Tungsten West Plc

(“Tungsten West”, the “Company” or the “Group”)

Half Year Results for the six months ended 30 September 2023

Tungsten West, the owner and operator of the Hemerdon Mine (the “Project” or “Hemerdon”) in Southwest England, is pleased to announce its half-yearly results for the six months ended 30 September 2023 (the “Period”).

First Half and Post Period Highlights:

- Alistair Stobie was appointed as CFO on 13 November 2023;
- 50 tonnes of tin and tungsten concentrate produced from legacy material;
- £6.95 million convertible loan notes issued over two tranches;
- Agreement to place an additional £1.8 million tranche of convertible loan notes;
- Low frequency noise trials completed;
- Mineral Processing Facility Permit application submitted;
- Section 73 application was approved on 06 December 2023
- Loss for the period of £9.1 million;
- Capital expenditure for the period of £2.8 million
- The Company had cash reserves of £1.4 million at 30 September 2023; and
- Front end re-build and plant upgrade projects ceased pending outcome of permit application and subsequent funding activities.

Neil Gawthorpe, CEO of Tungsten West, commented:

“This period has seen some challenges for the Company as we continue to navigate difficult market conditions. However, there have been many positives to take from the last six months and progress has been made at Hemerdon.

“The formal submission of the Mineral Processing Facility permit, following the completion of the low frequency noise trials, is a positive step forwards and, despite the delays and additional questions from the Environment Agency, we continue to have a positive relationship with the team and an open dialogue with them. Additionally, the approval of the Section 73 application marks further progress and will augment the Project.

“Furthermore, the production of tin and tungsten from legacy material marked a significant milestone in the Company’s progress and is an indication of what can be achieved once the mine is re-opened.

“Tungsten and tin remain critical minerals and are essential to everyday living, as well as being crucial in future green and emerging technologies. Tungsten West aims to help provide a secure supply chain of these critical minerals.”

OVERVIEW

Tungsten West started the Period with the recently appointed CEO, Neil Gawthorpe, conducting a strategic review of operations and funding requirements. At the same time, the Company was in discussions with a number of institutions to complete a funding of approximately £65 million, required to complete the Project.

The Company had been progressing the Project on the basis that funding, permitting and construction could run in parallel. However, the CEO concluded in his review that this was not the case, as full permitting would be required to source the funds required to complete the Project.

To allow the Company sufficient time to secure the remaining permit required to operate the Mineral Processing Facility (“MPF”), the Company launched an interim funding exercise in April 2023. The objective of the interim funding was to raise approximately £7 million via placing a Convertible Loan Note ("CLN") and an Open Offer. On 6 April 2023, the Company announced that it had secured commitments from purchasers of £6.95 million CLN. Additionally, the Open Offer raised £0.2 million of new capital.

Earth and civil engineering work has been completed to allow capital intensive construction work to commence once permits are granted and funding completed. The Company's focus is now on permitting, funding and compliance activities. A cost reduction programme was initiated in April 2023 with the objective of reducing both capex and opex until permitting and funding activities have been completed.

Unfortunately, this resulted in a number of redundancies. The Board would like to express their thanks and appreciation to the employees who departed: all had been incredibly dedicated to the Project.

REVIEW OF ACTIVITIES

INTERIM TUNGSTEN AND TIN PRODUCTION

During the first quarter of the Period, the Company recommissioned the refinery portion of the MPF and processed approximately 50 tonnes of legacy tin and tungsten concentrate. This was shipped to an off-taker in March 2023, generating approximately £0.4 million in revenue. This was part of a series of activities undertaken to generate cash from liquidating surplus assets. A total of 1,200 tonnes of low grade concentrate left by the previous operator was also sold between the final quarter of the prior year and first quarter of the Period, generating an additional £0.7 million revenue.

STRATEGIC FOCUS AND RESTRUCTURING

By April 2023, it became apparent that funding was dependent upon the final operating permit required to operate by the Environment Agency ("EA"). The grant of a change to the existing planning permission for truck movements was also required to enable delivery of the aggregates business. Accordingly, management initiated a programme to preserve cash, reduce costs and focus on strategic priorities:

- The business was re-focused on maintaining environmental compliance, securing permits and raising capital;
- Project capex for the front-end re-build was scaled back to existing capital commitments only; and
- All staff not engaged in these core activities were at risk and headcount was reduced by 42% through a combination of redundancies and resignations.

In August 2023, a further cost reduction programme was implemented, resulting in further headcount reduction. At the same time, the Company initiated a number of discussions with suppliers to agree deferred payment plans and restructure supply agreements.

In October 2023, as the EA process to approve the MPF permit application, and specifically reviewing the results of the low frequency noise ("LFN") trials, was taking longer than the EA had indicated, it became necessary to reduce the cost base further. At the time of this report, the ongoing headcount had been reduced to 15 full-time employees, focused only on environmental and corporate compliance, permitting and funding activities.

MINERAL PROCESSING FACILITY PERMIT AND LOW FREQUENCY NOISE TRIALS

In July and August 2023, the Company undertook a series of investigations into LFN levels at the Project.

Upon completion of the LFN Trials, the Company submitted the MPF permit application to the EA which, once granted, will allow the plant to operate, thus facilitating the production of tungsten and tin at

Hemerdon. The Company has worked closely with the EA and Devon County Council (the "Council") throughout the entire permitting and LFN trial process and anticipates the decision regarding the permit approval to be forthcoming early in 2024.

The Company received a further series of questions in October 2023. These questions were fully addressed by the end of October 2023 and a formal response submitted to the EA. At the time of writing this report the Company is still waiting for the EA's decision and on whether to grant the MPF permit. Taking into account the demonstrated reduction in LFN emitted from the test rig following the implementation of the noise mitigation measures, the Company is confident that the historical LFN issues have been resolved and that the last required permit will be obtained early in 2024.

SECTION 73 APPLICATION

To deliver the Project sustainably, the Company will produce secondary aggregates, a by-product from mining which, once sold, will provide an ongoing revenue stream and reduce the storage of barren rock at site.

Post-period end on 6 December 2023 the Council approved the Company's Section 73 application to vary the tonnage cap associated with the existing permission for 50 truck movements per day from the site, in order to facilitate the sales of secondary aggregates. Traffic and market studies carried out in conjunction with the application highlight that the Company can plug a gap in the market for high-quality, secondary aggregates in Devon with a minimal increase in overall heavy vehicle traffic.

Tungsten West has actively involved the local community, local councils and regulatory bodies in the process, participating in regular discussions and offering a direct line to the Company for all stakeholders.

In addition, the Company received positive news relating to test work carried out on its secondary aggregate products, showing them to be superior, in several applications, to other materials available locally.

MANAGEMENT CHANGES

On 28 April 2023 James McFarlane resigned and stepped down as Managing Director of the Group. James had joined the Company soon after the acquisition of the Project in 2019. During this period, he played a key role in completing two feasibility studies and the successful IPO process.

On 16 May 2023 Mark Thompson stepped down from the Board of Directors. Mark was one of the founding Directors of Tungsten West and was instrumental in the acquisition of the Project and subsequent rounds of pre-IPO funding and the AIM admission.

Nigel Widdowson resigned as CFO on 16 August 2023, however he has remained with the Group to oversee the restructuring and funding processes and transition to a new CFO.

The Board was strengthened by the appointment of three Non-Executive Directors on 4 September 2023:

- Kevin Ross, a mining engineering specialist who has held numerous COO roles in the mining sector for operating and development companies;
- Guy Edwards, who brings significant experience in the aggregates industry having held CEO positions at Aggregates Industries UK and Aggregates Industries USA; and
- Adrian Bougourd, currently part of the Developed Markets team at Lansdowne Partners, a financial analyst with experience in capital markets and advising companies in the global industrial and mining sector.

After the period ended, Alistair Stobie was appointed CFO on 13 November 2023 and will act in capacity as a PDMR. Alistair has over 20 years' experience as CFO at AIM listed companies in the natural resources sector. In particular, he has significant experience of raising capital for, and delivering, complex capital-intensive projects in the natural resources sector.

FUNDING

The Group completed the issue of a CLN facility and open offer in June 2023. These collectively raised £7.2 million gross of fees. The CLN facility provided the ability to issue a further tranche up to £2.0 million ("Tranche C") under the same terms. On 18 December 2023 the Company announced that it had raised £1.8 million under Tranche C to existing CLN holders. The Tranche C Notes, together with further funding (via and additional notes under the existing CLN facility ("Tranche D") or other similar instrument), the sale of certain assets and existing on site aggregates are anticipated to provide sufficient funding to allow the Company to meet its liabilities as they fall due and to complete the short-term strategic objectives before June 2024. The existing waivers on previous breaches of the CLN also expire in June 2024. Notwithstanding, as set-out in Note 2 Going Concern, there remains material uncertainty regarding further funding, the sale of certain assets and the value of onsite aggregate sales which would have an impact on the Group's ability to continue as a going concern. Opex has been significantly reduced and all material capital commitments deferred until these objectives have been achieved. As at the end of November 2023 the Group had issued Tranche A (£3.975 million) and Tranche B (£2.975 million) of the CLN and had £0.5 million in cash reserves.

At the date of this report, there is not currently any commitment from existing or new noteholders to purchase any Tranche D notes, any agreed sale of any assets or sale of onsite aggregates. If the Group fails to find purchasers for the Tranche D notes, and / or assets or the sale of onsite aggregates, then, in the absence of other new sources of finance, it is anticipated it would no longer be able to meet its liabilities as they fall due in March 2024.

OUTLOOK

Considered a critical mineral, the outlook for tungsten is positive with the European Metal Bulletin Ammonium Para-Tungstate price being reported at circa US$305 per Metric Tonne Unit (MTU) (1 MTU = 10 kilograms). Tungsten remains an essential component in construction tools, electrical components, including lightbulbs, MRI scanners, and for defense applications. Additionally, it is also a mineral of the future, with applications in both emerging and green technologies including electric vehicles, nuclear fusion, renewable energy, and aerospace

Tin prices are currently at their 12-month average of US$24,500 per tonne at the date of this statement. Tin is a major component in the global drive towards electrification and clean energy and, whilst a by-product of the tungsten operations, Tungsten West is poised to become a significant producer.

Despite energy costs having stabilised and the most recent feasibility study demonstrating a viable Project with a strong NPV, the Company and the Board acknowledge that this is a challenging Project and there are many risks that could impact the Company's ability to reach construction through to commercial production. Permitting, funding and macro-economic risks (geopolicial, domestic political, economic instability) remain the most significant risks. Lack of or delayed permits, alongside volatile input costs, forex and commodity prices, will significantly increase the risk of lack of access to capital.

The principal risks and uncertainties are outlined in the Company's most recent audited annual report and accounts which can be found on www.tungstenwest.com.

The Board remains positive for the long-term prospects for the Hemerdon mine and the commodities it will produce, and is committed to delivering the Project and recommencing operations.

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Neil Gawthorpe
Chief Executive Officer

21/12/2023 | 12:57:36 GMT

Cautionary statement

This document contains certain forward-looking statements in respect of the financial condition, results, operations, and business of the Group. Whilst these statements are made in good faith based on information available at the time of approval, these statements and forecasts inherently involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are several factors that could cause the actual results of developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this document should be construed as a profit forecast.

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Further information on Tungsten West Limited can be found at **www.tungstenwest.com**

Overview of Tungsten West

Tungsten West is the 100 per cent owner and operator of the past producing Hemerdon tungsten and tin mine, located near Plymouth in southern Devon, England. The Hemerdon mine is currently the world's third largest tungsten resource, with a JORC (2012) compliant Mineral Resource Estimate of approximately 325Mt at 0.12 per cent. WO_3. The Company acquired the mine out of a receivership process in 2019 after its most recent operators, Wolf Minerals, stopped production in 2018. While it was operator, Wolf invested over £170 million into the development of the site, the development of significant infrastructure and processing facilities. Hemerdon was producing tungsten and tin materials, under Wolf, between 2015 and 2018, before the Company entered administration and placed the mine into receivership due to a number of issues that have since been identified and rectified by Tungsten West.

Independent Auditor's Review Report on Interim Financial Information

Conclusion

We have reviewed the accompanying Consolidated Statement of Financial Position of Tungsten West Plc as of 30 September 2023 and the related Consolidated Income Statement, Consolidated Statement of Change in Equity and Consolidated Statement of Cash-Flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group as at 30 September 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with UK-adopted International Accounting Standard 34.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material uncertainty relating to going concern

We draw attention to Note 2 in the interim accounts, which indicates that the group has yet to secure a key permit necessary to obtain the finance it needs to complete the plant rebuild and continue in operational existence for the foreseeable future. The group's ability to pay liabilities as they fall due beyond early 2024 is dependent on uncertain events such as securing additional finance, asset sales or inventory sales. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of directors

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34. In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

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Date:…21/12/2023…….

Consolidated Income Statement

	Note	**Unaudited Six months to 30-Sep-23**	Unaudited Six months to 30-Sep-22	Audited Year ended 31-Mar-23
		£	£	£
Revenue	4	**722,036**	208,217	626,460
Cost of sales		**(780,649)**	(1,959,326)	(1,984,983)
Gross loss		**(58,613)**	(1,751,109)	(1,358,523)
Administrative expenses		**(8,037,199)**	(3,323,977)	(10,160,088)
Other operating income		**130**	-	18,947
Other gains/(losses)		**(117,953)**	107,292	710,710
Operating loss	5	**(8,213,635)**	(4,967,794)	(10,788,954)
Finance income		**102,004**	128,366	454,196
Finance costs		**(1,020,782)**	(286,854)	(495,279)
Net finance cost		**(918,778)**	(158,488)	(41,083)
Loss before tax		**(9,132,413)**	(5,126,282)	(10,830,037)
Income tax credit		-	-	544,602
Loss for the period		**(9,132,413)**	(5,126,282)	(10,285,435)
Loss attributable to:				
Owners of the Company		**(9,132,413)**	(5,126,282)	(10,285,435)

		Unaudited	Unaudited	**Audited**
		£	£	**£**
Basic and diluted loss per share	12	**(0.050)**	(0.028)	(0.057)

There were no items of other comprehensive income in any period presented.

Consolidated Statement of Financial Position

	Note	**Unaudited Six months to 30-Sep-23 £**	Unaudited Six months to 30-Sep-22 £	Audited Year ended 31-Mar-23 £
Non-current assets				
Property, plant and equipment	6	**19,811,546**	14,674,729	19,054,864
Right-of-use assets	7	**1,955,412**	1,702,233	2,022,672
Intangible assets	8	**5,096,005**	4,997,853	5,090,016
Deferred tax assets		**1,390,346**	1,397,789	1,390,346
Escrow funds receivable	9	**4,107,892**	5,564,319	5,146,986
		32,361,201	28,336,923	32,704,884
Current assets				
Trade and other receivables		**4,788,186**	5,045,579	6,163,593
Inventories		**29,850**	69,901	114,173
Cash and cash equivalents		**1,416,765**	14,925,706	3,438,018
		6,234,801	20,041,186	9,715,784
Total assets		**38,596,002**	48,378,109	42,420,668
Equity and liabilities				
Equity				
Share capital	13	**1,870,741**	1,805,516	1,805,516
Share premium account		**51,949,078**	51,882,931	51,882,761
Share option reserve		**412,831**	292,579	357,366
Warrant reserve		**740,867**	1,408,730	740,867
Convertible loan note reserve		**165,408**	-	-
Retained earnings		**(32,937,431)**	(19,313,728)	(23,805,018)
Equity attributable to the owners of the parent		**22,201,494**	36,076,028	30,981,492
Non-current liabilities				
Loans and borrowings	11	**1,927,165**	1,522,723	1,901,583
Provisions	10	**4,799,194**	6,702,984	5,701,771
Deferred tax liabilities		**1,390,346**	1,397,789	1,390,346
		8,116,705	9,623,496	8,993,700
Current liabilities				
Trade and other payables		**1,519,343**	2,502,202	2,330,603
Loans and borrowings	11	**6,758,460**	176,383	114,873
		8,277,803	2,678,585	2,445,476
Total liabilities		**16,394,508**	12,302,081	11,439,176
Total equity and liabilities		**38,596,002**	48,378,109	42,420,668

Consolidated Statement of Cash Flows

	Note	**Unaudited 30-Sep 2023 £**	Unaudited 30-Sep 2022 £	Audited 31-Mar 2023 £
Cash flows from operating activities				
Loss for the period		**(9,132,413)**	(5,126,282)	(10,285,435)
Adjustments to cash flows from non-cash items				
Depreciation and amortisation	6,7	**265,675**	261,099	514,394
Loss on disposal of right-of-use asset		**-**	-	124,528
Loss on disposal of intangible asset		**-**	-	73,401
Impairment of asset under construction	6	**1,841,039**	-	108,947
Fair value losses on escrow account		**1,133,447**	2,904,871	3,495,064
Fair value gains on restoration provision		**(1,015,494)**	(3,012,163)	(4,205,774)
Finance income		**(102,004)**	(128,366)	(454,196)
Finance costs		**1,020,782**	236,120	495,279
Share based payment transactions		**55,465**	50,718	115,505
Impact of foreign exchange		**(42,593)**	-	74,724
Income tax credit		**-**	-	(544,602)
		(5,976,096)	(4,814,003)	(10,488,165)
Working capital adjustments				
Income tax received		**-**	-	544,602
(Increase)/decrease in trade and other receivables		**1,375,407**	(1,218,070)	(2,336,084)
Increase/(decrease) in trade and other payables		**(811,260)**	(1,787,421)	(1,959,020)
(Increase)/decrease in inventories		**84,323**	87,043	42,771
Net cash outflow from operating activities		**(5,327,626)**	(7,732,451)	(14,195,896)
Cash flows from investing activities				
Interest received		**5,204**	29,193	99,082
Acquisitions of property plant and equipment		**(2,764,261)**	(6,407,451)	(10,892,254)
Proceeds from disposals		**2,088**	-	4,167
Acquisitions of intangibles		**(39,952)**	(20,000)	(191,523)
Net cash outflow from investing activities		**(2,796,921)**	(6,398,258)	(10,980,528)
Cash flows from financing activities				
Interest paid		**(2,971)**	-	(4,084)
Proceeds from exercise of warrants		**131,542**	284,351	284,181
Proceeds from exercise of share options		**-**	-	-
Proceeds from convertible debt		**6,038,428**	-	-
Payments to hire purchase		**(14,398)**	-	(63,294)
New leases		**-**	74,250	**-**
Payment of lease liabilities		**(49,307)**	(57,574)	(357,749)
Net cash inflow (outflows) from financing activities		**6,103,294**	301,027	(140,946)
Net (decrease) in cash and cash equivalents		**(2,021,253)**	(13,829,682)	(25,317,370)
Opening cash and cash equivalents		**3,438,018**	28,755,388	28,755,388
Closing cash and cash equivalents c/f		**1,416,765**	14,925,706	3,438,018

Consolidated Statement of Changes in Equity

Audited	**Share capital**	**Share premium account**	**Share option reserve**	**Warrant reserve**	**Convertible loan note reserve**	**Retained earnings**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**
At 1 April 2022	1,793,682	51,610,414	241,861	1,408,730	-	(14,187,446)	40,867,241
Loss for the year	-	-	-	-	-	(10,285,435)	(10,285,435)
New shares subscribed	11,834	272,347	-	-	-	-	284,181
Exercise of warrants	-	-	-	(334,378)	-	334,378	-
Expired warrants	-	-	-	(333,485)	-	333,485	-
Share options charge	-	-	134,610	-	-	-	134,610
Forfeiture of share options	-	-	(19,105)	-	-	-	(19,105)
At 31 March 2023	**1,805,516**	**51,882,761**	**357,366**	**740,867**	**-**	**(23,805,018)**	**30,981,492**
Unaudited							
At 1 April 2022	1,793,682	51,610,414	241,861	1,408,730	-	(14,187,446)	40,867,241
Loss for the period	-	-	-	-	-	(5,126,282)	(5,126,282)
New shares subscribed	11,834	272,517	-	-	-	-	284,351
Share options charge	-	-	50,718	-	-	-	50,718
At 30 September 2022	**1,805,516**	**51,882,931**	**292,579**	**1,408,730**	**-**	**(19,313,728)**	**36,076,028**
Unaudited							
At 1 April 2023	1,805,516	51,882,761	357,366	740,867	-	(23,805,018)	30,981,492
Loss for the period	-	-	-	-	-	(9,132,413)	(9,132,413)
New shares subscribed	65,225	66,317	-	-	-	-	131,542
Issue of convertible loan					165,408	-	165,408
Share options charge	-	-	55,465	-	-	-	55,465
At 30 September 2023	**1,870,741**	**51,949,078**	**412,831**	**740,867**	**165,408**	**(32,937,431)**	**22,201,494**

Notes to the interim accounts

1. Basis of Preparation

These unaudited condensed consolidated interim accounts have been prepared in accordance with the recognition and measurement principles of International Accounting Standards as adopted in the United Kingdom ("UK-adopted IAS") using the accounting policies that are expected to apply in the Company's next annual report.

The accounting policies applied are consistent with those disclosed in the Company's last statutory financial statements.

The interim accounts are in compliance with IAS 34, Interim Financial Reporting.

The interim accounts do not comprise the Company's statutory accounts. The information for the year ended 31 March 2023 is not the Company's statutory accounts. The Company's financial statements for that year have been filed with the registrar of companies. The independent auditor's report on those financial statements was unqualified but drew attention to a material uncertainty relating to going concern. The independent auditor's report did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

2. Going concern

The Group is still in the pre-production phase of operations and meets its day to day working capital requirements by utilising cash reserves from investment made in the Group. In October 2021, the Group raised £36.0 million net of fees by way of an initial public offering and at 30 September 2023, had £1.4 million in cash reserves.

Further to ongoing discussions with investors and debt providers, it remains clear that access to the capital required to complete the project will be significantly limited until the Group has secured the final permit required to operate the MPF and the recently issued Section 73 permission relevant to truck movements.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Group continues to focus its short-term operating strategy simply on activities required to secure these permits, maintain environmental compliance and secure funding to complete the project and recommence mining operations, including an updated Feasibility Study.

The Group completed the issue of a convertible loan note facility and an open offer in June 2023. These collectively raised £7.2 million gross of fees. Tranche C Notes were issued on 18 December 2023, raising £1.8 million gross of fees. It is envisaged that Tranche D Notes, or other similar instrument, will be issued towards the end of 1Q 2024. In addition, management will seek to sell certain assets and existing onsite aggregates. The sum of the Tranche C & D Notes, asset sales and sale of onsite aggregates is expected to be not less than £6.5 million. The Board consider this to be sufficient liquidity to meet its liabilities as they fall due and to complete the short-term strategic objectives, including completing an updated Feasibility Study, before December 2024. Opex has been significantly reduced and all material capital commitments deferred until these objectives have been achieved.

As at the end of November 2023 the Group had issued Tranche A (£3.95 million) and Tranche B (£2.95 million) of the CLN and had £0.5m in cash reserves. The Company issued Tranche C of the notes on 18 December 2023. Tranche C raised £1.8 million gross of fees.

There is not currently any commitment from existing or new noteholders to purchase any Tranche D notes, nor have any agreements to sell certain assets been agreed. If the Group fails to find purchasers for the Tranche D notes or find buyers for certain assets, then, in the absence of other new sources of finance, it would no longer be able to meet its liabilities as they fall due in March 2024.

Since the 31 March 2023, the Group has taken measures to conserve cash by stopping capex payments, restructuring the cost base and deferring certain contracted payments to creditors. As a result of this, the Group has notified the Note Purchasers of multiple defaults on the terms of the Note Purchase Agreement which relate to payments to creditors. There are detailed in Note 35 the annual report and accounts to March 2023. Under the terms of the Note Purchase Agreement, the Noteholders can cancel any outstanding Notes under the Note Purchase Agreement and demand immediate redemption unless a waiver is in place. The redemption sum is two times the loan note principal outstanding along with any accrued PIK. A waiver for the breaches in place at the time of signing the 31 March annual report and accounts was issued by the noteholders in June and again in December 2023, to clear further breaches arising post September 2023. The waiver will expire in June 2024 and going concern is reliant on the Group complying with the terms of the waiver. The Company has agreed terms of an amended waiver for the breaches in place at the time of signing this report and going concern is dependent on the Group complying with the terms of the amended waiver until it expires on 30 June 2024. The waivers give the Board sufficient comfort that the Group can both meet the terms of the original loan without further breaches and the terms of the waiver hence is a going concern. For the Group to remain a going concern, the Group is reliant on continued support of the Noteholders by not exercising their rights under the defaults should the defaults not be remedied, or the note converted or redeemed, by June 2024.

As identified earlier in this report, permitting, funding and macro-economic risks (Geopolitical, Economic instability) continue to be the most significant risks facing the Group. Lack of or delayed permits, alongside volatile input costs, forex and commodity prices, will significantly increase the risk of lack of access to capital.

The Board is pursuing a strategy of completing the project on a capital build and operate basis. In light of the noise mitigation measures now anticipated to be required for securing the MPF permit, the Board forecasts in excess of £80 million remaining expenditure prior to recommencing operations. Various options for progress post January 2024 will be considered as further information becomes available through the intervening period and are expected to result in the Group continuing as a going concern once the various permissions are secured.

Going concern is reliant on further funding being secured by the end of March 2024, or the receipt of funds form the sale of certain assets and/or ongoing aggregate sales, without which the group would be unable to pay its liabilities as they fall due beyond this point. Management have prepared one forecast as follows:

Model 1 – Additional funding closed in 2024

This scenario models management's intended plan of the expected future outflows required to complete the capital build once finance is secured. Sensitivity analysis has been applied in terms of when the project would restart, availability of additional capital and the cashflow demands for each scenario. As the terms of any finance package have not yet been agreed the model does not include costs of finance.

Management are satisfied there is sufficient headroom to service the projected cost of debt when this is agreed. As negotiations with finance providers proceed the model will be updated with the anticipated finance costs to ensure that a sufficient level of liquidity is maintained. Management is confident that the project finance can be secured to complete the capital build under the updated business plan once the relevant permits are secured.

As a result, there is a material uncertainty over the granting of the permit, within the necessary timeframes, to allow the group to obtain the finance it requires. The Board's aim is that it will obtain the necessary permit and required funding, allowing the group to operate as a going concern for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing these financial statements despite the material uncertainty referred to above.

3. Asset and liabilities held at fair value

Escrow funds

These funds are held with a third party to be released to the Group as it settles its obligation to restore the mining site once operations cease. The debtor has been discounted to present value assuming the funds will be receivable in 28 years' time which assumes one year of set up and a 27-year useful life of mining operations. The key assumptions that would lead to significant changes in the escrow account fair value are the discount rate and the useful life of the mine.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. This includes a provision for the obligation to restore the mining site once mining ceases.

The restoration provision is the contractual obligation to restore the mining site back to its original state once mining ceases. The provision is equal to the expected outflows that will be incurred at the end of the mine's useful life discounted to present value. As the restoration work will predominantly be completed at the end of the mine's useful life, these calculations are subject to a high degree of estimation uncertainty. The key assumptions that would lead to significant changes in the provision are the discount rate, useful life of the mine and the estimate of the restoration costs.

Convertible loan notes

Convertible loan notes which entitle the holder to convert into a fixed number of shares for a fixed amount of cash contain both the features of a financial liability and an equity instrument. The initial fair value amount of the liability is calculated as the present value of all future payments and interest (at the rate determined by the instrument) all being discounted at a market rate of interest for a similar loan without a conversion option. The amount of the equity component is residual balance after deducting the initial fair value amount of the liability from the proceeds of the convertible loan issue. Issue costs are assigned to the liability component.

Subsequently, interest is calculated on the liability component under the effective interest method.

The present value of the liability cash-flows has been estimated with reference to management's judgement of the most likely cash-flows, as permitted under IFRS9. Under the terms of the convertible loan notes if the Group breaches the terms of the agreement or an exit event occurs the initial capital can be called in for repayment at a premium of 100%. As management judge this unlikely it has not been accounted for in the fair value of the liability at period end. Were this clause to be enacted the capital repayment due, on loan notes drawn to period end, would be increased from £6.95m to £13.90m.

4. Revenue

Revenue by product comprised the following:

	Unaudited Six months to 30 September 2023	Unaudited Six months to 30 September 2022	Audited Year ended 31 March 2023
	£	£	£
Tungsten	**286,964**	89,509	508,184
Aggregates	**-**	117,091	118,276
Tin	**435,072**	-	-
Other	**-**	1,617	-
	722,036	208,217	626,460

5. Operating loss

Operating loss is stated after the following:

	Unaudited Six months to 30 September 2023	Unaudited Six months to 30 September 2022	Audited Year ended 31 March 2023
	£	£	£
Depreciation of property, plant and equipment	**164,452**	202,332	276,995
Depreciation of right of use assets	**67,260**	43,366	216,039
Loss on disposal of ROU asset	-	-	124,528
Impairments of assets under construction	**1,841,039**	-	108,947
Amortisation of intangibles	**33,963**	15,401	21,360
Impairment to deposits	**1,547,245**	-	-
Staff costs	**1,950,849**	2,107,029	4,593,833

6. Property, plant and equipment

	Land and buildings	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Other property, plant and equipment	Asset Under Construction	Total
Unaudited	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Cost							
At 1 April 2023	5,189,361	114,709	313,400	141,500	243,455	13,717,101	19,719,526
Additions	-	61	2,101	-	6,053	2,756,046	2,764,261
Disposals	-	-	(2,088)	-	-	-	(2,088)
At 30 September 2023	**5,189,361**	**114,770**	**313,413**	**141,500**	**249,508**	**16,473,147**	**22,481,699**
Depreciation							
At 1 April 2023	339,688	14,494	82,329	35,435	83,769	108,947	664,662
Impairment	-	-	-	-	-	1,841,039	1,841,039
Charge for the period	52,723	11,980	49,720	23,349	26,680	-	164,452
At 30 September 2023	**392,411**	**26,474**	**132,049**	**58,784**	**110,449**	**1,949,986**	**2,670,153**
Unaudited							
Cost							
At 1 April 2022	4,446,750	27,327	171,420	8,740	196,755	3,904,548	8,755,540
Additions	33,865	22,234	27,361	112,500	16,800	6,194,691	6,407,451
Transfer	713,969	-	-	-	-	(713,969)	-
At 30 September 2022	**5,194,584**	**49,561**	**198,781**	**121,240**	**213,555**	**9,385,270**	**15,162,991**
Depreciation							
At 1 April 2022	235,797	1,578	9,932	5,047	33,576	-	285,930
Charge for the period	132,715	2,370	29,539	14,216	23,492	-	202,332
At 30 September 2022	**368,512**	**3,948**	**39,471**	**19,263**	**57,068**	**-**	**488,262**
Audited							
Cost							
At 1 April 2022	4,446,750	27,327	171,420	8,740	196,755	3,904,548	8,755,540
Additions	228,570	87,382	141,980	141,500	46,700	10,326,594	10,972,726
Reclassifications	514,041	-	-	-	-	(514,041)	-
Disposals	-	-	-	(8,740)	-	-	(8,740)
At 31 March 2023	**5,189,361**	**114,709**	**313,400**	**141,500**	**243,455**	**13,717,101**	**19,719,526**
Depreciation							
At 1 April 2022	235,797	1,578	9,932	5,047	33,576	-	285,930
Charge for the year	103,891	12,916	72,397	37,598	50,193	-	276,995
Disposals	-	-	-	(7,210)	-	-	(7,210)
Impairment	-	-	-	-	-	108,947	108,947
At 31 March 2023	**339,688**	**14,494**	**82,329**	**35,435**	**83,769**	**108,947**	**664,662**
At 30 September 2023	**4,796,950**	**88,296**	**181,364**	**82,716**	**139,059**	**14,523,161**	**19,811,546**
At 30 September 2022	4,826,072	45,613	159,310	101,977	156,487	9,385,270	14,674,729
At 31 March 2023	4,849,673	100,215	231,071	106,065	159,686	13,608,154	19,054,864

7. Right-of-use asset

	Unaudited Six months to 30 September 2023 £	Unaudited Six months to 30 September 2022 £	Audited Year ended 31 March 2023 £
Opening net book value	**2,022,672**	1,743,736	1,743,736
Additions	**-**	1,863	619,503
Depreciation	**(67,260)**	(43,366)	(216,039)
Net disposals	**-**	-	(124,528)
Closing net book value	**1,955,412**	1,702,233	2,022,672

8. Intangible assets (net book value)

	Unaudited Six months to 30 September 2023 £	Unaudited Six months to 30 September 2022 £	Audited Year ended 31 March 2023 £
Goodwill	**1,075,520**	1,075,520	1,075,520
Mining rights	**3,844,333**	3,844,333	3,844,333
Software	**176,152**	78,000	170,163
Closing net book value	**5,096,005**	4,997,853	5,090,016

9. Escrow Funds

Escrow Funds	**Unaudited Six months to 30 September 2023 £**	Unaudited Six months to 30 September 2022 £	Audited Year ended 31 March 2023 £
Carrying amount	**4,107,892**	5,564,319	5,146,986

The funds held in escrow with a third party will be released back to the Company on the cessation of mining once restoration works have been completed. The amounts have been discounted to present value over the expected useful life of the mine. During the period, the discount rate was revised to 4.7% (30 September 2022: 4.1%) (31 March 2023: 3.7%) resulting in a loss of £1.0 million in the six months to September 2023 (loss in period to 30 September 2022: £2.9 million) (loss in year to 31 March 2023: £3.5 million). The actual funds held in escrow at the period end were £13,468,004 (30 September 2022: £13,228,692) (31 March 2023: £13,230,653).

10. Provisions

Restoration provision	**Unaudited Six months to 30 September 2023 £**	Unaudited Six months to 30 September 2022 £	Audited Year ended 31 March 2023 £
Carrying amount brought forward	**5,701,771**	9,526,485	9,526,485
Change in inflation and discount rate	**(1,015,494)**	(3,012,163)	(4,205,774)
Unwinding of discount	**112,917**	188,662	381,060
Closing net book value	**4,799,194**	6,702,984	5,701,771

This provision is for the obligation to restore the mine to its original state once mining operations cease, discounted back to present value based on the estimated life of the mine. Prior to discounting the Directors estimate the provision at current costs to be £13.2 million (30 September 2022: £13.2 million) (31 March 2023: £13.2 million).

The provision has been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The ultimate costs to restore the mine are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates.

Management has considered these risks and used a discount rate of 6.7% (30 September 2022: 6.1%) (31 March 2023: 5.7%), an inflation rate of 2.5% to 7% over the life of the project (30 September 2022: 2.5% to 7%) (31 March 2023: 2.5% to 9%) and an estimated mining period of 27 years (30 September 2022: 24 years) (31 March 2023: 27 years).

11. Borrowings

Borrowings comprised:

	Unaudited Six months to 30 September 2023 £	Unaudited Six months to 30 September 2022 £	Audited Year ended 31 March 2023 £
Current			
Lease liabilities	**82,665**	176,383	114,873
Convertible debt	**6,675,795**	-	-
	6,758,460	176,383	114,873
Non-current			
Lease liabilities	**1,927,165**	1,522,723	1,901,583
Convertible debt	**-**	-	-
	8,685,625	1,699,106	2,016,456

The Group issued convertible loan notes in two tranches as follows:

- On 15 June 2023 - £3.975 million of Tranche A notes
- On 15 August 2023 - £2.975 million of Tranche B notes

Interest on the convertible loan notes in the form of payment in kind notes (PIK notes) is 20%. The final termination date of the convertible loan notes is 14 June 2023. The normal conversion price of the loan notes is £0.03 per share however under an equity raise (excluding equity raised to certain qualifying shareholders, on a normal conversion of the loan notes or on an issue of shares in relation to warrants and share options) the conversion price is equal to the issue price on the equity raise less a discount of 50%.

Under the terms of the convertible loan notes if the Company breaches the terms of the agreement or an exit event occurs the initial capital can be called in for repayment at a premium of 100%.

The Company was in breach of the terms of the CLN Agreement in June 2023 and post period end prior to the issuance of the Tranche C Notes. In each case the Note Holders waived the breaches such that the Company was not in breach of the Agreement.

Further issues of Tranche C loan notes are disclosed in note 16.

12. Basic and diluted loss per share

	Unaudited Six months to 30 September 2023 £	Unaudited Six months to 30 September 2022 £	Audited Year ended 31 March 2023 £
Loss for the year	**(9,132,413)**	(5,126,282)	(10,285,435)
	Number	Number	Number
Weighted average number of ordinary shares in issue	**184,472,241**	180,470,827	180,511,110
Basic and diluted loss per share	**(0.050)**	(0.028)	(0.057)

The diluted loss per share calculations excludes the effects of share options, warrants and convertible debt on the basis that such future potential share transactions are anti-dilutive.

Were the Company's options and warrants to be converted, a potential further 23,956,451 ordinary shares of between £0.01 to £0.60 would be issued Information on share options and warrants is disclosed in note 14. This figure excludes the conversion of any CLN's in Note 11.

There were no shares issued subsequent to the end of the interim period.

13. Share capital

	Unaudited Six months 30 September 2023	Unaudited Six months 30 September 2022	Audited Year ended 31 March 2023
Number of shares allotted	**Number**	Number	Number
Ordinary Shares of £0.01 each	**187,074,111**	180,551,615	180,551,615
Nominal value	**£**	£	**£**
Ordinary Shares of £0.01 each	**1,870,741**	1,805,516	1,805,516

Share issues during the period

During the period ended 30 September 2023 the following share transactions took place:

- The Company issued 6,522,496 ordinary shares of £0.01 each for consideration of £0.03 per share.

14. Share options and warrants

Founder share incentives

The founder shareholders have a right to receive shares at a nominal value once certain milestones are met.

The movements in the number of incentives during the year were as follows:

	Unaudited Six months to 30 September 2023 Number	Unaudited Six months to 30 September 2022 Number	Audited Year ended 31 March 2023 Number
Outstanding at beginning of period	**18,229,148**	18,229,148	18,229,148
Granted during the period	**-**	-	-
Terminated on admission to AIM	**-**	-	-
Replacement share awards following admission to AIM	**-**	-	-
Exercised during the year	**-**	-	-
Outstanding at end of period	**18,229,148**	18,229,148	18,229,148

The founder options meet the definition of equity in the financial statements of the Company on the basis that the 'fixed for fixed' condition is met. No consideration was received for the founder options at grant date, therefore no accounting for the issue of the equity instruments is required under IFRS. On exercise, the shares are recognised at the fair value of consideration received, being the option price of £0.01.

Part of one of the founders' option agreement were share options issued in their capacity as a Director and were dependent on their continuing employment, and therefore 243,333 options have been accounted for under IFRS 2. This resulted in a charge to the income statement of £143,603 and these options were fully vested in the year ended 31 March 2022.

Share Options - Employees

EMI and ESOP

Share options have been issued to key employees as an incentive to stay with the Company. These options can be exercised within one and ten years following the grant date once the option has vested.

The movement on the number of share options issued by the Company during each period presented was as follows.

	Unaudited	Unaudited	Audited
	Six months to	Six months to	Year ended
	30-Sep-23	30-Sep-22	31-Mar-23
	Number	Number	Number

Outstanding at beginning of period	**1,533,333**	1,683,333	1,683,333
Granted during the period	**40,910**	-	-
Lapsed during the period	-	(100,000)	(150,000)
Outstanding at end of period	**1,574,243**	1,583,333	1,533,333

The exercise price of share options issued to key employees ranges between £0.30 and £0.45 (30 September 2022: £0.01 and £0.45) (31 March 2023: £0.30 and £0.45) and their remaining contractual life was 9 years (30 September 2022: 10 years) (31 March 2023: 9.5 years.).

CSOP share options

Share options have been issued to key employees as an incentive to stay with the Company. These options can be exercised within three and ten years following the grant date once the option has vested.

	Unaudited Six months to 30 September 2023 Number	Unaudited Six months to 30 September 2022 Number	Audited Year ended 31 March 2023 Number
Outstanding at beginning of period	2,583,316	-	-
Granted during the period	-	2,799,982	2,799,982
Exercised/lapsed during the period	(474,236)	-	(216,666)
Outstanding at end of period	2,109,080	2,799,982	2,583,316

The exercise price of share options outstanding at 30 September 2023 was £0.275 and their remaining contractual life was 9 years.

The exercise price of share options outstanding at 31 March 2023 was £0.275 (2022: £nil) and their remaining contractual life was 9 years and 6 months.

Warrants

Warrants have been issued to certain shareholders and intermediaries as commission for introducing capital to the Company. Warrants can be exercised at any point before the expiry date for a fixed number of shares.

The movement on the number of warrants issued by the Company during each period presented was as follows.

	Unaudited Six months to 30 September 2023 Number	Unaudited Six months to 30 September 2022 Number	Audited Year ended 31 March 2023 Number
Outstanding at beginning of period	**2,170,740**	4,095,219	4,095,219
Granted during the period	**-**	-	-

Exercised during the period	**-**	(1,183,400)	(1,183,400)
Expired during the period	**(126,760)**	-	(741,079)
Outstanding at end of period	**2,043,980**	2,911,819	2,170,740

At 30 September 2023 the exercise price of warrants outstanding ranged between £0.01and £0.60 and their remaining contractual life was 1 month to 3 months.

At 31 March 2023 the exercise price of warrants outstanding ranged between £0.01 and £0.60 and their remaining contractual life was 3 months to 9 months.

15. Commitments

Capital commitments
As at 30 September 2023 the Group had contracted to purchase property, plant and machinery amounting to £2,329,060. (30 September 2022: £4,173,277). (31 March 2023: £3,754,738). An amount of £123,320 (31 March 2023: £123,320) (30 September 2022: £123,320) is contingent on the commencement of mining operations.

Other financial commitments
The total amount of other financial commitments not provided in the financial statements was £9,329,000 (30 September 2022: £10,329,000) (31 March 2023: £10,329,000) payable on the commencement of mining operations and represented contractual amounts due to the mining contractor and further committed payments to the funds held in the escrow account under the escrow agreement.

Included within other financial commitments is £3,000,000 (30 September 2022: £5,000,000) (31 March 2023: £4,000,000) which is considered to be payable annually.

16. Events after the end of the interim reporting period

On 18 December 2023 the Group issued £1.8 million of Tranche C convertible loan notes which carry the same terms and conditions as the other convertible loan notes as disclosed in note 11.

As disclosed above, the Group was in breach of the terms of the agreement post period end. These breaches were waived by all Note holders whether they subscribed to Tranche C or not in December 2023.