(1)
Total tax (credit)/expense reported in the income statement	**–**	–

Unrecognised deferred tax assets

	2024 £000	2023 £000
Deferred tax asset		
Tax losses carried forward	**6,467**	4,663
Impairment	**1,173**	891
Other	**1**	1
	7,641	5,555
Less: deferred tax assets de-recognised	**(7,641)**	(5,555)
	–	–

At 30 June 2024 tax losses for which a deferred tax asset was not recognised was estimated to be £25,861,000 (2023: £24,536,000). Deferred tax assets are only recognised at UK Corporation Tax Rate of 25% (2023: 25/19%) should it become more likely than not that taxable profit or timing differences, against which they may be deducted, will arise.

7. Loss per share

	2024 £000	2023 £000
(Loss) for the year	**(1,388)**	(1,320)

	Thousands	Thousands
Weighted average number of shares		
Basic and diluted weighted average number of shares	**228,271**	121,733
(Loss) per share		
Basic (pence per share)	**(0.6p)**	(0.7p)
Diluted (pence per share)	**(0.6p)**	(0.7p)

There are no potentially dilutive options, and 30,000 warrants along with 210,000 potentially dilutive shares to be issued at 30 June 2024 which are not included in the calculation of diluted earnings per share because they were anti-dilutive for the period as their conversion to Ordinary Shares would decrease the loss per share.

8. Other Receivables

	2024 £000	2023 £000
Current		
Prepayments	**18**	20
Other receivables	**4**	5
	22	25

9. Intangible assets

	Exploration & evaluation expenditure £000	Mineral rights £000	Total £000
At 1 July 2022	41,595	1,147	42,742
Additions – exploration & evaluation	625	–	625
At 30 June 2023	42,220	1,147	43,367
Additions – exploration & evaluation	443	–	443
Cost and net book value at 30 June 2024	42,663	1,147	43,810
Cost and net book value at 30 June 2023	**42,220**	**1,147**	**43,367**

The mineral rights will be amortised over the licence period (including extensions) once commercial production commences at the Phulbari Coal and Power Project.

The exploration and evaluation expenditure will have an indefinite useful life until approval is obtained for the Phulbari Coal and Power Project. At that time, the asset will be transferred to mining property and development assets within property, plant and equipment in accordance with accounting policy.

Notes to the Consolidated Financial Statements (continued)

10. Investments

Principal undertakings

Investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

	Country of Incorporation	Ownership interest	
		2024	**2023**
Subsidiaries			
South African Coal Limited	England and Wales	**100%**	100%
Asia Energy Corporation Pty Limited	Australia	**100%**	100%
Asia Energy Corporation (Bangladesh) Pty Limited	Australia	**100%**	100%
Asia Energy (Bangladesh) Pvt Ltd	Bangladesh	**100%**	100%
Fair Value Through Other Comprehensive Income			
Peoples Telecommunication and Information Services Ltd (PeoplesTel)	Bangladesh	**37%**	37%

The investment in PeoplesTel has been accounted for as financial asset at Fair Value Through Other Comprehensive Income as GCM does not have significant influence. The investment was fully impaired during the year ended 30 June 2010.

11. Payables

	2024 £000	2023 £000
Trade payables	**586**	559
Related party accrued payable	**794**	794
	1,380	1,353

Refer to note 20 for details of the related party accrued payable.

12. Borrowings (Non-current liabilities)

	2024 £000	2023 £000
Loan from related party		
Balance as at 1 July	**5,163**	4,683
Loan instalments drawn down	**–**	–
Interest charges	**494**	480
Balance as at 30 June	**5,657**	5,163

Refer to note 20 for details of the loan from related party.

As a result of the amendment in terms noted below, the interest rate on the loan facility increased from 15% to 16.5% effective 25 March 2024.

The Company on 1 March 2022, as part of the completed placing and subscriptions, amended the terms of the loan facility, such that the lender may request conversion by the issuance of new ordinary shares in the Company at 5.14 pence per share (being the Issue Price) subject to any necessary regulatory approvals. All other terms of the agreement remained unchanged.

The Company on 26 March 2021, as part of the completed placing, extended and amended the terms of the loan facility provided by Polo Resources Limited (the "**Facility**") of which, as was announced on 7 January 2021, there was at 30 June 2024, £300,000 of the initial £3.5 million facility remaining undrawn. The lender has agreed that it will not serve a repayment request on the company for 5 years from the date of the agreement replacing the previous provision that it was payable on demand with 90 days' notice. The Company and Polo Resources Limited have agreed an increase in the interest rate from 12% to 15% per annum rising by 1.5% on the third anniversary and by a subsequent 1.5% on each anniversary thereafter. Furthermore, the lender may request conversion by the issuance of new ordinary shares in the Company at 7.5 pence per share (being the Issue Price) subject to any necessary regulatory approvals. The Company may elect to repay all or part of the outstanding loan at any time giving 60 days' notice and with the agreement of Polo Resources Limited. Any share issue to the Lender is conditional upon the Lender's interest, together with the interest of any parties with which it is in concert, remaining below 30% of the Company's issued capital. All other principal terms of the loan facility remain unchanged. Refer to the Group accounting policies for details of Management judgement used in accounting for the loan amendment.

13. Leases and Commitments

Right of use assets

The statement of financial position shows the following amounts relating to leases:

	2024 £000	2023 £000
Buildings	**21**	42
Vehicles	**–**	–
	21	42

Lease liabilities

	2024 £000	2023 £000
Classified as;		
Current	**15**	20
Non-current	**3**	22
	18	42

The interest expense incurred on lease liabilities was £2,000 (2023: £5,000), and capitialised in accordance with the Group's policy on exploration and evaluation assets. Cash outflows in respect of right of use assets were £24,000 (2023: £41,000).

Other commitments

In addition, under the terms of the Prospecting License agreement with the Bangladesh authorities for contract licence areas B, G and H respectively, an annual fee of 500 Taka (£3.40 at year-end exchange rate) is payable for each hectare within the licence area. The Group currently leases 5,480 hectares within these licence areas. The licence has a 30 year term from 2004 and may be renewed for further periods of 10 years each, at GCM's option.

14. Issued share capital

	Ordinary Shares Thousands	Deferred A Shares Thousands	Total share capital £000
Allotted, called up and fully paid:			
At 1 July 2022	182,305	118,582	12,495
Shares issued	25,217	–	253
At 30 June 2023	207,522	118,582	12,748
Shares issued	68,844	–	689
At 30 June 2024	**276,366**	**118,582**	**13,437**

Share issues

On 5 April 2023, 5,216,810 shares were issued to consultants and a director in accordance with the terms of their agreements, at prices from 3.15p to 14p, for total non cash consideration of £265,000.

On 14 June 2023, 20,000,000 placing shares were issued on the completion of a successful fund raise at 2.5p per share, raising gross cash proceeds of £500,000.

On 2 February 2024, 30,303,040 subscription shares were issued on the completion of a successful fundraise at 1.65p per share, raising gross cash proceeds of £500,000.

On 11 March 2024, 606,060 shares were issued on exercising of warrants in accordance with the terms of the agreement at a price of 1.65p, for total cash consideration of £10,000.

On 11 March 2024, 4,740,995 shares were issued to consultants and a director in accordance with the terms of their agreements, at prices from 2.65p to 4.125p, for total non cash consideration of £190,000.

On 8 April 2024, 2,424,243 shares were issued on exercising of warrants in accordance with the terms of the agreement at a price of 1.65p, for total cash consideration of £40,000.

On 19 April 2024, 30,769,230 subscription shares were issued on the completion of a successful fund raise at 6.5p per share, raising gross cash proceeds of £2,000,000.

Notes to the Consolidated Financial Statements (continued)

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The Deferred Shares have no voting rights and do not carry any entitlement to attend general meetings of the Company; nor will they be admitted to AIM or any other market. They carry only a priority right to participate in any return of capital to the extent of £1 in aggregate over the class. In addition, they carry only a priority right to participate in any dividend or other distribution to the extent of £1 in aggregate over the class. In each case a payment to any one holder of Deferred Shares shall satisfy the payment required. The Company will be authorised at any time to effect a transfer of the Deferred Shares without reference to the holders thereof and for no consideration pursuant to and in accordance with the Act. Accordingly, the Deferred Shares will, for all practical purposes, be valueless and it is the Board's Intention, at an appropriate time, to have the Deferred Shares cancelled, whether through an application to the Companies Court or otherwise in accordance with the Act.

Reserves

Share capital
The balance held in share capital relates to the nominal net proceeds on issue of the Company's equity share capital, comprising £0.01 ordinary shares, and £0.09 deferred A shares.

Share premium account
The share premium account represents the premium received over the nominal value of ordinary shares on issue of the Company's equity. The share premium account has been reduced by expenditure associated with issuing shares such as listing costs.

Other reserves
This reserve records the fair value of conditional shares awarded but not settled, and consultants service payments to be also settled by way of share issues.

	2024 £000	2023 £000
Share based payments not settled	**481**	569
	481	569

15. Notes supporting statement of cashflows
Cash and cash equivalents for the purposes of the statement of cash flows comprises:

	2024 £000	2023 £000
Cash at bank available on demand	**1,658**	543
	1,658	543

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions:

	Current loans and borrowings £000	Total £000
Balance at 1 July 2022	4,683	4,683
Cash flows	–	–
Non-cash flows: Interest accrued	480	480
Balance at 30 June 2023	5,163	5,163
Balance at 1 July 2023	5,163	5,163
Cash flows	–	–
Non-cash flows: Interest accrued	494	494
Balance at 30 June 2024	**5,657**	**5,657**

16. Significant non-cash transactions

The significant non-cash transactions during the year were as follows:

- £90,000 of expenses were incurred by a consultant for their services. The consulting payment included £90,000 (2,181,818 shares at 4.125p per share) for a consultant retainer. These retainer fee shares which had not been issued to the consultants at year end have been included in other reserves for shares to be issued.

17. Share based payments

The charge/(credit) for share based payments during the year is shown in the following table:

	2024 £000	2023 £000
Charged/(credited) to intangibles		
Conditional shares	2	2
	2	2

Share Warrants

During the year ended 30 June 2024, the Company granted 3,030,303 warrants to subscribe for ordinary shares (2023: nil). 3,030,303 warrants were exercised and 672,333 warrants lapsed during the year (2023: nil). As at 30 June 2024, 30,000 warrants were in issue (2023: 702,333).

Options

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2024 Options Thousands	2024 WAEP	2023 Options Thousands	2023 WAEP
At 1 July	**9,300**	£0.11	**9,300**	£0.11
Expired during the year	**(9,300)**	(£0.11)	**–**	–
Outstanding at 30 June	–	–	**9,300**	£0.11
Exercisable at 30 June	–	–	**9,300**	£0.11

The options which expired during the year to 30 June 2024 had an exercise price of £0.11 (2023: £0.11) and a weighted average contractual life of 0 years (2023: 0.9 years), including those granted options whose term was extended during the year. No options were exercised during the year.

Conditional shares scheme

GCM has a conditional share scheme for Directors, employees, associates, consultants and contractors. Ordinary shares will be issued for nil cash consideration, conditional upon the Group achieving milestones including approval by the Government of Bangladesh of the Scheme of Development for the Phulbari Coal and Power Project. The awards granted are classified as equity-settled, and therefore the fair value is determined by reference to the share price at the date of the grant, as required by IFRS 2.

Movement in non-vested conditional shares:

	2024 Thousands	2023 Thousands
At 1 July	**210**	210
Conditional shares lapsed	**–**	–
At 30 June	**210**	210

Notes to the Consolidated Financial Statements (continued)

The grant details of the conditional shares outstanding as at 30 June 2024 are as follows:

	Share price at grant date £	Conditional shares Thousands
Grant date		
25 August 2005	**£6.32**	40
9 March 2006	**£4.99**	30
46 July 2009	**£0.84**	140
		210

The cumulative cost recognised in equity in relation to the conditional shares as at 30 June 2024 is £481,000 (2023: £479,000) after taking into account:

- Expected timeframe for milestones to be achieved
- Probability of successful completion of milestones
- The conditional shares awarded to employees are subject to their employment at the time milestones are reached

The increase in the cost of conditional shares of £2,000 for the year ended 30 June 2024 is directly attributable to the Phulbari Coal and Power Project, and accordingly capitalised to intangibles on this basis (2023: expensed £2,000).

18. Financial Instruments

The Group holds cash as a liquid resource to fund the obligations of the Group.

The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and periodic review of expenditure forecasts.

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however it does review its currency exposures on a regular basis. The Group has no significant monetary assets or liabilities that are denominated in a foreign currency.

The financial liabilities of the Group include trade payables and a short-term loan from a related party. Trade payables are recognised at fair value on initial recognition and subsequently measured at amortised cost. The short-term loan was recognised based on the present value of cash payable to the lender. As the short-term loan is payable within 12 months, the present value of the cash payable was equal to the principal value of the loan.

Interest rate risk

The interest rate maturity profile of the financial assets of the Group is as follows:

	2024 £000	2023 £000
Floating rate – within 1 year		
Cash and cash equivalents	**–**	–

Other interest bearing financial instruments which are subject to fixed rate interest charges are the Group's borrowings as disclosed in Note 12.

Other financial instruments of the Group which are non-interest bearing and are therefore not subject to interest rate risk, are, non-interest-bearing cash and cash equivalents as at 30 June 2024 was £1,658,000 (2023: £543,000).

Credit risk

The Group considers the credit ratings of banks in which it holds funds in order to manage exposure to credit risk and counterparty risk. Funds are held in banks with credit ratings ranging from AAA–AA. The maximum credit risk at 30 June 2024 was as follows:

	2024 £000	2023 £000
Cash and cash equivalents	**1,658**	543

Liquidity risk

The Group ensures that it has sufficient cash to meet all its commitments when required, through equity and short term loan funding, please refer to the accounting policies for further detail. The table below summarises the contractual maturity profile of the Group's financial liabilities as at 30 June 2024 and 2023.

	Within 30 days £000	1 to 3 months £000	3 to 12 months £000	2 – 5 years £000	Total & Carrying value £000
2024					
Payables	1,291	2	87	–	1,380
Lease liabilities	1	2	12	3	18
Borrowings	–	–	–	5,657	5,657
	1,292	**4**	**99**	**5,660**	**7,055**
2023					
Payables	1,272	2	79	–	1,353
Lease liabilities	1	4	15	22	42
Borrowings	–	–	–	5,163	5,163
	1,273	**6**	**94**	**5,185**	**6,558**

Currency risk

The Group has no significant monetary assets or liabilities that are denominated in a foreign currency.

Fair values of financial assets and liabilities

	Financial instrument classification	Book value		Fair value	
		2024 £000	2023 £000	2024 £000	2023 £000
Financial assets					
Cash and cash equivalents	Amortised cost	**1,658**	543	**1,658**	543
Receivables	Amortised cost	**22**	25	**22**	25
Financial liabilities					
Creditors	Amortised cost	**1,380**	1,353	**1,380**	1,353
Borrowings	Amortised cost	**5,657**	5,163	**5,657**	5,163

Management have assessed that the fair value of cash, current receivables and current payables approximate their carrying amounts due to the short-term maturities of these instruments.

19. Contingent liabilities

Royalty

The Group is obliged to pay Deepgreen Minerals Corporation Pty Limited US$1 per tonne of coal produced and sold from the Phulbari mine. The Directors are of the opinion that a provision is not required in respect of these matters, as coal has not yet been produced at Phulbari.

Notes to the Consolidated Financial Statements (continued)

20. Related Party Transactions

Key management personnel

	2024 £000	2023 £000
Short-term benefits	**685**	686
Share based payments	**12**	12
	697	698

Related party loan
GCM is beneficiary to a £3.5 million loan facility from its largest shareholder, with a current interest rate of 16.5% per annum. As at 30 June 2024 the Group had utilised £3.2 million of the loan facility (2023: £3,200,000) and an interest accrual of £2,457,000 (2023: £1,963,000). The terms of the loan were amended in March 2022 & March 2021, refer to note 12 of the Company Financial Statements. Note Polo Resources Ltd is a related party by way of Michael Tang being a Director of both Companies as well as Polo Resources Limited being a substantial shareholder of the Company.

Management services company
As disclosed in the Directors' Report, for the year ended 30 June 2024, the remuneration for the services of Datuk Michael Tang PJN, Executive Chairman of the Company, was £303,600, which comprised of directors' fees amounting to £6,000 (2023: £6,000) and management services of £297,600 paid to a management services company (2023: £297,600).

For the period September 2018 to March 2021 Datuk Michael Tang PJN offered to defer the payments due to his management services company until further notice in order to assist the Company. The total debt as a result of the deferment of £769,000 has not been paid and is being accrued accordingly.

As at 30 June 2024 the amount owing to the management services company of Datuk Michael Tang PJN was £793,600 (2023: £793,600).

21. Events after the end of the reporting period

The following events took place subsequent to 30 June 2024, for which there has been no adjustment to the 30 June 2024 financial statements:

- On 15 July 2024, the Company announced its Nominated Adviser and Joint Broker has changed to Zeus Capital Limited with immediate effect. This change follows completion of the acquisition by Zeus Capital Limited of the WH Ireland Capital Markets Division (from WH Ireland Limited), as announced.
- On 5 November 2024, announced the appointment of Allenby Capital Limited as the Company's Nominated Adviser and Joint Broker with immediate effect.

GCM Resources plc
Company Financial Statements 2024

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of Changes in Equity

For the year ended 30 June

	Share capital £000	Share premium account £000	Other Reserves £000	Accumulated losses £000	Total £000
Balance at 1 July 2022	12,495	57,576	642	(27,930)	42,783
Total comprehensive loss	–	–	–	(1,328)	(1,328)
Share issuances	253	513	(255)	–	511
Share issue costs	–	(35)	–	–	(35)
Shares to be issued	–	–	180	–	180
Share based payments	–	–	2	–	2
Balance at 30 June 2023	12,748	58,054	569	(29,258)	42,113
Total comprehensive loss	–	–	–	(1,326)	(1,326)
Share issuances	689	2,052	(180)	–	2,561
Share issue costs	–	(228)	–	–	(228)
Shares to be issued	–	–	90	–	90
Share based payments	–	–	2	–	2
Balance at 30 June 2024	**13,437**	**59,878**	**481**	**(30,584)**	**43,212**

The notes on pages 47 to 54 form an integral part of these financial statements.

Company Balance Sheet

As at 30 June

Company number 04913119

	Notes	2024 £000	2023 £000
Current assets			
Cash and cash equivalents		**1,636**	532
Other receivables	5	**19**	21
Security deposit		**2**	2
Total current assets		**1,657**	555
Non-current assets			
Investments	6	**48,450**	47,928
Total non-current assets		**48,450**	47,928
Total assets		**50,107**	48,483
Current liabilities			
Payables	7	**(1,238)**	(1,207)
Total current liabilities		**(1,238)**	(1,207)
Non-current liabilities			
Borrowings	8	**(5,657)**	(5,163)
Total non-current liabilities		**(5,657)**	(5,163)
Total liabilities		**(6,895)**	(6,370)
Net assets		**43,212**	42,113
Equity			
Share capital	10	**13,437**	12,748
Share premium account	10	**59,878**	58,054
Other reserves	10	**481**	569
Accumulated losses		**(30,584)**	(29,258)
Total equity		**43,212**	42,113

These financial statements were approved by the Board of Directors and were signed on their behalf by:

Keith Fulton
Executive Director
18 November 2024

No profit and loss account is presented for GCM Resources plc as permitted by section 408 of the Companies Act 2006. The Parent Company recorded a loss of £1,326,000 for the year ended 30 June 2024 (2023: loss of £1,328,000).

The notes on pages 47 to 54 form an integral part of these financial statements.

Notes to the Company Financial Statements

1. Accounting policies

GCM Resources plc was incorporated as a Public Limited Company on 26 September 2003 and admitted to the London Stock Exchange Alternative Investment Market (AIM) on 19 April 2004.

The financial report was authorised for issue by the Directors on 18 November 2024.

Basis of preparation of financial statements
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to a statement of cash flow, share-based payment, financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets.

No profit and loss account is presented for GCM Resources plc as permitted by section 408 of the Companies Act 2006.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2024. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000).

Political and economic risks – carrying value of investments in subsidiaries
The Company's wholly owned subsidiary, Asia Energy Corporation (Bangladesh) Pty Limited (AECB), controls the Phulbari Coal and Power Project (the "Project"), the principal asset of the Company and its subsidiaries (the Group). The Project is in Bangladesh and accordingly subject to the political, judicial, fiscal, social and economic risks associated with operating in that country.

The Project relates to thermal coal and semi-soft coking coal, which are subject to international and regional supply and demand factors, and consequently future performance will be subject to variations in the prices for these products.

AECB is party to a Contract with the Government of Bangladesh (the "Government") which gives it the right to explore, develop and mine in respect of the licence areas. The Group holds a mining lease and exploration licences in the Phulbari area covering the prospective mine site. The mining lease has a 30 year term from 2004 and may be renewed for further periods of 10 years each, at AECB's option.

In accordance with the terms of the Contract, AECB submitted a combined Feasibility Study and Scheme of Development report on 2 October 2005 to the Government. Approval of the Scheme of Development from the Government of Bangladesh is necessary to proceed with development of the mine. AECB continues to await approval.

No notification has been received from the Government of any changes to the terms of the Contract. GCM has received legal opinion that the Contract is enforceable under Bangladesh and International law, and will consequently continue to endeavour to receive approval for development.

Accordingly, the Directors believe that the Phulbari Coal and Power Project (the "Project") will ultimately receive approval, although the timing of approval remains in the hands of the Government. To enhance the prospects of the Project, GCM has engaged in a strategy to align the Project with the needs and objectives of the Government. This includes the option to supply coal to both privately owned and the Government's own commissioned and in the pipeline power plants, which currently totals 8,175MW. The Government is seeking to grow its economy and deliver electricity at prices that will ensure competitiveness of its industries. The Group's strategy of developing the Phulbari coal deposit as a captive, large-scale, open pit mining operation supporting some 6,600MW of highly energy-efficient Ultra-Supercritical power generation will enable cheaper coal-fired electricity than imported coal options. This evolving strategy has been enhanced to include installation of a large-scale Solar Power Park (up to 2,000MW) within the Project area, to be installed within the first two years of gaining land access; operating the Phulbari coal mine as a "Net Zero Carbon" or "Green Mine"; and participation modalities for Government.

Until approval of the Scheme of Development from the Government of Bangladesh is received there is continued uncertainty over the recoverability of the assets relating to the Project. The Directors consider that it is appropriate to continue to record the investment in Asia Energy Corporation (Bangladesh) Pty Limited and related inter-company balances at cost. However if for whatever reason the Scheme of Development is not ultimately approved the Company would be required to impair its investment totalling £48,450,000 at 30 June 2024.

Going concern
As at 30 June 2024, the Group had £1,658,000 in cash and £285,000 of net current assets. The directors and management have prepared a cash flow forecast to December 2025, which shows that the Group will require further funds to cover operating costs to advance the Phulbari Coal and Power Project and meet its liabilities as and when they fall due. Based on current forecasts, additional funding will need to be either raised from third parties or the short-term loan facility with Polo Resources Limited ("Polo Loan Facility") increased and extended by the end of July 2025, in order to meet current operating cost projections. The Directors also note that, under the amended terms of the existing Polo Loan Facility, the lender agreed not to serve a repayment request in cash for 5 years from the date of amended terms, 26 March 2021, or alternatively convert to shares at 5.14 pence per share at the lender's option (as amended on 1 March 2022). The Company does not currently have secured funding arrangements in place to cover this loan or further potential expenditure which may be needed to advance the Project and, accordingly, should Polo request repayment of the Polo Loan Facility (under certain terms of the Loan Facility), GCM will need to raise funds in a short amount of time, which may not be available on terms acceptable to the Board or on a workable timeframe.

The Company currently has £300,000 available for drawdown under the Polo Loan Facility at the date of this report, and based on projected future cash expenditure, the remaining amount available for drawdown under the Polo Loan Facility at the date of this report is not expected to be sufficient to support the Company's operations for the twelve months from the date of this report. At the current run rates, along with

Notes to the Company Financial Statements (continued)

the Company's existing cash resources, this is only expected to provide sufficient capital for the next seven/eight months. The Company intends to explore alternative funding options over the first half of 2025, with the aim to complete and secure the necessary third-party funding by the end of June 2025.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

- Sufficient additional funding can be obtained for working capital purposes; and
- In the event that operating expenditure increases significantly as a result of successful progress with regards to the Phulbari Coal and Power Project, sufficient funding can be obtained.

While the Directors remain confident that necessary funds will be available as and when required, as at the date of this report these funding arrangements are not secured, the above conditions and events represent material uncertainties that may cast significant doubt over the Group's and Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Upon achieving approval of the Phulbari Coal and Power Project, significant additional financial resources will be required to proceed to development.

Use of judgements, estimates and assumptions
The preparation of the company financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Investments in subsidiaries – Note 6
Investment in subsidiaries comprises of the cost of acquiring the shares in subsidiaries along with subsequent funding contributions by the Parent Company to those subsidiaries. If an impairment trigger is identified and investments in subsidiaries are tested for impairment, estimates are used to determine the expected net return on investment. The estimated return on investment takes into account the underlying economic factors in the business of the Company's subsidiaries including estimated recoverable reserves, coal prices, development and production costs, capital investment requirements, discount rates and environmental and social costs among other things. Refer to "Political and economic risks – carrying value of investments in subsidiaries" Note 6 for further details in respect of the recoverability of the investment in subsidiaries.

Power plant development costs
Power project expenditure is expensed as pre-development expenditure until it is probable that future economic benefits associated with the project will flow to the Group and the costs can be measured reliably. To assess whether it is probable that future economic benefits will arise from the power plant development costs, management judgement was required and considered: objective evidence that the power plant is technically and economically feasible, and objective evidence that the appropriate authorities of the Government of Bangladesh have, or are likely to approve power plant development. All power project expenditure were accordingly expensed in the year.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at banks and in hand.

Financial assets
Financial assets are classified in accordance with FRS101. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

The measurement of financial assets depends on their classification, as follows:

<u>Classification and measurement of financial assets</u>
The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company's financial assets are measured at amortised costs and are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.

The Company's cash and cash equivalents and other receivables are measured at amortised cost. Other receivables are initially measured at fair value. The Company holds other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Cash and cash equivalents
Cash includes cash on hand and demand deposits with any bank or other financial institution. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Impairment of financial assets
The Company recognises loss allowances for expected credit losses ('ECL's) on its financial assets measured at amortised cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to the lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses.

Classification and measurement of financial liabilities
A financial liability is initially classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative or designated as FVTPL on initial recognition. The Company's accounts payable, accrued liabilities and short-term debt are measured at amortised cost.

Accounts payable and accrued liabilities are initially measured at fair value and subsequently measured at amortised cost. Accounts payable and accrued liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Short-term debt is initially measured at fair value, net of transaction costs incurred. Subsequently they are measured at amortised cost using the effective interest rate method. Short-term debt is classified as current when payment is due within 12 months after the reporting period. The Company has no financial liabilities measured at FVTPL. Where there is a modification to a financial liability, the financial original liability is de-recognised and a new financial liability is recognised at fair value in accordance with the Company's policy.

Other loans and borrowings
All loans and borrowings which are financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance costs in the income statement.

Power project costs
Power project expenditure is expensed as pre-development expenditure until it is probable that future economic benefits associated with the project will flow to the Group and the cost of the project can be measured reliably. When it is probable that future economic benefits will flow to the Group, all costs associated with developing a power plant project are capitalised as power project expenditure within property, plant and equipment category of tangible non-current assets. The capitalised expenditure will include appropriate technical and administrative expenses but not general overheads. Power project assets are not depreciated until the asset is ready and available for use.

Deferred tax
The tax charge is based on the profit for the period and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation purposes and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future. In particular:

- deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currency transactions
Transactions in currencies other than pounds sterling are recorded at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Share based payments
The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the recipients become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) or to conditions not related to performance or service (non-vesting conditions).

Where equity settled share based payments are made to non-employees the cost of equity-settled transactions is measured by reference to fair value of the goods or services received and measured at the date the entity obtains the goods or the counterparty renders the service.

Where the fair value of the goods or services received cannot be estimated reliably the, the entity measures the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market or non-vesting conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. This includes any award where non-vesting conditions within the control of the Group or the employee are not met. Where the equity-settled share based payment is directly attributable to exploration and evaluation activities, the movement in cumulative expense since the previous

Notes to the Company Financial Statements (continued)

balance sheet date is capitalised, with a corresponding entry in equity. Otherwise, the movement in cumulative expense is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

2. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the Company financial statements.

	2024 £000	2023 £000
Audit of the Company financial statements	**15**	10

3. Staff numbers

The average monthly number of employees during the year was 1 (2023:1).

4. Taxation

Reconciliation of the tax charge in the income statement

	2024 £000	2023 £000
(Loss) on ordinary activities before tax	**(1,326)**	(1,328)
UK corporation tax @ 25% (2024) and 25/19% (2023)	**(332)**	(252)
Unrecognised deferred tax assets during the year	**332**	252
Non-deductible expenditure	**–**	–
Total tax expense reported in the income statement	**–**	–

Unrecognised deferred tax assets

	£000	£000
Deferred tax asset		
Tax losses carried forward	**6,467**	4,663
Impairment	**891**	891
Other	**1**	1
	7,359	5,555
Less: deferred tax assets de-recognised	**(7,359)**	(5,555)
	–	–

At 30 June 2024 tax losses for which a deferred tax asset was not recognised amounted to £25,648,000 (2023: £24,322,000). Deferred tax assets are only recognised at UK Corporation Tax Rate of 25% (2023: 25/19%) should it become more likely than not that taxable profit or timing differences, against which they may be deducted, will arise.

5. Other receivables

	2024 £000	2023 £000
Current debtors		
Prepayments	**18**	18
Other debtors	**1**	3
	19	21

6. Investments

	2024 £000	2023 £000
Subsidiary undertakings at cost		
Opening balance	**47,928**	47,280
Additions	**522**	648
As at 30 June	**48,450**	47,928
Carrying amount as at 30 June	**48,450**	47,928

Additions represent monies advanced to the Company's subsidiaries from the Company through inter-company funding. There are no repayment terms for the funding provided. The funding has been identified and accounted for as contributed equity in the subsidiaries. Refer to Note 1 for further information in respect to the accounting policy.

The investments in which the Company directly or indirectly holds 20% or more of the nominal value of any class of share capital are as follows:

	Country of Incorporation	Ownership interest 2024	2023
Subsidiaries			
South African Coal Limited	England and Wales	**100%**	100%
Asia Energy Corporation Pty Limited	Australia	**100%**	100%
Asia Energy Corporation (Bangladesh) Pty Limited	Australia	**100%**	100%
Asia Energy (Bangladesh) Pvt Ltd	Bangladesh	**100%**	100%
Fair Value Through Other Comprehensive Income			
Peoples Telecommunication and Information Services Ltd	Bangladesh	**37%**	37%

The investment in Peoples Telecommunication and Information Services Ltd has been accounted for as a financial asset at Fair Value Through Other Comprehensive Income as GCM does not have significant influence. The investment was fully impaired during the year ended 30 June 2010.

7. Payables

	2024 £000	2023 £000
Trade payables	**444**	413
Related party accrued payable	**794**	794
	1,238	1,207

Notes to the Company Financial Statements (continued)

8. Borrowings (Non-current liabilities)

Borrowings as at the balance sheet date are summarised as follows:

	2024 £000	2023 £000
Loan from related party		
Balance at 1 July	**5,163**	4,683
Loan instalments drawn down	**–**	–
Interest charges	**494**	480
Balance at 30 June	**5,657**	5,163

As a result of the amendment in terms noted below, the interest rate on the loan facility increased from 15% to 16.5% effective 25 March 2024.

The Company on 1 March 2022, as part of the completed placing and subscriptions, amended the terms of the loan facility, such that the lender may request conversion by the issuance of new ordinary shares in the Company at 5.14 pence per share (being the Issue Price) subject to any necessary regulatory approvals. All other terms of the agreement remained unchanged.

The Company on 26 March 2021, as part of the completed placing, extended and amended the terms of the loan facility provided by Polo Resources Limited (the "Facility") of which, as was announced on 7 January 2021, there was at 30 June 2024, £300,000 of the initial £3.5 million facility remaining undrawn. The lender has agreed that it will not serve a repayment request on the company for 5 years from the date of the agreement replacing the previous provision that it was payable on demand with 90 days' notice. The Company and Polo Resources Limited have agreed an increase in the interest rate from 12% to 15% per annum rising by 1.5% on the third anniversary and by a subsequent 1.5% on each anniversary thereafter. Furthermore, the lender may request conversion by the issuance of new ordinary shares in the Company at 7.5 pence per share (being the Issue Price) subject to any necessary regulatory approvals. The Company may elect to repay all or part of the outstanding loan at any time giving 60 days' notice and with the agreement of Polo Resources Limited. Any share issue to the Lender is conditional upon the Lender's interest, together with the interest of any parties with which it is in concert, remaining below 30% of the Company's issued capital. All other principal terms of the loan facility remain unchanged. Refer to the Company accounting policies for details of Management judgement used in accounting for the loan amendment.

9. Commitments

Operating lease commitments
As at 30 June 2024, the Company had an operating lease on premises, which has a duration of less than one year.

	2024 £000	2023 £000
Operating leases expiring:		
Within one year	**2**	1
After one year but not more than five years	**–**	–
	2	1

10. Issued share capital

	Ordinary Shares Thousands	Deferred A Shares Thousands	Total share capital £000
Allotted, called up and fully paid:			
At 1 July 2022	182,305	118,582	12,495
Shares issued	25,217	–	253
At 30 June 2023	207,522	118,582	12,748
Shares issued	68,844	–	689
At 30 June 2024	**276,366**	**118,582**	**13,437**

Share Issues
On 5 April 2023, 5,216,810 shares were issued to consultants and a director in accordance with the terms of their agreements, at prices from 3.15p to 14p, for total non cash consideration of £265,000.

On 14 June 2023, 20,000,000 placing shares were issued on the completion of a successful fundraise at 2.5p per share, raising gross cash proceeds of £500,000.

On 2 February 2024, 30,303,040 subscription shares were issued on the completion of a successful fundraise at 1.65p per share, raising gross cash proceeds of £500,000.

On 11 March 2024, 606,060 shares were issued on exercising of warrants in accordance with the terms of the agreement at a price of 1.65p, for total cash consideration of £10,000.

On 11 March 2024, 4,740,995 shares were issued to consultants and a director in accordance with the terms of their agreements, at prices from 2.65p to 4.125p, for total non cash consideration of £190,000.

On 8 April 2024, 2,424,243 shares were issued on exercising of warrants in accordance with the terms of the agreement at a price of 1.65p, for total cash consideration of £40,000.

On 19 April 2024, 30,769,230 subscription shares were issued on the completion of a successful fund raise at 6.5p per share, raising gross cash proceeds of £2,000,000.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The Deferred Shares have no voting rights and do not carry any entitlement to attend general meetings of the Company; nor will they be admitted to AIM or any other market. They carry only a priority right to participate in any return of capital to the extent of £1 in aggregate over the class. In addition, they carry only a priority right to participate in any dividend or other distribution to the extent of £1 in aggregate over the class. In each case a payment to any one holder of Deferred Shares shall satisfy the payment required. The Company will be authorised at any time to effect a transfer of the Deferred Shares without reference to the holders thereof and for no consideration pursuant to and in accordance with the Act. Accordingly, the Deferred Shares will, for all practical purposes, be valueless and it is the Board's intention, at an appropriate time, to have the Deferred Shares cancelled, whether through an application to the Companies Court or otherwise in accordance with the Act.

Reserves

Share capital
The balance held in share capital relates to the nominal net proceeds on issue of the Company's equity share capital, comprising £0.01 ordinary shares, and £0.09 deferred A shares.

Share premium account
The share premium account represents the premium received over the nominal value of ordinary shares on issue of the Company's equity. The share premium account has been reduced by expenditure associated with issuing shares such as listing costs.

Other reserves
This reserve records the fair value of conditional shares awarded but not settled, and consultants service payments to be also settled by way of share issues.

11. Related Party Transactions

Related party loan
GCM is beneficiary to a £3.5 million loan facility from its largest shareholder, with a current interest rate of 16.5% per annum. As at 30 June 2024 the Group had utilised £3.2 million of the loan facility (2023: £3,200,000) and an interest accrual of £2,457,000 (2023: £1,963,000). The terms of the loan were amended in March 2022 & March 2021, refer to note 8 of the Company Financial Statements. Note Polo Resources Ltd is a related party by way of Michael Tang being a Director of both Companies as well as Polo Resources Limited being a substantial shareholder of the Company.

Management service company
As disclosed in the Directors Report, for the year ended 30 June 2024, the remuneration for the services of Datuk Michael Tang PJN, Executive Chairman of the Company, was £303,600, which comprised of directors' fees amounting to £6,000 (2023: £6,000) and management services of £297,600 paid to a management services company (2023: £297,600).

For the period September 2018 to March 2021 Datuk Michael Tang PJN offered to defer the payments due to his management services company until further notice in order to assist the Company. The total debt as a result of the deferment of £769,000 has not been paid and is being accrued accordingly.

As at 30 June 2024 the amount owing to the management services company of Datuk Michael Tang PJN was £793,600 (2023: £793,600).

Notes to the Company Financial Statements (continued)

12. Events after the end of the reporting period

The following events took place subsequent to 30 June 2024, for which there has been no adjustment to the 30 June 2024 financial statements:

- On 15 July 2024, the Company announced its Nominated Adviser and Joint Broker has changed to Zeus Capital Limited with immediate effect. This change follows completion of the acquisition by Zeus Capital Limited of the WH Ireland Capital Markets Division (from WH Ireland Limited), as announced.
- On 5 November 2024, announced the appointment of Allenby Capital Limited as the Company's Nominated Adviser and Joint Broker with immediate effect.

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