Anglesey Mining plc

Half yearly report

for the six months to 30 September 2016

Chairman's Statement and Management Report

In 2016, year to date, to a large extent we have seen an improvement in all the metals which are key to Anglesey Mining and the immediate outlook for all these metals is very positive.

Base metal prices move ahead

Zinc has continued to be one of the strongest performing metals in 2016, rising from the US$0.70 per pound level at the end of 2015 to US$1.15 per pound in recent days, an improvement in the year to date of more than 50%. For the past five years the zinc market has been in deficit and the fundamentals for zinc have been steadily improving. The closing in 2015 of Australia's Century mine and the Lisheen mine in Ireland, combined with earlier closures of the Glencore's Brunswick and Perseverance mines in Canada has removed more than one million tonnes of mine supply which represents almost 9.9% of world mine production.

Lead has also performed well in 2016 rising from US$0.75 per pound at the end of 2015 to US$0.95 per pound during the third quarter, while uncertainty about the global economy and investor anxiety continue to support the prices of gold and silver.

More recently, following the election of Donald Trump in the United States, there has been a dramatic increase in the prices of most metals, particularly copper and iron ore. Copper is now selling at over $2.60 per pound, a level not seen for several years. The likelihood of a major infrastructure programme in the United Sates would be very significant for both copper and iron ore and particularly for zinc, the demand for which is closely linked to steel production and hence to iron ore demand.

Iron ore showing some strength

Iron ore is now selling at US$74 per tonne on a 62% iron basis FIS China. This is a level not seen for almost two years, while at the same time the price of metallurgical coal, the other major ingredient in steel making, has more than doubled in the past six months. It is clear that Chinese consumption of iron ore continues to increase. On a positive note particularly relevant to the company the premiums for high grade fines and pellets, as would be produced by Grangesberg in Sweden, are also increasing.

In the longer term, per capita steel consumption in China must catch up with levels in the West and that would see at least a doubling in iron ore and zinc demand.

Operations

At Anglesey Mining we have continued to keep our corporate and operating costs at the lowest level possible and indeed have reduced general expenses by a further 38% compared to the same period last year, which as noted at that time were 50% of the prior year. The direct expenditure at all our projects has again remained low throughout the period.

New studies on Parys Mountain

As announced in the Annual Report the company is updating the earlier scoping and economic studies on its Parys Mountain zinc/lead/copper/silver/gold property in Wales. This updated scoping study is being prepared by Micon International Limited and by Fairport Engineering Limited, both of which are acknowledged experts and leaders in the resources sector.

The Parys Mountain property is a significant zinc, copper and lead deposit with small amounts of silver and gold, with a reported a resource of 2.1 million tonnes at 6.9% combined base metals in the indicated category and 4.1 million tonnes at 5.0% combined base metals in the inferred category. The site has a head frame, a 300m deep production shaft and planning permission for operations and there is also important exploration potential.

It is expected that the results of this updated study will form a solid base from which to move the project towards production and will be used to assist with future planning and potential financing of the development of the Parys Mountain project. We expect that capital costs of developing Parys Mountain will be lower in today's less competitive environment and, coupled with positive changes in exchange rates, could make the project attractive at expected metal prices. The Parys Mountain project will of course benefit from the expected increase in zinc price which is the predominant metal to be produced during in the early years of the mine life.

Labrador restructuring

In Canada, Labrador Iron Mines has made significant progress. A Plan of Arrangement has been filed with Ontario Court and a meeting of creditors will be held in early December. This filing marks a major milestone in the court-supervised process to complete a restructuring of LIM's business. The plan is intended to restructure LIM's business to preserve its mining assets and to position LIM to refinance an orderly resumption of its iron ore mining activities when economic conditions warrant. If the plan is implemented as expected then Anglesey's holding in LIM will be diluted by an approximately 25%.

Grangesberg well positioned

In Sweden, a number of technical reviews have been continued to position the Grangesberg iron ore project should the iron ore market continue to strengthen. Anglesey holds a direct 6% interest in Grangesberg and a right of first refusal over a further 51%. It has a shareholder and cooperation agreements for operatorship of GIAB. The mining leases can be maintained for a number of years with only minimum work levels. The high grade of concentrate to be produced from Grangesberg, together with the extensive existing infrastructure on site and nationally, and the potential for sales within Sweden's domestic markets, negating the requirements for major port facilities and expensive handling and shipping costs, will be key drivers in this expectation. In the meantime, Grangesberg is also actively looking at alternative resource projects in Sweden that could benefit from the local knowledge and corporate support available, whilst awaiting a sustainable upturn in the iron ore and financing markets.

Financial results

The group had no revenue for the period. The loss for the six months to 30 September 2016 was £124,576, a reduction of £11,373 in the loss from the comparative period last year due to a reduction in administrative expenses. The cash and net current liabilities positions also improved compared with the last period as a result of cash advances of £125,000 from Juno under the working capital agreement. Additional financing will be required for working capital to maintain the group and carry out planned progress at Parys Mountain.

Outlook

Anglesey is exposed to zinc, lead, copper and precious metals at Parys Mountain and to iron ore at LIM and Grangesberg. With recent political developments in the UK and the United States, coupled with the likelihood of renewed stimulus investment in China, we feel that there is sound reason to believe that the future outlook for the commodity prices which are important to Anglesey Mining is very positive.

We thank shareholders for their continued patience and support.

John F Kearney

Chairman

17 November 2016

Anglesey Mining plc

Unaudited condensed consolidated income statement

All operations are continuing	Notes	Unaudited six months ended 30 September 2016 £	Unaudited six months ended 30 September 2015 £
Revenue		-	-
Expenses		(42,418)	(68,337)
Investment income		103	160
Finance costs		(82,392)	(66,959)
Foreign exchange gain/(loss)		131	(813)
Loss before tax		(124,576)	(135,949)
Taxation	8	-	-
Loss for the period	7	(124,576)	(135,949)
Loss per share			
Basic - pence per share		(0.1)p	(0.1)p
Diluted - pence per share		(0.1)p	(0.1)p

Unaudited condensed consolidated statement of comprehensive income

Loss for the period	(124,576)	(135,949)
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Exchange difference on translation of foreign holding	(18,135)	33
Total comprehensive loss for the period	(142,711)	(135,916)

All attributable to equity holders of the company

Unaudited condensed consolidated statement of financial position

	Notes	Unaudited 30 September 2016 £	Audited 31 March 2016 £
Assets			
Non-current assets			
Mineral property exploration and evaluation	9	14,945,175	14,926,626
Property, plant and equipment		204,687	204,687
Investments	10	86,660	86,660
Deposit		123,078	123,078
		15,359,600	15,341,051
Current assets			
Other receivables		30,411	32,759
Cash and cash equivalents		40,608	11,504
		71,019	44,263
Total assets		15,430,619	15,385,314
Liabilities			
Current liabilities			
Trade and other payables		(98,500)	(136,259)
		(98,500)	(136,259)
Net current liabilities		(27,481)	(91,996)
Non-current liabilities			
Loans		(3,323,437)	(3,097,662)
Long term provision		(50,000)	(50,000)
		(3,373,437)	(3,147,662)
Total liabilities		(3,471,937)	(3,283,921)
Net assets		11,958,682	12,101,393
Equity			
Share capital	11	7,116,914	7,116,914
Share premium		9,848,949	9,848,949
Currency translation reserve		(56,592)	(38,457)
Retained losses		(4,950,589)	(4,826,013)
Total shareholders' equity		11,958,682	12,101,393

All attributable to equity holders of the company

Unaudited condensed consolidated statement of cash flows

	Notes	Unaudited six months ended 30 September 2016 £	Unaudited six months ended 30 September 2015 £
Operating activities			
Loss for the period		(124,576)	(135,949)
Adjustments for:			
Investment income		(103)	(160)
Finance costs		82,392	66,959
Foreign exchange movement		(131)	813
		(42,418)	(68,337)
Movements in working capital			
Decrease in receivables		2,348	1,002
(Decrease)/increase in payables		(25,672)	8,329
Net cash used in operating activities		(65,742)	(59,006)
Investing activities			
Investment income		103	60
Mineral property exploration and evaluation		(30,388)	(29,144)
Net cash used in investing activities		(30,285)	(29,084)
Financing activities			
Loans		125,000	-
Net cash generated from financing activities		125,000	-
Net increase/(decrease) in cash and cash equivalents		28,973	(88,090)
Cash and cash equivalents at start of period		11,504	96,873
Foreign exchange movement		131	(813)
Cash and cash equivalents at end of period		40,608	7,970

All attributable to equity holders of the company

Unaudited condensed consolidated statement of changes in group equity

	Share capital £	Share premium £	Currency translation reserve £	Retained losses £	Total £
Equity at 1 April 2016 - audited	7,116,914	9,848,949	(38,457)	(4,826,013)	12,101,393
Total comprehensive income for the period:					
Exchange difference on translation of foreign holding	-	-	(18,135)	-	(18,135)
Loss for the period	-	-	-	(124,576)	(124,576)
Total comprehensive income for the period:	-	-	(18,135)	(124,576)	(142,711)
Equity at 30 September 2016 - unaudited	7,116,914	9,848,949	(56,592)	(4,950,589)	11,958,682
Comparative period					
Equity at 1 April 2015 - audited	7,116,914	9,848,949	(31,163)	(4,569,563)	12,365,137
Total comprehensive income for the period:					
Exchange difference on translation of foreign holding	-	-	33	-	33
Loss for the period	-	-	-	(135,949)	(135,949)
Total comprehensive income for the period:	-	-	33	(135,949)	(135,916)
Equity at 30 September 2015 - unaudited	7,116,914	9,848,949	(31,130)	(4,705,512)	12,229,221

All attributable to equity holders of the company

Notes to the accounts

1. Basis of preparation

This half-yearly financial report comprises the unaudited condensed consolidated financial statements of the group for the six months ended 30 September 2016. It has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority, the requirements of IAS 34 - Interim financial reporting (as adopted by the European Union) and using the going concern basis and the directors are not aware of any events or circumstances which would make this inappropriate. It was approved by the board of directors on 17 November 2016. It does not constitute financial statements within the meaning of section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for annual financial statements. It should be read in conjunction with the annual report and financial statements for the year ended 31 March 2016 which is available on request from the company or may be viewed at www.angleseymining.co.uk.

The financial information contained in this report in respect of the year ended 31 March 2016 has been extracted from the report and financial statements for that year which have been filed with the Registrar of Companies. The report of the auditors on those accounts did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and was not qualified. The half-yearly results for the current and comparative periods are unaudited.

2. Significant accounting policies

The accounting policies applied in these unaudited condensed consolidated financial statements are consistent with those set out in the annual report and financial statements for the year ended 31 March 2016. The following amendments to interpretations were effective in the current period and have been adopted:

IAS 1 (amendment) 'Presentation of Financial Statements' - Disclosure initiative - 1 January 2016

IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 38 (amendment) 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortisation - 1 January 2016

IAS 27 (amendment) 'Separate Financial Statements' - Equity method in separate financial statements - 1 January 2016

IFRS 11 (amendment) 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations - 1 January 2016

Annual Improvements to IFRS (2012 - 2014) - 1 January 2016

The adoption of the amendments and new interpretations has not resulted in a change to the accounting policies nor had a material effect on the financial performance and position of the group. In preparing these financial statements any accounting assumptions and estimates made by management were consistent with those applied to the aforesaid annual report and financial statements.

3. Risks and uncertainties

The principal risks and uncertainties set out in the group's annual report and financial statements for the year ended 31 March 2016 remain the same for this half-yearly financial report and can be summarised as: development risks in respect of mineral properties, especially in respect of permitting and metal prices; liquidity risks during development; and foreign exchange risks. More information is to be found in the 2016 annual report – see note 1 above.

4. Statement of directors' responsibilities

The directors confirm to the best of their knowledge that: (a) the unaudited condensed consolidated financial statements have been prepared in accordance with the requirements of IAS 34 Interim financial reporting (as adopted by the European Union); and (b) the interim management report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R). This report and financial statements were approved by the board on 17 November 2016 and authorised for issue on behalf of the board by Bill Hooley, chief executive officer and Danesh Varma, finance director.

5. Activities

The group is engaged in mineral property development and currently has no turnover. There are no minority interests or exceptional items.

6. Earnings per share

The loss per share is computed by dividing the loss attributable to ordinary shareholders of £0.1 million (loss to 30 September 2015 £0.1m), by 160,608,051 (2015 - unchanged) - the weighted average number of ordinary shares in issue during the period. Where there are losses the effect of outstanding share options is not dilutive.

7. Business and geographical segments

There are no revenues. The cost of all activities charged in the income statement relates to exploration and development of mining properties. The group's income statement and assets and liabilities are analysed as follows by geographical segments, which is the basis on which information is reported to the board.

Note 7 - Business and geographical segments continued

Income statement analysis

	Unaudited six months ended 30 September 2016			
	UK	**Sweden - investment**	**Canada - investment**	**Total**
	£	**£**	**£**	**£**
Expenses	(42,409)	(9)	-	(42,418)
Investment income	103	-	-	103
Finance costs	(82,392)	-	-	(82,392)
Exchange rate movements	105	26	-	131
Loss for the period	(124,593)	17	-	(124,576)

	Unaudited six months ended 30 September 2015			
	UK	**Sweden - investment**	**Canada - investment**	**Total**
	£	**£**	**£**	**£**
Expenses	(68,337)	-	-	(68,337)
Investment income	160	-	-	160
Finance costs	(66,959)	-	-	(66,959)
Exchange rate movements	-	(57)	(756)	(813)
Loss for the period	(135,136)	(57)	(756)	(135,949)

Assets and liabilities

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	Unaudited 30 September 2016			
	UK	**Sweden investment**	**Canada investment**	**Total**
	£	**£**	**£**	**£**
Non current assets	15,272,940	86,659	1	15,359,600
Current assets	69,755	1,264	-	71,019
Liabilities	(3,191,748)	(280,189)	-	(3,471,937)
Net assets/(liabilities)	12,150,947	(192,266)	1	11,958,682

	Audited 31 March 2016			
	UK	**Sweden investment**	**Canada investment**	**Total**
	£	**£**	**£**	**£**
Non current assets	15,254,391	86,659	1	15,341,051
Current assets	43,069	1,194	-	44,263
Liabilities	(3,038,460)	(245,461)	-	(3,283,921)
Net assets/(liabilities)	12,259,000	(157,608)	1	12,101,393

8. Deferred tax

There is an unrecognised deferred tax asset of £1.3 million (31 March 2016 - £1.2m) which, in view of the group's results, is not considered to be recoverable in the short term. There are also capital allowances, including mineral extraction allowances, exceeding £12.5 million (unchanged from 31 March 2016) unclaimed and available. No deferred tax asset is recognised in the condensed financial statements.

9. Mineral property exploration and evaluation costs

Mineral property exploration and evaluation costs incurred by the group are carried in the unaudited condensed consolidated financial statements at cost, less an impairment provision if appropriate. The recovery of these costs is dependent upon the successful development and operation of the Parys Mountain project which is itself conditional on finance being available to fund such development. During the period expenditure of £18,549 was incurred (six months to 30 September 2015 - £24,127). There have been no indicators of impairment during the period.

10. Investments

	Labrador	Grangesberg	Total
	£	£	£
At 1 April 2015	1	86,659.00	86,660
Addition during period	-		-
At 31 March 2016	1	86,659	86,660
Addition during period	-	-	-
At Unaudited 30 September 2016	1	86,659	86,660

Labrador: The group's investment is classified as 'unquoted' and is held at a nominal value of £1.

Grangesberg: The group has a 6% holding in Grangesberg Iron AB (an unquoted Swedish company) and a right of first refusal over shares amounting to a further 51% of that company. This investment has been initially recognised and subsequently measured at cost, on the basis that the shares are not quoted and a reliable fair value is not able to be estimated.

11. Share capital

	Ordinary shares of 1p		Deferred shares of 4p		Total
Issued and fully paid	**Nominal value £**	**Number**	**Nominal value £**	**Number**	**Nominal value £**
At 31 March 2015, 2016 and 30 September 2016	1,606,081	160,608,051	5,510,833	137,770,835	7,116,914

12. Financial instruments

Group	**Available for sale assets**		**Loans & receivables**	
	Unaudited 30 September 2016	**31 March 2016**	**Unaudited 30 September 2016**	**31 March 2016**
	£	**£**	**£**	**£**
Financial assets				
Investments	1	1	-	-
Deposit	-	-	123,078	123,078
Other debtors	-	-	30,411	32,759
Cash and cash equivalents	-	-	40,608	11,504
	1	1	194,097	167,341

	Unaudited 30 September 2016	**31 March 2016**
	£	**£**
Financial liabilities		
Trade payables	(44,206)	(77,465)
Other payables	(54,294)	(58,794)
Loans	(3,323,437)	(3,097,662)
	(3,421,937)	(3,233,921)

13. Events after the reporting period

None.

14. Related party transactions

None.

Anglesey Mining plc

Directors:

John Kearney	Chairman
Bill Hooley	Chief executive
Danesh Varma	Finance director
David Lean	Non executive
Howard Miller	Non executive

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Company registration number 1849957