Critical Metals PLC: Interim Results

written by Raj Shah | March 31, 2023

March 31, 2023 (Source) – Critical Metals plc, an investment company established to target opportunities in the critical and strategic metals sector, is pleased to announce its interim results for the six-month period ended 31 December 2022.

Highlights

- Successful readmission to trading on the Standard Segment of the Official List and trading on the Main Market of the London Stock Exchange
- Over the period, cumulatively acquired a 100% interest in Madini Occidental Limited ("Madini Occidental"), which holds a 70% interest in the Molulu copper/cobalt project (the "Molulu Project")
- Raised £1.8 million in conjunction with the readmission to fund the acquisition of the Molulu Project, drilling, mine site upgrades and general working capital
- Started early-stage groundwork to increase the understanding of the Molulu Project and identity further drilling targets in preparation for the next drilling campaign
- Strengthened technical team on site with the appointments of Lloyd Kirtley as DRC Project Field Manager and John Greef as Mine Manager at the Molulu Project
- Raised an additional £1.3 million and indirectly increased its ownership of the Molulu Project
- Post period, on the 26 January 2023, the Company announced the start of copper production with a forecast of producing circa. 120,000t per annum of Copper Oxide Ore

Russell Fryer, CEO of Critical Metals, commented:

"The last six months of the calendar year were pivotal for Critical Metals. The support of our shareholders enabled us to raise the £1.8 million to fund our then 57% stake in the Molulu Project and ensure our readmission to the Main Market. We have worked tirelessly since, strengthening our team on the ground, ensuring the delivery of key equipment on site, and repairing and building the necessary infrastructure to start production.

"In tandem with the work on site, the Board entered discussions with our partners to increase our stake in the Molulu Project. This increase was done in two tranches, and I am delighted that Critical Metals now holds a 70% interest in what we believe is a quality project in the DRC. We announced production on the 26 January 2023, post period, a great achievement by everyone involved. We expect that Molulu will be cash generative during 2023 as we commence sales post the rainy season ending. I remain extremely optimistic and excited about the year ahead and look forward to keeping shareholders informed about the Molulu Project and other acquisition targets, as and when these materialise."

For further information on the Company please visit www.criticalmetals.co.uk **or** contact:

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Chairman's Statement

The last six months have been transformational for Critical Metals. On the 12th September 2022, the Company announced the successful fundraise of £1.8 million to partially fund the acquisition of 57% in Madini Occidental Limited ("Madini Occidental" or "MO"), which holds a 70% interest in the Molulu copper/cobalt project (the "Molulu Project"), its flagship project in the Democratic Republic of Congo ("DRC"). This marked the Company's first investment, and it was in line with its acquisition strategy – to focus on known projects with low entry costs and the potential to generate short-term cashflow.

Since then, it has wasted no time in starting the necessary groundwork and geological surveys to increase its understanding of the Molulu Project in the DRC. As part of this, the Company made key appointments to the team during the period. In October it appointed Lloyd Kirtley as the DRC Project Field Manager and John Greeff joined the Company, as Mine Manager, the following month, both have significant experience working in African mining jurisdictions. Combined with the rest of the team at Molulu, Lloyd and John have been instrumental in the success of getting the mine operational.

In December 2022, Critical Metals raised a further £1.3 million from five investors including seasoned investors Ian Hannam and Mark Horrocks. The proceeds were used to hire two consultants to help evaluate and advise on potential acquisition opportunities as well as fund the acquisition of the remaining 21.5% in Madini Occidental, increasing its stake to 100% and giving it an indirect ownership of the Molulu Project of 70%. This was part of a strategic reorganisation of the ownership of

Molulu and will lead to a more streamlined and efficient management structure.

In January 2023, post period end, the Company announced that it had commenced production of Copper Oxide Ore at Molulu. Whilst we were delighted to begin production, we were disappointed by the short delay due to the hold-up in the delivery of key equipment to the site. This is a common problem being faced by the industry following the COVID pandemic and the more recent war in Ukraine putting pressure on supply chains. However, the minor delay does not take way from the team's achievements with production at Molulu expected to be approximately 120,000 tonnes of Copper Oxide Ore per annum.

Production couldn't come at a better time with global demand for battery metals such as copper and cobalt are likely to continue, as producers struggle to match output with demand for industry metals from car manufactures to energy storage batteries, to name a few.

The board, and the wider Critical Metals team believes that the Company is well positioned to take advantage of this move towards a greener world.

Looking forward, the Company will continue to support the development of the Molulu Project. Furthermore, the Company will continue its search for new investment opportunities that the board believes have the potential to be lucrative for the Company and its shareholders. This will be part of fulfilling the Company's aim of acquiring significant minority equity interests of near production or within the natural resource's developments in the African continent.

I would like to thank fellow board members Anthony Eastman and Marcus Edwards-Jones for their continued support and guidance. 2022 was a challenging year for Critical Metals,

however since September the company has seen considerable progress towards its aims. I would like to thank our shareholders who have remained with us throughout our journey and look forward to a successful 2023.

Russell S. Fryer

Executive Chairman & CEO (Chief Executive Officer)

31 March 2023

	Notes	6 months to 31 December 2022 (unaudited)	6 months to 31 December 2021 (unaudited)
		£	£
Continuing operations			
Revenue from continuing operations		–	–
Cost of sales		–	–
Gross Profit		–	–
Other expenses		(1,295,130)	(284,554)
Earnings before interest, taxation, depreciation and amortisation		**(1,295,130)**	**(284,554)**
Depreciation		(7,171)	–
Interest expenditure		(16,730)	(284,554)

Loss before taxation		**(1,319,031)**	**(284,554)**
Income tax		—	—
Profit (Loss) for the year from continuing operations attributable to the owners of the company		**(1,319,031)**	**(284,554)**
Attributable to:			
Owners of the company		(1,052,702)	(284,554)
Non-controlling interest		(266,329)	—
		(1,319,031)	**(284,554)**
Other comprehensive income			
Translation of foreign operations		82,303	—
Valuation (losses)/gains on fair value through other comprehensive income equity investments		(121,700)	
Total other comprehensive profit (loss)		**(39,397)**	**—**

Total comprehensive profit (loss) for the year		**(1,358,428)**	**(284,428)**
Total comprehensive profit (loss) attributable to:			
Owners of the company		(1,092,099)	–
Non-controlling interest		(266,329)	–
		(1,358,428)	**(284,428)**
Earnings per share (basic and diluted) attributable to the equity holders (pence)	3	(0.03)	(0.68)

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

	Notes	**31 December 2022 (unaudited)**	**30 June 2022 (audited)**
		£	**£**
Non-current assets			
Property, plant & equipment		175,895	–
Investment in listed shares		331,201	–
Loan notes		–	39,827
Exploration & evaluation asset		1,275,292	–

Total non-current assets		**1,782,388**	**39,827**
Current assets			
Trade and other receivables		970,506	55,409
Cash at bank and in hand		1,029,944	824,251
Total current assets		**2,000,450**	**879,660**
Total assets		**3,782,838**	**919,487**
Current liabilities			
Trade and other payables		1,760,747	110,890
Total liabilities		**1,760,747**	**110,890**
Net assets		**2,022,091**	**808,597**
Equity			
Called up share capital	4	295,236	208,298
Share premium account	4	4,989,582	1,735,315
Share based payment reserve	5	45,838	45,838
Foreign exchange reserve		82,303	–
Retained earnings		(2,355,256)	(1,180,854)
Non-controlling interest		(1,035,610)	–

Total equity				**2,022,093**		**808,597**	
	Issued Share Capital	**Share Premium**	**SBP Reserve**	**FCTR**	**Retained Earnings**	**Non-controlling interest**	**Total Equity**
	£	**£**	**£**	**£**	**£**	**£**	**£**
As at 30 June 2021	**208,298**	**1,735,315**	**45,838**	**–**	**(519,111)**	**–**	**1,470,340**
Loss for the year	–	–	–	–	(661,743)	–	(661,743)
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	(661,743)		(661,743)
Total transactions with owners	–	–	–	–	–	–	–
As at 30 June 2022	**208,298**	**1,735,315**	**45,838**	**–**	**(1,180,854)**	**–**	**808,597**
Loss for the year	–	–	–		(1,052,702)	(266,329)	(1,319,031)
Other comprehensive income	–	–	–	82,303	(121,700)	–	(39,397)
Total comprehensive income for the year				82,303	(1,174,402)	(266,329)	(1,358,428)
Acquisition of subsidiary	–	–	–	–	–	(769,281)	(769,281)
Net proceeds of Shares issued during the period	86,938	3,254,267	–	–	–	–	3,341,205

Total transactions with owners	86,938	3,254,267	–	–	–	–	2,571,924
As at 31 December 2022	**295,236**	**4,989,582**	**45,838**	**82,303**	**(2,355,256)**	**(1,035,610)**	**2,022,093**

	31 December 2022 (unaudited)	**31 December 2021 (unaudited)**
	£	**£**
Cash from operating activities		
Loss for the year	(1,440,731)	(284,554)
Adjustments for:		
Depreciation	7,171	–
Unrealised gains on sale on listed investments	121,700	–
Realised gains on sale of listed investments	(14,495)	
Interest payable	16,730	–
Foreign exchange	(16,812)	–
Operating cashflow before working capital movements	(1,326,437)	(284,554)
Increase in trade and other receivables	(42,425)	(106,596)
Decrease increase in trade and other payables	(289,797)	(22,624)
Net cash used in operating activities	**(1,658,659)**	**(413,774)**

Cash from financing activities		
Net Proceeds on the issue of shares	2,541,205	–
Net cash from financing activities	**2,541,205**	**–**
Cash from investing activities		
Purchase of tangible fixed assets	(190,197)	–
Acquisition of subsidiary net of cash	24,521	–
Purchases of OCI listed financial assets	(508,000)	–
Net cash used in investing activities	**(673,676)**	**–**
Net increase /(decrease) in cash and cash equivalents	208,870	(413,774)
Cash and cash equivalents at beginning of year	824,251	1,483,544
Foreign exchange	(3,177)	–
Cash and cash equivalents at end of period	**1,029,944**	**1,069,770**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The condensed consolidated interim financial statements

of Critical Metals plc (the “Company”) and its subsidiary (together the “Group”) for the six-month period ended 31 December 2022 have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022, which was prepared in accordance with UK adopted International Accounting Standards (IFRS) and the Companies Act 2006, and any public announcements made by Critical Metals plc during the interim reporting period and since.

These condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group’s statutory financial statements for the year ended 30 June 2022 prepared under IFRS have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. These condensed interim financial statements have not been audited.

Basis of preparation – going concern

The interim consolidated financial statements have been prepared under the going concern assumption, which presumes that the Group will be able to meet its obligations as they fall due for the foreseeable future.

At 31 December 2022 the Group had cash reserves of £1,029,945 (30 June 2022: £848,772).

The Directors have made an assessment of the Group’s ability to continue as a going concern and are satisfied that the Group has adequate resources to continue in operational existence for the

foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its consolidated financial statements.

The financial information of the Group is presented in British Pounds Sterling (£).

Accounting policies

IAS 8 requires that management shall use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users, which are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Critical accounting estimates and judgements

The preparation of interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, the resulting accounting estimates will, by definition, seldom equal related actual results.

In preparing the interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the

year ended 30 June 2022.

1.1. New and amended standards adopted by the Group.

A number of new or amended standards became applicable for the current reporting period. These new/amended standards do not have a material impact on the Group, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The Group is not affected materially by the effects of seasonality. Regardless of this fact comparative figures to the period ending 31 December 2021 have been included for comparability and increase the comprehensibility of the financial statements.

The directors have concluded that there are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. SEGMENTAL ANALYSIS

The Group manages its operations in one segment, being seeking a suitable investment. The results of this segment are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual investment appraisals, and to assess its performance.

3. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the year

	6 months to 31 December 2022	6 months to 31 December 2021
Loss for the year from continuing operations – £	(1,174,402)	(284,554)
Weighted number of ordinary shares in issue	44,048,094	41,659,735
Basic earnings per share from continuing operations – pence	**(0.03)**	**(0.68)**

There is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented. At period end 9,240,714 warrants were in issue giving the rights to purchase shares on a 1:1 basis.

4. SHARE CAPITAL AND SHARE PREMIUM

	Number of Shares on Issue	Share Capital £	Share Premium £	Total £
Balance at 1 July 2021	**41,659,735**	**208,298**	**1,735,315**	**1,943,613**
Balance at 30 June 2022	**41,659,735**	**208,298**	**1,735,315**	**1,943,613**
Balance at 1 July 2022	**41,659,735**	**208,298**	**1,735,315**	**1,943,613**
RTO shares issued at £0.20	9,000,000	45,000	1,755,000	1,800,000
£0.10 warrants exercised	3,150,000	15,750	299,250	315,000

Adviser shares issued	37,500	188	7,313	7,500
Placement at £0.25	5,200,000	26,000	1,274,000	1,300,000
Cost of share issues	–	–	(81,293)	–
Balance at 31 December 2022	**59,047,235**	**295,236**	**4,989,582**	**5,453,701**

The Company has only one class of share. All ordinary shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

5. SBP RESERVE

	As at 31 December 2022 £	**As at 30 June 2022 £**
Opening balance	45,838	45,838
Broker & advisory placing warrants Issued	–	–
At 31 December 2022	**45,838**	**45,838**

There were no new options or warrants issued in the period and hence no value attributed to the share bases payments reserve (30 June 2022: £45,838) as reflected above and the amount of outstanding warrants remains as per the end of the last period.

6. ACQUSITION OF SUBSIDIARY

On 12 September 2022 the Company completed the acquisition of

57% of the share capital of Madini Occidental Limited and its subsidiaries, (“MO”). At the same time the Company completed the placing of 9 million shares which were issued at 20 pence per share raising £1.8m million for the Company before costs and was successfully readmitted to trading on the London Stock Exchange.

The Company acquired its 57% interest MO, which holds an indirect 70 per cent. interest in the Molulu Project for a total consideration of US$750,000 less approximately US$129,000 and EUR 33,400, being costs of the target group paid by the Company prior to Admission.

The initial estimate of the fair value of the assets acquired and liabilities assumed of MO at the date of acquisition based upon the MO balance sheet at 12 September 2022 are as follows:

	USD$
Trade and other receivables	4,056
Cash and cash equivalents	5,545
Trade and other payables	(1,218,594)
Loans and other borrowings	(1,014,595)
Provisions	(106,452)
Total identifiable net assets acquired	(2,330,040)
Consideration	
– US$750,000 total consideration*	750,000
Total consideration	750,000
Exploration and evaluation assets acquired	3,080,040

Exploration and evaluation assets relate to the accumulated “know how” and expertise of the business and its staff. None of the exploration and evaluation assets are expected to be deducted for income tax purposes.

As the acquisition is likely to be treated as a reverse acquisition it will fall outside the scope of IFRS 3. The Company has 12 months from the date of acquisition to finalise the accounting treatment in relation to the acquisition and therefore is incomplete as at the date of these financial statements given the short period of time since the acquisition was completed.

*$750,000 USD was pledged as a committed spend for the project and did not involve a payment for the 57% of outstanding share capital of Madini Occidental.

7. EVENTS SUBSEQUENT TO PERIOD END

Acquisition of Madini Occidental Limited

On 15th December it was announced that the Company had offered to purchase an additional 21.5% of its partially owned subsidiary, Madini Occidental (MO), and would increase the ownership of MO from 57% to 78.5%. The shares in MO are being acquired from the Company's Chairman and Chief Executive Officer, Russell Fryer. The consideration for the Share Acquisition is £450,000 in cash paid on completion and a further £200,000 on or before 1 October 2023, to be paid in Critical Metals PLC shares at a price equal to the 10 day volume weighted average or cash, at the Company's election.

Subsequent to the announcement made on 15th December the Company offered to purchase the balance of 21.5% in MO held by Madini Minerals Ltd, a company controlled by Russell Fryer. The consideration for the Share Acquisition is £450,000 paid in cash on completion with a further payment of £200,000 on or before 1 October 2023, to be paid in Critical Metals PLC shares at a price equal to the 10-day volume weighted average or cash, at the Company's election. The Share Acquisition received the

approval of the MO board on 19 December 2022 and the transaction was completed subsequent to 31 December 2022.

Exercise of Warrants and Warrant Term Extension

A total of 865,000 Warrant Shares have been exercised resulting in total gross proceeds to the Company of £83,250.

In addition, due to the recent passing of a warrant holder and upon receiving a request from the Estate of the deceased, the Company announces its intention to extend the exercise period of a total of 5,225,714 warrants, which are exercisable on or before the 31 March 2023: (i) 1,740,000 warrants exercisable at 10 pence per share ("10p Warrants"); and (ii) 3,485,714 warrants exercisable at 5 pence per share ("5p Warrants") (together the "IPO Warrants"). These IPO Warrants were granted at the time of the admission of the Company's Ordinary Shares to the standard segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange plc on 29 September 2020.

Receipt of share issue proceeds

Subsequent to period end the company received £761,485 with respect to the £1,300,000 placement from December 23.

About Critical Metals

Critical Metals PLC has acquired a controlling 100% stake in Madini Occidental Limited, which holds an indirect 70% interest in the Molulu copper/cobalt project, an ex-producing medium-scale asset in the Katangan Copperbelt in the Democratic Republic of Congo. In line with its investment strategy of focusing primarily on known deposits, targeting projects with low entry costs and the potential to generate short-term cash flow; the Company intends to produce 120,000t/per annum of

Copper Oxide Ore.

The Company will continue to identify future assets that are in line with its stated acquisition objective of low CAPEX and OPEX projects with near-term production, concentrating on minerals that are perceived to have strategic importance to future economic growth and generate significant value for shareholders.

A copy of these results will be made available on the Company's website at www.critical metals.co.uk.

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