Anglesey Mining plc

Half yearly report for the six months to 30 September 2017

Chairman's Statement and Management Report

We are pleased to report that the broad trend of improving base metal prices is prevailing during 2017. The current price of zinc is strong and the long-term price outlook remains very positive.

The rally in base metals, which began in 2016 is continuing with the London Metal Exchange zinc price hitting a new 10-year high of US$1.52 per pound in late September. Since the beginning of 2017, the zinc price is up almost 30% and the year-over-year increase is approximately 40%.

We therefore believe that it is now opportune to move forward with the development of the Parys Mountain base metal project in North Wales and we are putting in place a number of key elements to facilitate this.

Parys Mountain

During the half year the updated Scoping Study on Parys Mountain, prepared by Micon International Limited and Fairport Engineering Limited, was received. The positive results from that Study, which were described in some detail in the annual report issued in July, indicate a processing rate for the planned Parys Mountain Mine of 1,000 tonnes per day, generating average copper, lead and zinc concentrate production of approximately 22,000 tonnes per annum in total.

The Scoping Study was based on copper prices of $US2.50 per pound, zinc of $US1.25 per pound and lead of $US1.00 per pound, generating an overall net smelter return of $US270 million with an IRR of 28% and an NPV10 of $US43 million.

Subsequent to preparation of the Study, metal prices have continued to improve significantly with copper now selling at around $US3.10 per pound, zinc at $US1.45 per pound and lead at $US1.10 per pound. If these current market prices were used in the Study, the financial results indicated would increase substantially.

We have previously described four key steps in the development of the project. These are: the commencement of an Environmental Impact Assessment; the conversion of the Scoping Study to a Definitive Feasibility Study; the recruitment of key corporate staff; and pursuing discussions with potential providers of project finance.

Progress has been made on each of these areas and discussions have been held with potential new executives with the expectation that they will be recruited in time to have inputs into the other key activities.

Of particular importance has been an external review of the projects current Planning Permissions and associated ongoing requirements for licences and permits. This external review has confirmed that the Planning Permissions remain in good standing but as expected will be reviewed during the feasibility study. The external review also examined the particular requirements for environmental compliance and how these will tie in with the planning review. We now have determined the route forward to progress each of these matters to achieve our target of initial production during 2020.

Grangesberg Iron

Activities at Grangesberg have been kept at a low level whilst the prospects for the price for iron ore remains somewhat subdued. However, Grangesberg would be a producer of high quality saleable product likely in the form of iron ore pellets. Demand for iron ore worldwide driven particularly by China continues to increase, albeit not at the same pace as that achieved several years ago and there is a growing requirement for high grade product and in particular for pellets.

The premium price for pellets is now forecast to range between $US35 and $US50 per tonne in the China market, primarily as a result of demand for higher quality iron ore as China plans to shut down up to 1,000 low grade domestic iron ore mines due to pollution concerns. Such a pellet premium, if sustained, would indicate the potential for a viable operation on the Grangesberg project, under the evaluation studies carried out within the last five years. Nevertheless, the capital cost to develop such an operation will be significant and it will be necessary to be confident that the current pellet premiums will be sustainable in the longer term. Anglesey continues to support Grangesberg and recognises that it is likely that further external partners will be required to raise the capital required for full development.

Labrador

Labrador Iron Mines operations at Schefferville are being maintained in stand-by care and maintenance following the completion of LIM's financial restructuring in late 2016. Notwithstanding the challenging financial environment during the past several years, LIM continued to conduct a variety of operational activities with the objective of preserving its assets, maintaining its mineral properties on a standby basis, fulfilling environmental and regulatory obligations and controlling costs.

Anglesey, with a holding of 12% in LIM, maintains a watching but passive interest.

Operations

As previously, we have continued to keep corporate and operating cost at the lowest possible level, although these were a little higher than the previous year because of increased activity. In accordance with the company's accounting policies and past practice, the expenditures on the Parys Project related to the Scoping Study have in general been capitalised in the accounts rather than expensed.

Financial results

The group had no revenue for the period. The loss for the six months to 30 September 2017 was £167,186 compared to £135,949 for the comparative period ended 30 September 2016. The net current assets reduced from £301,339 to £157,560 over the six months due to property expenditures capitalised of £65,943 together with the current operating expenses. Additional financing will be required for working capital to maintain the group and carry out planned progress at Parys Mountain.

Outlook

After a number of years when the outlook seemed hopeful but still uncertain, we can now look forward to a more positive future. The outlook for the key commodities upon which we rely - copper, zinc and lead, remains positive. The positive outlook is based largely on straightforward supply/demand criteria with considerably less influence from inventory adjustments and hedge trading that appeared to unduly influence prices previously.

This coming year will be critical for the development of Parys Mountain. We need to manage the transition to an expanded management team which will be instrumental in raising funds in what remains a demanding market, particularly for equity capital in the smaller resource company sector.

We look forward to being able to further update shareholders on these developments at appropriate times in the near future.

I would like to thank our limited management and our very supportive board of directors for their continued valuable input and advice and we again thank shareholders for their continued patience and support.

John F Kearney

Chairman

29 November 2017

Unaudited condensed consolidated income statement

	Notes	Unaudited six months ended 30 September 2017 £	Unaudited six months ended 30 September 2016 £
All operations are continuing			
Revenue		-	-
Expenses		(78,100)	(42,418)
Equity-settled employee benefits		(9,324)	-
Investment income		56	103
Finance costs		(79,954)	(82,392)
Foreign exchange gain		136	131
Loss before tax		(167,186)	(124,576)
Taxation	8	-	-
Loss for the period	7	(167,186)	(124,576)
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	(167,186)	(124,576)
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Exchange difference on translation of foreign holding	21,155	(18,135)
Total comprehensive loss for the period	(146,031)	(142,711)

All attributable to equity holders of the company

Unaudited condensed consolidated statement of financial position

	Notes	Unaudited 30 September 2017 £	Audited 31 March 2017 £
Assets			
Non-current assets			
Mineral property exploration and evaluation	9	15,076,765	15,010,822
Property, plant and equipment		204,687	204,687
Investments	10	86,660	86,660
Deposit		123,168	123,118
		15,491,280	15,425,287
Current assets			
Other receivables		34,239	23,603
Cash and cash equivalents		226,088	392,293
		260,327	415,896
Total assets		15,751,607	15,841,183
Liabilities			
Current liabilities			
Trade and other payables		(102,767)	(114,557)
		(102,767)	(114,557)
Net current assets		157,560	301,339
Non-current liabilities			
Loans		(3,474,659)	(3,415,738)
Long term provision		(50,000)	(50,000)
		(3,524,659)	(3,465,738)
Total liabilities		(3,627,426)	(3,580,295)
Net assets		12,124,181	12,260,888
Equity			
Share capital	11	7,286,914	7,286,914
Share premium		10,171,986	10,171,986
Currency translation reserve		(52,355)	(73,510)
Retained losses		(5,282,364)	(5,124,502)
Total shareholders' equity		12,124,181	12,260,888

All attributable to equity holders of the company

Unaudited condensed consolidated statement of cash flows

	Notes	Unaudited six months ended 30 September 2017 £	Unaudited six months ended 30 September 2016 £
Operating activities			
Loss for the period		(167,186)	(124,576)
Adjustments for:			
Investment income		(56)	(103)
Finance costs		79,954	82,392
Equity-settled employee benefits	6	9,324	-
Foreign exchange movement		(136)	(131)
		(78,100)	(42,418)
Movements in working capital			
(Increase)/decrease in receivables		(10,636)	2,348
Decrease in payables		(25,693)	(25,672)
Net cash used in operating activities		(114,429)	(65,742)
Investing activities			
Investment income		6	103
Mineral property exploration and evaluation		(51,918)	(30,388)
Net cash used in investing activities		(51,912)	(30,285)
Financing activities			
Loans		-	125,000
Net cash generated from financing activities		-	125,000
Net (decrease)/increase in cash and cash equivalents		(166,341)	28,973
Cash and cash equivalents at start of period		392,293	11,504
Foreign exchange movement		136	131
Cash and cash equivalents at end of period		226,088	40,608

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 2017 - audited	7,286,914	10,171,986	(73,510)	(5,124,502)	12,260,888
Total comprehensive income for the period:					
Exchange difference on translation of foreign holding	-	-	21,155	-	21,155
Loss for the period	-	-	-	(167,186)	(167,186)
Total comprehensive income for the period	-	-	21,155	(167,186)	(146,031)
Equity-settled employee benefits	-	-	-	9,324	9,324
Equity at 30 September 2017 - unaudited	7,286,914	10,171,986	(52,355)	(5,282,364)	12,124,181
Comparative period					
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

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 2017. 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 29 November 2017. 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 2017 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 2017 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 have not been audited or reviewed.

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 2017.

Early Annual Improvements to IFRSs (2014 - 2016).

Effective 1 January 2017 and expected to be endorsed by the EU in Q3 2017.

- IFRS 9 Financial Instruments. Effective 1 January 2018. Early application is permitted.
- IFRS 15 Revenue from Contracts with Customers. Effective 1 January 2018. Early application is permitted
- Clarifications to IFRS 15 Revenue from Contracts with Customers. Effective 1 January 2018 and expected to be endorsed by the EU in Q2 2017. Early application is permitted.

Annual Improvements to IFRSs (2014 - 2016).

Effective 1 January 2018 and expected to be endorsed by the EU in Q3 2017.

- IFRS 16 Leases. Effective 1 January 2019 and expected to be endorsed by the EU in Q4 2017. Early application is permitted with application of IFRS 15 Revenue from Contracts with Customers.

The directors expect that the adoption of the above pronouncements (with the possible exceptions of IFRS9 and IFRS16) will have no material impact to the financial statements in the period of initial application other than disclosure. IFRS 9 is still ongoing and yet to be adopted by the EU. The group is not yet generating any revenue consequently the implementation of IFRS15 will have no impact at present. The directors have not yet assessed the full impact IFRS16 on these financial statements.

There have been no other new or revised International Financial Reporting Standards, International Accounting Standards or Interpretations that are in effect since that last annual report that have a material impact on the 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 2017 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 2017 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 29 November 2017 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 £0.167 million (loss to 30 September 2016 £0.125m), by 177,608,051 (2016 – 160,608,051) - 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.

Income statement analysis

	Unaudited six months ended 30 September 2017			
	UK	Sweden - investment	Canada - investment	Total
	£	£	£	£
Expenses	(78,100)	-	-	(78,100)
Equity settled employee benefits	(9,324)	-	-	(9,324)
Investment income	56	-	-	56
Finance costs	(72,116)	(7,838)	-	(79,954)
Exchange rate movements	136	-	-	136
Loss for the period	(159,348)	(7,838)	-	(167,186)

	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)

Assets and liabilities

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	Unaudited 30 September 2017			
	UK	Sweden investment	Canada investment	Total
	£	£	£	£
Non current assets	15,404,620	86,659	1	15,491,280
Current assets	259,059	1,268	-	260,327
Liabilities	(3,343,051)	(284,375)	-	(3,627,426)
Net assets/(liabilities)	12,320,628	(196,448)	1	12,124,181

	Audited 31 March 2017			
	UK	Sweden investment	Canada investment	Total
	£	£	£	£
Non current assets	15,338,627	86,659	1	15,425,287
Current assets	414,655	1,241	-	415,896
Liabilities	(3,282,725)	(297,570)	-	(3,580,295)
Net assets/(liabilities)	12,470,557	(209,670)	1	12,260,888

8. Deferred tax

There is an unrecognised deferred tax asset of £1.3 million (31 March 2017 - £1.3m) 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 2017) 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 £65,943 was incurred (six months to 30 September 2016 - £18,549). There have been no indicators of impairment during the period.

10. Investments

	Labrador £	Grangesberg £	Total £
At 1 April 2016	1	86,659	86,660
Addition during period	-		-
At 31 March 2017	1	86,659	86,660
Addition during period	-	-	-
At 30 September 2017	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 2016	1,606,081	160,608,051	5,510,833	137,770,835	7,116,914
Shares issued for cash	170,000	17,000,000	-	-	170,000
At 31 March 2017 and 30 September 2017	1,776,081	177,608,051	5,510,833	137,770,835	7,286,914

12. Financial instruments

Group	Available for sale assets		Loans & receivables	
	Unaudited 30 September 2017	**31 March 2017**	**Unaudited 30 September 2017**	**31 March 2017**
	£	**£**	**£**	**£**
Financial assets				
Investments	1	1	-	-
Deposit	-	-	123,168	123,118
Other receivables	-	-	34,239	23,603
Cash and cash equivalents	-	-	226,088	392,293
	1	1	383,495	539,014

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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