

20 March 2023

Corcel Plc ("Corcel" or the "Company"), the battery metals and flexible grid solutions company announces its unaudited half-yearly results for the six-months ended 31 December 2022

Board Statement

Dear Shareholders,

We believe Q1 2023 marks a pivotal moment for your Company, following an admittedly difficult period.

Corcel is now positioned as a carried non-operator miner across multiple mineral exploration projects in its growing battery metals upstream portfolio and has recently broadened its strategy to include oil and gas alongside mining, with a particular focus on Brazil. This reflects the significant onshore opportunity set in the oil and gas sector at attractive valuations and the Company's Executive experience and connectivity in this space. Whilst the Company continues to have a strong belief in global electrification, with the expected supply constraints in these key metals and the associated price increases already underway, the Company has decided to take advantage of the macro tailwinds in the oil and gas sector and leverage its connections and expertise in the sector.

To enable this strategic repositioning, the Company has taken various steps to re-position its legacy portfolio including:

- Restructuring its PNG nickel assets, positioning them in a broader portfolio, on a fully carried basis, ready for a standalone listing which we expect to be at a highly attractive valuation
- Acquiring and subsequently farming out the Mt. Weld project in Western Australia. Mt Weld is a potentially significant rare earth project, located next to one of the world's largest REE mines, where the encouraging results of a magnetics inversion confirm the potential of the project, which is now preparing up to four high quality drill targets. This interest is non-operated and fully carried with drilling expected to commence shortly with potentially transformational results
- Completing a series of asset sales, including the Tring Road and the Burwell projects
- Completing a substantial deleveraging programme during 2022

The Company is therefore now positioned with near term, and potentially transformational, newsflow from both Mt Weld and advantaged potential oil and gas acquisitions. With its legacy assets now fully carried, we believe shareholders can look forward to an exciting 2023.

The Board and I want to thank our shareholders for their support.

James Parsons
Executive Chairman

Consolidated statement of financial position

as at 31 December 2022

	Notes	31 December 2022 Unaudited, £'000	31 December 2021 Unaudited, £'000	30 June 2022 Audited, £'000
ASSETS				
Non-current assets				
Investments in associates and joint ventures	6	1,921	2,381	1,988
Exploration and evaluation assets	8	1,217	1,067	1,026
Property, plant and equipment		52	110	52
FVTOCI financial assets	7	1	1	1
FVTPL financial assets	7	-	72	-
Other receivables		1,514	1,416	1,502
Total non-current assets		<u>4,705</u>	<u>5,047</u>	<u>4,569</u>
Current assets				
Cash and cash equivalents		226	50	25
Trade and other receivables		215	178	277
Total current assets		<u>441</u>	<u>228</u>	<u>302</u>
TOTAL ASSETS		<u>5,146</u>	<u>5,275</u>	<u>4,871</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Called up share capital	9	2,770	2,746	2,751
Share premium account		25,674	24,161	24,961
Shares to be issued		75	75	75
Other reserves		2,412	2,048	2,095
Retained earnings		(27,457)	(25,245)	(26,757)
Total equity		<u>3,474</u>	<u>3,785</u>	<u>3,125</u>
LIABILITIES				
Current liabilities				
Trade and other payables		758	218	323
Short term borrowings		914	1,272	1,423
Total current liabilities		<u>1,672</u>	<u>1,490</u>	<u>1,746</u>
TOTAL EQUITY AND LIABILITIES		<u>5,146</u>	<u>5,275</u>	<u>4,871</u>

The accompanying notes form an integral part of these financial statements.

Consolidated statement of income
for the period ended 31 December 2022

	Notes	6 months to 31 December 2022 Unaudited, £'000	6 months to 31 December 2021 Unaudited, £'000
Gain on sale of JV projects		353	-
Administrative expenses	3	(527)	(507)
Project expenses		(44)	-
Foreign currency (loss)/gain		16	-
Finance costs, net		(431)	(105)
Share of loss of associates and joint ventures		(67)	(2)
Loss for the period before taxation		(700)	(614)
Tax expense		-	-
Loss for the period after taxation		(700)	(614)
Earnings per share			
Loss per share – basic, pence	4	(0.13)	0.16
Loss per share – diluted, pence	4	(0.13)	0.16

Consolidated statement of comprehensive income
for the period ended 31 December 2022

		6 months to 31 December 2022 Unaudited, £'000	6 months to 31 December 2021 Unaudited, £'000
(Loss)/profit for the period		(700)	(614)
Unrealised foreign currency gain/(loss) on translation of foreign operations		(38)	-
Revaluation of FVTOCI investments	7	-	(6)
Total comprehensive loss for the period		(738)	(620)

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of changes in equity
for the period ended 31 December 2022**

The movements in equity during the period were as follows:

	Share capital £'000	Share premium account £'000	Shares to be issued £'000	Retained earnings £'000	Other reserves £'000	Total Equity £'000
As at 1 July 2021 (audited)	2,726	24,161	75	(24,630)	2,018	4,370
Changes in equity for six months ended 31 December 2021						
Profit/ (loss) for the period	-	-	-	(615)	-	(615)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-
Revaluation of FVTOCI investments	-	-	-	-	(6)	(6)
Total comprehensive (loss)/income for the period	-	-	-	(615)	(6)	(621)
Transactions with owners						
Warrants issued	-	-	-	-	36	36
Total Transactions with owners	-	-	-	(615)	30	(585)
As at 31 December 2021 (unaudited)	2,746	24,161	75	(25,245)	2,048	3,785
As at 1 July 2022 (audited)	2,751	24,961	75	(26,757)	2,095	3,125
Changes in equity for six months ended 31 December 2022						
Profit/ (loss) for the period	-	-	-	(700)	-	(700)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-
Unrealised foreign currency gain arising on translation of foreign operations	-	-	-	-	(38)	(38)
Total comprehensive (loss)/income for the period	-	-	-	(700)	(38)	(738)
Transactions with owners						
Issue of shares	19	738	-	-	-	757
Share issue and fundraising costs	-	(25)	-	-	-	(25)
Options issued	-	-	-	-	27	27
Warrants issued	-	-	-	-	328	328
Total Transactions with owners	19	713	-	-	355	1,087
As at 31 December 2022 (unaudited)	2,770	25,674	75	(27,457)	2,412	3,474

	FVTOCI investments reserve	Share-based payments reserve	Warrants Reserve	Foreign currency translation reserve	Total other reserves
	£'000	£'000	£'000	£'000	£'000
As at 1 July 2021 (audited)	4	99	1,380	535	2,018
Changes in equity for six months ended 31 December 2021					
Other Comprehensive income					
Revaluation of FVTOCI investments	(6)	-	-	-	(6)
Share options granted during the year	-	-	-	-	-
Warrants granted during the year	-	-	36	-	36
Unrealised foreign currency gains arising upon retranslation of foreign operations	-	-	-	-	-
Total comprehensive income/(loss) for the period	(6)	-	36	-	30
As at 31 December 2021 (unaudited)	(2)	99	1,416	535	2,048
As at 1 July 2022 (audited)	(2)	116	1,450	531	2,095
Changes in equity for six months ended 31 December 2022					
Other Comprehensive income					
Share options granted during the year	-	27	-	-	27
Warrants granted during the year	-	-	328	-	328
Unrealised foreign currency gains arising upon retranslation of foreign operations	-	-	-	(38)	(38)
Total comprehensive income/(loss) for the period	-	27	328	(38)	317
As at 31 December 2022 (unaudited)	(2)	143	1,778	493	2,412

Consolidated statement of cash flows
for the period ended 31 December 2022

	Note	6 months to 31 December 2022 Unaudited £'000	6 months to 31 December 2021 Unaudited £'000
Cash flows from operating activities			
(Loss)/profit before taxation		(700)	(614)
Decrease/(increase) in receivables		62	(14)
Increase in payables		435	(95)
Share-based payments		355	36
Finance cost, net		103	69
Share of loss of associates and joint ventures, net of tax		67	2
Net cash flows from operations		322	(616)
Cash flows from investing activities			
Additional investments in JVs and investment in associates		(12)	(3)
Purchase of financial assets carried at amortised cost		-	(31)
Investment in exploration and evaluation assets		(20)	-
Cash acquired on business combination		-	2
Net cash flows from investing activities		(32)	(32)
Cash flows from financing activities			
Proceeds from issue of shares		537	-
Interest paid		(103)	(69)
Proceeds of new borrowings, as received net of associated fees		-	475
Repayment of borrowings		(509)	(100)
Net cash flows from financing activities		(75)	306
Net decrease in cash and cash equivalents		215	(342)
Cash and cash equivalents at the beginning of period		25	392
Effects of foreign exchange translation on currency holdings		(14)	-
Cash and cash equivalents at end of period		226	50

**Half-yearly report notes
for the period ended 31 December 2022**

1 Company and Group

As at 30 June 2022 and 31 December 2022 the Company had one or more operating subsidiaries and has therefore prepared full and interim consolidated financial statements respectively.

The Company will report again for the full year ending 30 June 2023.

The financial information contained in this half yearly report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the year ended 30 June 2022 has been extracted from the statutory accounts of the Group for that year. Statutory accounts for the year ended 30 June 2022, upon which the auditors gave an unqualified audit report which did not contain a statement under Section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies.

2 Accounting Policies

Basis of preparation

The consolidated interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2022, which have been prepared in accordance with IFRS.

Business combinations

On the acquisition of a subsidiary, the business combination is accounted for using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities are initially recognised at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregated amount of the consideration transferred, measured at the date of acquisition. The consideration paid is allocated to the assets acquired and liabilities assumed on the basis of fair values at the date of acquisition. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

If the cost of acquisition exceeds the identifiable net assets attributable to the Group, the difference is considered as purchased goodwill, which is not amortised but annually reviewed for impairment. In the case that the identifiable net assets attributable to the Group exceed the cost of acquisition, the difference is recognised in profit or loss as a gain on bargain purchase.

If the initial accounting for a business combination cannot be completed by the end of the reporting period in which the combination occurs, only provisional amounts are reported, which can be adjusted during the measurement period of 12 months after acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Half-yearly report notes
for the period ended 31 December 2022, continued

3 Administrative expenses

	6 months to 31 December 2022	6 months to 31 December 2021
	Unaudited £'000	Unaudited £'000
Staff Costs:		
Payroll	175	220
Pension	8	10
Share based Payments -Staff	26	-
HMRC / PAYE	26	26
Total:	235	256
Professional Services:		
Accounting	51	43
Legal	17	11
Business Development	6	-
Marketing & Investor Relations	4	20
Funding costs	20	-
Other	35	12
Total:	133	86
Regulatory Compliance	67	55
Travel	2	4
Office and Admin Costs:		
General	18	18
IT costs	3	5
Rent - Main Office	14	6
Insurance	55	77
Total:	90	106
Total administrative expenses	527	507

Half-yearly report notes
for the period ended 31 December 2022, continued

4 Loss per share

The following reflects the loss and share data used in the basic and diluted profit/(loss) per share computations:

	6 months to 31 December 2022 Unaudited	6 months to 31 December 2021 Unaudited
Loss attributable to equity holders of the parent company, in Thousand Sterling (£'000)		614
Weighted average number of Ordinary shares of £0.0001 in issue, used for basic and diluted EPS		384,787,602
Loss per share – basic and diluted, pence		0.16

At 31 December 2022 and at 31 December 2021, the effect of all the instruments is anti-dilutive as it would lead to a further reduction of loss per share, therefore they were not included into the diluted loss per share calculation.

Options and warrants that could potentially dilute basic EPS in the future, but were not included in the calculation of diluted EPS because they are anti-dilutive for the periods presented:

	6 months to 31 December 2022 Unaudited	6 months to 31 December 2021 Unaudited
Share options granted to employees – total, of them	26,687,412	6,215,334
- Vested at the end of the reporting period	-	125,000
- Not vested at the end of the reporting period	26,687,412	6,090,334
Warrants given to shareholders as a part of placing equity instruments	615,665,670	141,999,329
Total number of instruments in issue not included into the fully diluted EPS calculation	642,353,082	148,214,663

Half-yearly report notes
for the period ended 31 December 2022, continued

5 Segmental analysis

The Group's operational segments are as follows:

For the six-month period to 31 December 2022	Battery Metals	Flexible Grid Solutions (FGS)	Corporate and unallocated	Total
	£'000	£'000	£'000	£'000
Revenue	-	-	-	-
Result				
Segment results	(110)	331	(490)	(269)
Loss before tax and finance costs	(110)	331	(490)	(269)
Finance costs	-	-	(431)	(431)
Loss for the period before taxation	(110)	331	(921)	(700)
Taxation expense	-	-	-	-
Loss for the period after taxation	(110)	331	(921)	(700)
Total assets at 31 December 2022	4,742	2	402	5,146
For the six-month period to 31 December 2021	Battery Metals (Nickel and Vanadium)	Flexible Grid Solutions	Corporate and unallocated	Total
	£'000	£'000	£'000	£'000
Revenue	-	-	-	-
Result				
Segment results	(5)	(24)	(480)	(509)
Loss before tax and finance costs	-	-	(105)	(105)
Finance costs	-	-	(105)	(105)
Loss for the period before taxation	(5)	(24)	(585)	(614)
Taxation expense	-	-	-	-
Loss for the period after taxation	(5)	(24)	(585)	(614)
Total assets at 31 December 2020	4,497	487	291	5,275

Half-yearly report notes
for the period ended 31 December 2022, continued

6 Investments in associates and joint ventures

	31 December 2022	31 December 2021	30 June 2022
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
At the beginning of the period	1,988	2,380	2,380
Additional investments in JVs	-	3	11
Share of loss for the period using equity method	(67)	(2)	(3)
Impairments	-	-	(400)
At the end of the period	1,921	2,381	1,988

7 Financial assets

	31 December 2022	31 December	30 June
	Unaudited	2021	2022
	£'000	Unaudited	Audited
		£'000	£'000
FVTOCI financial instruments at the beginning of the period	1	7	7
Disposals	-	-	-
Revaluations and impairment	-	(6)	(6)
FVTOCI financial assets at the end of the period (unaudited)	1	1	1

	31 December 2022	31 December	30 June
	Unaudited	2021	2022
	£	Unaudited	Audited
		£	£
FVTPL financial instruments at the beginning of the period	-	72	72
Additions	-	-	-
Impairments	-	-	(72)
FVTPL financial assets at the end of the period (unaudited)	-	72	-

Half-yearly report notes
for the period ended 31 December 2022, continued

8 Share Capital of the company

The share capital of the Company is as follows:

	Number of shares	Nominal, £'000
<i>Allotted, issued and fully paid</i>		
Deferred shares of £0.0009 each	1,788,918,926	1,610
A Deferred shares of £0.000095 each	2,497,434,980	237
B Deferred shares of £0.000099 each	8,687,335,200	860
Ordinary shares of £0.0001 each	440,878,296	45
As at 1 July 2022 (Audited)		2,752
Shares issued in the period		
Ordinary shares of £0.0001 each	189,330,000	19
<i>Allotted, issued and fully paid</i>		
Deferred shares of £0.0009 each	1,788,918,926	1,610
A Deferred shares of £0.000095 each	2,497,434,980	237
B Deferred shares of £0.000099 each	8,687,335,200	860
Ordinary shares of £0.0001 each	630,208,296	63
As at 31 December 2022 (Unaudited)		2,770

Half-yearly report notes
for the period ended 31 December 2022, continued

9 Capital Management

Management controls the capital of the Group in order to control risks, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

10 Events after the reporting period

Mt Weld Farmout

On 4 January 2023, the Company announced that it had entered into a farm-out and joint venture agreement with Riversgold Ltd (ASX:RGL) covering its recently acquired rare earth elements project at Mt. Weld, in Laverton, Australia. The transaction resulted in the Company receiving AU\$30,000 immediately in cash and a funded carry through an AU\$500,000 initial work program covering a 12 month period, which if completed would see the Company surrendering 50% of its interest in the project to the JV partner. A further earn-in period, with a AU\$1,000,000 required spend, would allow RGL to potentially acquire an additional 20% interest in the project.

Sale of Burwell Energy Storage Project

On 25 January 2023 the Company announced that had completed the sale of its 100% interest in the Burwell Energy Storage project to Burwell AL Limited. Consideration for the transaction totalled £200,000 plus reimbursement for the Company's £50,000 grid connection deposit lodged in prior years.

Debt Restructuring

On 30 January 2023 the Company announced restructured debt totalling £673,348 by way of an immediate cash payment of £235,671, incurring a refinancing fee of 5% of principal outstanding. The remaining principal of £471,343 is due for repayment in 8 equal monthly instalments commencing in February 2024, attracts an interest rate of 6% annually and may be converted into ordinary shares at a fixed price of £0.004 per share. The Company retains the right to repay the loan early in cash, subject to a 5% early repayment fee.

Option to Acquire Australian Lithium Project

On 22 February 2023 the Company announced that it had entered into an exclusive 30-day option with Huntsman Exploration Inc to acquire a 100% interest in the Canegrass Lithium Project in Australia. Consideration for entering into the option took the form of a non-refundable cash payment of £20,000 and allows the Company to acquire the asset within the option period for consideration of £200,000, payable by the issuance of 50,000,000 new ordinary shares.

NPC JV signature

On 1 March 2023 the Company announced that it had entered into agreements with Integrated Energy Metals ("IEM") to restructure the Company's PNG battery metals assets into a new carried vehicle, Integrated Battery Metals ("IBM"). Following the transaction the Company will retain a 50% interest in the new JV vehicle, receive a \$1,500,000 carried interest in the forward work program and be entitled to a gross revenue royalty of 1.5% over production from the Wowo Gap project. It is intended that IBM will, ultimately, be listed in Asia. An additional announcement would be made at completion of the transaction.

Wowo Gap Exploration License Renewal

On 7 March 2023, the Company announced that Exploration License 1165 (EL 1165) had been renewed for a period of four years retroactively, with the updated term now valid through February 2024.