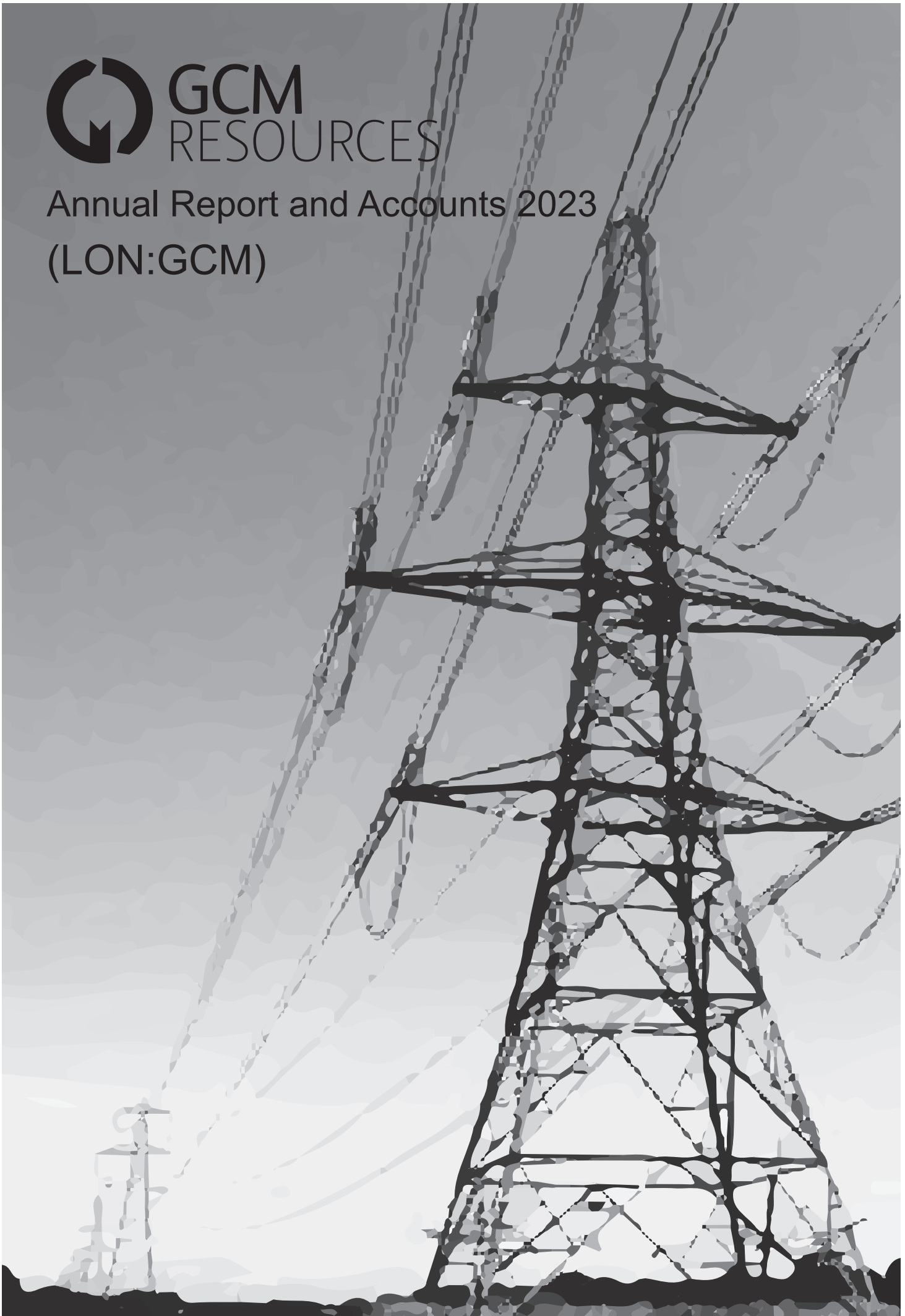




GCM
RESOURCES

Annual Report and Accounts 2023
(LON:GCM)



GCM Resources plc

GCM Resources plc (“GCM” or the “Company”), the AIM listed mining and energy company, has identified a world class coal resource of 572 million tonnes (JORC 2004 compliant) at the Phulbari Coal and Power Project (“the Project”) in north-west Bangladesh. Utilising the latest highly energy efficient coal-power generating technology the Phulbari coal mine can support some 6,600MW. The Project site can also support over 2,000MW of Solar Power capacity throughout the Project life span. GCM requires approval from the Government of Bangladesh to develop the Project.

Contents

Strategic Report

Group Strategic Report

Non-Executive Chairman’s Statement	1
Group Strategic Report	4

Governance

Governance

Board of Directors	10
Corporate Governance Statement	11
Directors’ Report	14

Financial Statements

Group Accounts

Independent Auditor’s Report	19
Consolidated Financial Statements	24
Notes to the Consolidated Financial Statements	28

Company Financial Statements

Statement of Directors’ Responsibilities	45
Company Statement of Changes in Equity	46
Company Balance Sheet	47
Notes to the Company Financial Statements	48

Non-Executive Chairman's Statement

The Board presents the Company's Annual Report and Accounts for the year ended 30 June 2023, which once again has been a challenging period for new large-scale project development in Bangladesh. As the first half of the reporting period unfolded there was optimism regarding Bangladesh making moves to refocus its energy supply strategy away from an almost total dependence on imports to embracing a strategic balance, with coal supply coming from its significant, largely unexploited domestic coal resources. The State Minister for Power, Energy and Mineral Resources even spoke in parliament on the extraction of these coal resources, citing that the Phulbari coal deposit is the country's only realistic open pit coal mine option, implying its potential for delivering significant long-term coal production for power generation.

Whilst indications are the momentum swing towards domestic energy resource extraction is on the rise, physical progress was stymied as political focus swung towards the 7 January 2024 National Election (outside the reporting period), i.e., from the second half of the reporting period the country entered its election year.

We have previously commented on the extremely detrimental effects that high commodity prices (particularly for energy products) are having on Least Developed Countries. Unfortunately, this situation has worsened as the world's supply chain not only was not keeping pace with demand from the post-COVID awakening of industries, but has been further affected by the protracted Ukraine conflict and more recent conflict in the Middle East. In the case of Bangladesh, the past couple of years have seen its foreign exchange reserves plummet by 50%, its currency devalue against the US Dollar by over 30% and inflation pushing 10%. In short, this has caused an even deeper austerity move with the central bank imposing certain restrictions on imports, which also caused disruption to imported

coal supply, impacting power supply from recently commissioned large-scale coal-fired power plants.

Our Dhaka team maintains contact with government agencies and has seen evidence that the forementioned momentum towards developing the country's known domestic coal resources and increasing exploration to identify new gas fields is waxing. The downturn in key economic indicators has seemingly been an awakening and it is most fortunate that the country has such a world class energy resource as the Phulbari coal deposit that can easily be developed and help insulate against the vagaries of the world energy market.

GCM has patiently been working to be in the best position to present the Project Proposal to the Bangladesh Government and would welcome its participation as a partner in the Project. With the apparent move towards finally realising the potential of domestic energy resources, now that the National Election has been completed and the Awami League government returned, we are targeting Project Proposal delivery once the new government has settled in.

To reiterate, the Project Proposal focusses on development of the Phulbari coal mine which will have an annual production of over 15 million tonnes, capable of supporting some 6,600MW based on the latest highly energy efficient coal-fired power plant systems for more than 30 years. The Project area can also support over 2,000MW of installed Solar Power Capacity throughout the life of the Project and this is an adjunct to the Proposal. It is aimed to supply power from the Solar Power Park to both the national grid and the Phulbari coal mining operation, enabling the mine to attain carbon emission neutrality and "Green Mine" status.

During this last Financial Year, our team continued to work closely with development partner, Power

Construction Corporation of China, Ltd. ("PowerChina"). They are a diverse and extremely experienced organisation with the capabilities to support all aspects of the Project. Apart from an MOU focused on coal mine development and Joint Venture Agreements for power plants of 4,000MW (two 2,000MW Stages), as indicated below, PowerChina has also shown interest in the proposed Phulbari mine site Solar Power Park.

Other steps taken in Financial Year 2023 include:

- On 22 August 2022, the Company announced that it had agreed a further extension of the consultancy agreement with DG Infratech Pte Ltd ("DGI"), a Bangladeshi controlled company, for an additional two years. DGI's prime role is to provide advisory and lobbying services in relation to the Company's business, namely to achieve project approval.
- On 12 December 2022, the Company announced that the MOU with PowerChina, focused on coal mine development, has been extended for a further 12-months to 6 December 2023.
- On 9 January 2023, the Company announced a Joint Development Agreement ("JDA") for the proposed Solar Power Park to be developed as an adjunct to the Phulbari Coal and Power Project. Under the terms of the JDA, GCM would hold 50%, Dyani Corporation 30% and PowerChina 20%, with the intention of also being appointed the EPC Contractor.
- On 14 June 2023, the Company announced it had successfully raised £0.5 million through the placement of 20,000,000 new ordinary shares of 1 pence (the "issue price") with professional investors at a price of 2.5 pence per share.

Non-Executive Chairman's Statement (continued)

Outside the Reporting Period:

- On 15 September 2023, the Company announced the resignation of its Independent Non-Executive Director, Mr Mohd Najib Bin Abdul Aziz. And that Independent Non-Executive Director, Mr Christian Taylor-Wilkinson, would act as interim Non-Executive Chairman.
- On 28 November 2023, the Company announced that further to its announcements of 23 November 2021, June 2021 and 12 December 2022, Power Construction Corporation of China, Ltd. ("**PowerChina**") it had agreed an extension for a period of a further 12 months from 6 December 2023 to 6 December 2024 on the same terms as the previous memorandum of understanding ("**MoU**") which is primarily focused on the Phulbari coal mine development. This will allow PowerChina and GCM to continue to work on determining the modality for PowerChina to become a Mine Development Partner, subject to the approval of PowerChina internal compliance and all other relevant regulatory agencies.
- On 28 November 2023, the Company announced in relation to the Loan Facility with Polo Resources Ltd ("**Polo**") as announced on 26 March 2021 and as amended and announced on 3 March 2022, it had requested to draw down a further £300,000 in accordance with the terms announced thereon. The Company on receipt of this further drawdown will have then utilised the full £3.5million of the £3.5million facility. This current drawdown request along with existing cash balances will be sufficient to fund the Company through to the end of March 2024, to which the Company will require to raise additional funds prior to the end of March 2024, for Working Capital thereafter.

- On 20 December 2023 and on 28 December 2023, the Company announced in relation to the final drawdown request of 28 November 2023, it was still awaiting receipt of the £300,000 funds from Polo Resources Ltd. The Company also stated it was considering alternative funding options.
- On 28 December 2023, the Company announced it was still in the process of completing its 2022-2023 audit; the delay is due to finalising an ongoing funding event. Therefore, as it was unable to publish its audited financial statements for the year end 30 June 2023 by 31 December 2023, the Company's shares were therefore temporarily suspended from trading on AIM. The suspension would occur from 7.30am on 2 January 2024.
- On 24 January 2024, the Company announced that it received a notice from Polo Investments Limited ("**Polo**"), pursuant to Section 168 of the Companies Act 2006, requesting that a resolution to remove Christian Taylor-Wilkinson be tabled, as an ordinary resolution, at the forthcoming Annual General Meeting of the Company or a general meeting of GCM to be convened as soon as practicable. Polo currently holds 43,328,003 shares representing 20.9% of the Company's total voting.
- On 25 January 2024, the Company announced that it had successfully raised gross proceeds of £0.5m by means of a direct subscription (the "**Subscription**") of new Ordinary Shares (the "**Subscription Shares**") at a price of 1.65 pence per share (the "**Subscription Price**"). The Company will need to carry out an additional fundraise before the end of May 2024 to fund its working capital for the next 12 months. The Subscription

Price represents a discount of 37.7 per cent to the Closing Price of 2.65 pence per Ordinary Share on 23 January 2024, being the latest practicable business day prior to the publication of this announcement.

Overarching Operating Environment: Bangladesh is pursuing a balanced energy mix with coal-fired power a significant contributor. This was reinforced by the Honourable Prime Minister for Bangladesh stating in the national parliament on 14 September 2023 (outside the reporting period) that her government was working towards generating 40,000 MW of electricity by 2030 and 60,000 MW by 2041. In that address it was highlighted that her government is implementing "new plans" for coal, diesel/furnace oil, nuclear and renewable energy-based power generation.

Bangladesh currently has 6,035 MW of installed or very soon to be commissioned coal-fired power generating capacity with a demand for some 16 million tonnes of coal per annum, i.e., equivalent to the Phulbari coal mine's planned production. These power plants include:

- Existing Barapukuria plants 525 MW
- Payra 1,320 MW
- Rampal 1,320
- Matarbari 1,200 MW
- S ALAM Banshkhali 1,320 MW
- Barisal 350 MW

However, the long-term plan is to increase coal-fired power to 11,830 MW which would require some 36 million tonnes of coal per annum.

The United Nations Climate Change Conference COP28 was held in the period 30 November to 12 December 2023 (outside the reporting period). On 1 December 2023, the COP28 President announced the first major milestone being a historic agreement to action the Loss and Damage Fund aimed at assisting vulnerable developing countries combat the effects of climate change. Bangladesh had previously announced that it would be promoting such a fund at the conference. The Bangladesh Environment Minister is leading the Bangladesh COP28 delegation and announced that Bangladesh strongly urged developed countries to fulfil their commitment of \$100 billion in climate finance. He expressed Bangladesh's disappointment with progress on climate finance and stated that commitment of developed countries to provide US\$100 billion per year has not been met yet, and that Bangladesh had strong reservations on how the climate financing would be calculated.

The Bangladesh COP28 delegation also observed that there is a huge distinction between developed countries and developing countries regarding the ability to phase out fossil fuels. The country is pursuing renewable energy, however, as solar and wind are not suitable for base-load power, thermal and nuclear remain the main options for providing base-load power to support its economic development.

Once again, I thank our shareholders and stakeholders for their incredible patience and on-going support. With the much-anticipated swing towards bringing domestic energy resources (both existing coal resources and potentially new gas discoveries) into the energy mix, we are now reaching the point of most relevance for the Project and look forward to moving with the Project Proposal once the newly elected Awami League government is in place and fully functional.

Christian Taylor-Wilkinson

Non-Executive Chairman
29 January 2024

Group Strategic Report

Strategy and Business Model

GCM's Objective remains the development of the Phulbari coal deposit as a captive, large-scale, open pit mining operation supporting some 6,600MW of highly energy-efficient Ultra-Supercritical power generation. As important adjunct to this Objective is the implementation of a large-scale, Solar Power Park (in stages to at least 2,000MW capacity) within the Project area, to be initiated within the first two years of gaining land access. The Solar Power Park is planning to deliver power both to the national grid and to the Phulbari coal mine which will enable it to attain "Green Mine" status.

Our Strategy is to firstly obtain approval from the Bangladesh Government for the comprehensive Project Proposal and with our Development Partner, PowerChina, finance, develop and operate all facets of the Project over its 35+ years life. The Strategy has several key components including inviting the Bangladesh Government to be partner in the Project, under mutually agreed terms yet to be finalised; and to establish Joint Ventures ("JVs") for key business units required to ensure efficient, economically sustainable mining operations and delivery of coal to customers.

Our business model has two business units covering the core aspects of the Project:

- **"MINING COMPANY"** to develop and operate the coal mine; and
- **"POWER COMPANY"** to develop and operate the proposed 4,000 MW Ultra-Supercritical power plants already covered in JVs with our Development Partner, PowerChina, and to develop and operate the mine-site Solar Power Park. Note that the business model relies on establishing a reliable domestic market for the Phulbari coal mine's

full production. This is vital to underpin the Project's economic sustainability and it is an important consideration when pursuing project financing. At present Bangladesh has installed coal-fired power plant with 6,035 MW capacity, requiring some 16 million tonnes of coal per annum, i.e., basically the Phulbari coal mine's nameplate production. However, the Bangladesh Government plans show a total coal-fired capacity of 11,830 MW and it remains probable that with approval of the Project's coal mine, the proposed 4,000 MW plants proposed by GCM and PowerChina will become attractive alternatives (located on or near the mine site would deliver cheapest coal-fired thermal power).

Our business model also proposes two JVs covering associated crucial areas:

- **"COAL TRANSPORT JV COMPANY"** to be responsible for delivering coal to market by arranging finance for and facilitating any necessary transport infrastructure upgrades; arranging any necessary rolling stock and barges (river and ocean-going); and managing the coal transport system to ensure timely and lowest cost delivery to customers; and
- **"INDUSTRIAL MINERAL CO-PRODUCT JV COMPANY"** to manage the extraction and delivery of large-volume valuable Industrial Mineral Co-Products that can be recovered from the overburden material removed to access coal, i.e., available ahead of reaching first coal. These Co-Products consist of gravels, aggregate, sands, glass sands, ceramic and pottery clay and potentially bottled water. This is potentially a very large business opportunity with the value of Co-Products available over the life of the Project estimated at

over ten Billion Dollars. Also, the Industrial Mineral Co-Products are in great demand in Bangladesh, so this JV Company will also add great value to industries and the economy, and importantly will deliver cashflow to the MINING COMPANY well ahead of first coal.

GCM remains confident its Strategy and Business Model will deliver project approval and enable the Project to: reduce the Country's exposure to the volatile energy market; deliver a long-term positive impact on Foreign Exchange Reserves; deliver the lowest coal-based energy price and cheapest electricity, enabling expansion and competitiveness of industries; produce new higher paying jobs; and grow the economy. It potentially will be a catalyst for a "step-jump" in the Bangladesh economy, supporting its move a Developing Country status by 2026 and helping achieve its Vision 2041 to:

- End absolute poverty and to be graduated into higher middle-income status by 2031; and
- Eradicate poverty on way to becoming a developed nation by 2041

Progress in-line with the strategy

The Company's "Feasibility Study and Scheme of Development" for the coal mine component of the Project is pending approval from the Bureau of Mineral Development (an entity under the Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources).

Progress during the reporting period has been impacted by the political and bureaucratic focus being distracted in the lead-up to the National Election which was held on 7 January 2024. Nevertheless, GCM's Dhaka-based team continued to work with contacts within the government agencies to

ensure the Company is in the very best position to engage with the new government once it is in place and fully functional within the 1st Quarter 2024. This communication is two-way and an overview of what would be expected in the Project Proposal has been shared. Indication are the government is now expecting the Ministry of Power, Energy and Mineral Resources to deliver a “new plan” that address how the country can negate the economic stress caused by being almost totally dependent on imported energy products. It is understood this “new plan” is to prioritise both development of the country’s known coal reserves and exploration in the anticipation of defining new gas reserves.

The Project also now plans to have an associated Solar Power Park of up to at least 2,000 MW that could be installed within a couple of years of Project approval and gaining land access. This is an exciting adjunct to the Proposal and could be operating before the mining operation reached coal, i.e., would provide an early cashflow. To facilitate the Solar Power Park, on 9 January 2023, the Company announced a JDA for the proposed Solar Power Park whereby GCM would hold 50%, Dyani Corporation 30% and PowerChina 20%, with the intention of also being appointed the EPC Contractor.

Year in review

For the 1st half of the reporting period there were indications the Bangladesh Government would be making a move towards bringing its domestic energy resources into its energy mix which is almost totally dependent on imports. The State Minister for the Ministry of Power, Energy and Mineral Resources even spoke at length in parliament (on the record) regarding the country’s known coal resources and specifically cited the Phulbari coal deposit as the only one that could practically be open pit mined (and deliver the coal

production volume that would make a difference). Unfortunately, this initiative became stalled as the country entered the 2023 election year.

As 2023 progressed, the country’s exposure to the world energy market and rampant price reinforced the dire economic trajectory it was following, i.e., foreign exchange reserves had halved and reported to be dropping at some US\$1 Billion per month, the local currency had devalued by some 30% and inflation pushing 10%.

Civil Society have become unrelenting in their promotion of the country moving to develop its own energy resources and endeavour to move away from the total import situation, as well as expressing concerns over the continued use of liquid fuel rental power plants and their associated very high power tariffs. Then in September 2023 (outside the reporting period), the Honourable Prime Minister of Bangladesh addressed parliament and stated that her government were implementing “new plans” for coal, diesel/furnace oil, nuclear and renewable energy-based power generation.

Throughout the reporting period and beyond, the Company’s Dhaka-based team has maintained contact with the relevant government agencies and there is credible evidence that the “new plans” cited by the Honourable Prime Minister are being framed and that such plans are addressing domestic coal extraction and exploration efforts for new gas. This is exciting news for the Company, the Project and its Shareholders and efforts are being made to ensure we are in the strongest position to engage with the newly elected government within the 1st Quarter 2024 and deliver the Project Proposal which includes a large-scale Solar Power Park as an adjunct.

The Company’s relationship with its Development Partner, PowerChina,

continues favourably evolve and they are now also involved in the proposed Solar Power Park via a JDA signed in January 2023.

GCM’s field team continued its close contact with the local community and local authorities to ensure they remain fully informed on the Project. The 67 “Community Liaison Assistants”, recruited from across the Project area, play a vital role in our two-way community communication strategy.

WH Ireland Limited continues as the Company’s Nominated Advisor and Broker since their appointment on 11 January 2021.

Finance review

The Group recorded a loss of £1,320,000 during the year ended 30 June 2023 compared to a loss of £1,679,000 during the previous year. The loss decreased from the comparative year principally due to a decrease in non-cash, share-based payments accrued in accordance with the Group’s agreements with Dyani & DG in relation to pre-development expenditure. The decrease was from £414,000 in 2022 to £180,000 this year as a result of natural reduction in payment to the consultants, but their continuing partnership allows the Group to continue its progress in-line with GCM’s strategy of developing power generation as a new business stream, with no slow-down in pursuing continuing project progress.

The Group recorded a net decrease in cash at the end of the year to £543,000 (2022: £961,000). Net cash used in operations for the year was £627,000 (2022: £846,000), cash used in investing activities was £656,000 (2022: £520,000), and cash inflow from financing was £865,000 (2022: £1,610,000).

The Group has continued its aim to maintain tight control of expenditure incurred during the year: Administrative expenses were down

Group Strategic Report (continued)

by 2.9% to £728,000 for the year ended 30 June 2023 (2022: £750,000) which included £10,000 non-cash expenditure, and finance costs remained stable at £480,000 (2022: £480,000). Capitalised expenditure in relation to the mine proposal was £625,000 for the year ended 30 June 2023 compared to £563,000 in the previous year.

To finance its operations during the year, GCM completed a successful Placing in conjunction with WH Ireland Ltd, raising Gross proceeds of £500,000 in June 2023. In addition, GCM continued to have available, the short-term loan facility with Polo Resources Limited ("Polo") (the "Polo Loan Facility"). A drawdown of £300,000 on the Polo Loan Facility was made during November 2023 and if the drawdown was received, the full facility of £3,500,000, would be utilised. At the date of this report, the drawn down funds had not been received. The terms of the loan facility were amended in March 2022 as part of the completed placing and subscriptions, such that the lender may request conversion by the issuance of new ordinary shares in the Company at 5.14 pence per share (being the Issue Price) subject to any necessary regulatory approvals. All other terms of the agreement remained unchanged. (See Note 12 for detailed terms).

As GCM does not yet generate any revenue, the Board expects that the Group's operations will continue to be funded by a combination of equity and debt financing.

Continuing for the foreseeable future, the Company's cash expenditure is not expected to increase and, as far as possible, obligations to key stakeholders will be primarily satisfied by the issue of new ordinary shares in the capital of the Company ("Ordinary Shares"), to both incentivise those stakeholders and preserve cash.

As at the date of this report, the Company had drawn down £3,200,000 of the Polo Loan Facility and the Company currently has approximately £42,000 in available cash resources, which is not sufficient to meet the Company's immediate cash requirements, assuming the Company's currently forecast cash costs. The Company has explored other financing options, and at the date of this report has secured £500,000 gross equity funds by way of a subscription for ordinary Shares with Clear Capital markets, as announced on 26 January 2024 at 1.65p per share.

Corporate Social Responsibility

The Company appreciates that the Project is not a 'one go' process like other large development projects. The Project's Social Licence to Operate ("SOL") will require a concerted effort over the life of the Project. Key to maintaining the SOL is the ability to listen to the communities within which we will be operating, deal with their concerns, keep them fully informed, improve livelihoods and, not only minimise environmental impacts, but improve the local environment.

GCM is committed to developing the Project in accordance with highest international and national environmental and social standards as defined in:

- International Finance Corporation (World Bank) policies and standards;
- Equator Principles;
- Asian Development Bank's (ADB) Safeguard Policies; and
- Prevailing policies and laws of Bangladesh.

GCM continues to be a signatory of UN Global Compact, the World's largest voluntary corporate responsibility initiative, and embraces

the core values pertaining to human rights, labour standards, the environment and anti-corruption.

Feedback from government agencies indicates the desire for the local people to be stakeholders and to be motivated to support projects, i.e., offer employment, provide education and fairly compensate for land required and people displaced. The Project's Resettlement Action Plan ("RAP") comprehensively deals with the government's desires for the local people and was prepared as part of the coal mine's all-encompassing Environmental and Social Impact Assessment. The specific requirements of the local people were captured in surveys covering families within and immediately adjacent to the Project Area. A demographic survey was also carried out in 2019 to update the population and household trends. GCM is committed to lift the amenity of its local community and will ensure the RAP will deliver:

- Full and fair compensation prior to displacement;
- Fairness, transparency and choice;
- Higher living standards (town/village sites improved amenities);
- Financial grants to enhance livelihoods;
- Training and preferential employment; and
- Support of farmers to enhance agricultural production.

GCM maintains facilities in the Project area and its resident field team is in close contact with the community and local authorities. The field team is assisted by 67 Community Liaison Assistants ("CLA's"), recruited from across the Project Area.

Risks and uncertainties

The predominant risks and uncertainties faced by the Company are set out below:

Political and economic – risk that the recently completed National Election is not deemed to be free and fair, leading to a protracted period of civil unrest and US led sanctions that affect economic development. However, to offset this risk, Bangladesh is receiving significant diplomatic support by its large neighbours being Indian and China. Also the Bangladesh President has set a precedent by allowing the Bangladesh army to be deployed to assist in quelling any such civil unrest. In this situation, business development was able to continue.

Strategic – risk that the Project Proposal is not approved, however, the country's exposure to the world energy market has caused severe economic stress leading to austerity measures that have interrupted the flow of energy products for power generation which in turn impacts business and industrial productivity. However, Indications are the government is working to offset this risk with "new plans" in the energy and power sector aimed at reducing imports by developing its domestic energy reserves, principally coal and also undertaking exploration programs to grow the severely depleted gas reserves. The Company operates in Bangladesh through its wholly owned subsidiary, Asia Energy Corporation, and all activity is covered under the terms and conditions of its Contract with the Bangladesh Government for "Exploring and Mining of Coal in Northern Bangladesh". Under this Contract, approval is assured, although there may be several iterations involved to clarify issues ahead of the approval.

Strategic – risk that the strategic partnership with the Chinese state-owned-enterprise PowerChina does not proceed, thus undermining

the Company's strategy of presenting the Project as a captive coal mine with reliable market options for its full coal mine production and jeopardising the mine's economic sustainability. However to offset this risk, the Project Proposal invites the Bangladesh Government to become a partner in the Project and the Proposal promote all or part of the Phulbari captive open pit coal mine production being sold in the first instance to the Government's own power plants, thus reducing or eliminating the dependency on having mine-mouth power plants as the sole market for the Phulbari coal. The current and prolonged world energy crisis with escalated coal and LNG prices (increasing pressure of Bangladesh's Foreign Exchange Reserves) also makes the proposition of the Government using Phulbari coal for its power plants much more attractive.

The Company has also taken steps to further reduce this risk by its Bangladesh team working with contacts within key government agencies to ensure the Project Proposal is aligned with the "new plans" in the energy and power sector (as noted in the Political and economic risk discussion) and that the Company is in the best position to engage with the newly elected government following the 7 January 2024 National Election.

Financing – risk that the Company will not be able to raise necessary working capital to sustain its activities ahead of presenting the Project Proposal to the government or the funding required to take the Project through the government approval process to implementation stage. The former financing risk is off-set by the Company's track-record of being able to raise funds through the equity market. The latter financing risk is offset by agreements in place with our Development Partner, PowerChina, whereby in return for being awarded EOC Contracts, PowerChina has expressed a willingness to assist

with project financing. The Directors are confident that the necessary funds will be obtained as and when required. For further details refer to the Directors' Report.

Commercial – risk that the Project's economic viability is undermined by sustained adverse movement of coal price and key cost elements. This risk is offset by the current and prolonged world energy crisis with escalated coal and LNG prices makes the proposition of the Government using Phulbari coal for its power plants much more attractive. Analysts predict the supply/demand forces will support continuing high coal prices in the medium term, thus using Phulbari coal will give the Government some protection against supply and cost escalation risk and save billions of dollars in Foreign Exchange. To further reduce economic viability risk there will be a rise and cost provision for the coal mine with the coal supply agreements for the power plants. Bangladesh currently has 6,035 MW of coal-fired power capacity installed that requires some 16 million tonnes of coal per annum, i.e., the nameplate production for the Phulbari coal mine. In addition, the Bangladesh Government's plan is to increase the coal-fired power capacity to 11,830 MW which will require some 36 million tonnes per annum.

Legal – risk that the mining lease and exploration licences are revoked. The Group continues to comply with all terms of the Contract with the Government for "Exploration and Mining of Coal in Northern Bangladesh" and is careful to ensure that all ongoing conditions of the Contract and the associated mining lease and exploration licences are met. GCM has received a recent comprehensive legal opinion that the Contract is enforceable under Bangladesh and International law.

Health and safety, social and environmental risks – The Group remains committed to developing

Group Strategic Report (continued)

the Project and meeting the highest international social and environmental standards as detailed in the Corporate Social Responsibility section within this Strategic Report.

Climate Change risk - Increased awareness and action against climate change will put pressure on governments and financing organisations to reduce exposure to fossil fuel related power generation. This could affect future Bangladeshi Government policy towards coal fired generation and limit funding appetite for the Project. Bangladesh is scheduled to officially become a developing country in 2026 as the UN committee recommended that the country should get five years, instead of three, to prepare for the transition due to the impact of Covid-19 on its economy. Until 2026, the country will continue to enjoy the trade benefits as an LDC. The Bangladesh Government has also recently adopted its Vision 2041 which aims to end absolute poverty and to be graduated into higher middle-income status by 2031 and eradicate poverty on way to becoming a developed nation by 2041.

Bangladesh has minimal emissions and is far behind the developed countries in terms of GDP and power generation per capita. Considering the year 2019 (immediately prior to the COVID pandemic and the worldwide economic slowdown) published figures indicate its contribution to the world's CO₂ production was some 0.25 percent, i.e. Bangladesh is not a significant emitter.

Vision 2041 identifies two fundamental energy and power sector pillars necessary to support the Vision: (i) Adopting a least-cost power generation expansion path; and (ii) Promoting supply of low-cost primary energy. To achieve this, it needs to steadily grow its power generation capacity (efficient low-cost power) to drive industrial development and create sustainable new well-paying jobs. To this end,

even if the Phulbari full coal production was consumed in over 6,600MW of power being generated Bangladesh's contribution to the world's CO₂ production would still be minimal.

The Bangladesh Government recognises the importance of commercial fuel diversity for its power generation; however, it remains heavily reliant on imported fuels, which exposes the country to inherent world-market risks in terms of maintaining supply and controlling cost. The world-wide protracted energy crisis has raised serious questions over Bangladesh's dependence on imported energy products. It has forced the Government to adopt an austerity approach involving restricting energy imports and cutting back on power generation, principally driven by falling Foreign Exchange Reserves. Civil society and many political figures are now calling for a rapid move to develop the country's domestic coal and gas resources to ensure energy security and save on Foreign Exchange. As noted in the Political and economic risk discussion, indications are the Bangladesh Government is working on "new plans" for the energy and power sector which aim to reduce dependency on expensive imported energy products by developing its domestic energy resources, principally the known domestic coal reserves and to encourage exploration for new gas fields.

The Phulbari Project remains focused entirely on serving Bangladesh's domestic requirements, adhering to its policies and laws and supporting its development goals. The Project will assist Bangladesh achieve its NDC targets as it balances issues to achieve its development goals. By using Phulbari's high quality coal high energy efficient low emission Ultra-Supercritical power plants the country will not only eliminate greenhouse emissions associated with coal shipping and handling,

but importantly it will realise a large amount of clean coal technology produced power at tariffs that will make its industries more competitive. This will help drive Bangladesh economic development and ability to deal with the effects of climate change.

Board engagement with stakeholders

This section serves as our section 172 statement and should be read in conjunction with the rest of the Strategic Report and the Company's Corporate Governance Statement.

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, and would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, governments, local communities, and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

The Directors uses its Board meetings as a mechanism for giving careful consideration to the factors set out above in discharging their duties under section 172.

Stakeholder engagement

Key stakeholder groups we engage with are listed below, together with an explanation of why we focus on them and how we engage them.

Employees

The success of the Group is dependent upon the hard work and

dedication of all our employees. The Board ensures a continuing investment in existing employees who are supported through professional, technical and on-the-job training relevant to their functional areas, as well as other relevant role-specific training. The Board directs executives and senior managers to keep staff informed of the progress and development of the Company on a regular basis through formal and informal meetings and regular communications. In addition, the Board ensures funds are provided for regular events to encourage employee participation in local community initiatives.

Government Agencies & Local Communities

The Group operates in the regulated mining sector in Bangladesh. The Board ensures the Company adopts a positive focus on maintaining productive relations with local communities and all levels of government. As a result, the Chief Executive Officer and Chief Operating Officer regularly conduct consultations with multi-levels of government agencies to ensure that all regulatory approvals and permits remain in good order. Development of local community improvement programmes are undertaken with consultation of local government and community representatives to maintain positive and productive relationships necessary to advance the Phulbari project.

As a mining exploration Group, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. Wherever possible, local communities are engaged in the geological operations and support functions required for field operations. The regions in which the Group operates have native title laws. The Company is respectful of native title rights and engages proactively with local communities. In addition, we are

careful to manage the environmental obligations of our work, and undertake site rehabilitation programmes, and prepare mine management plans, in accordance with local laws and regulations. Our goal is to meet or exceed standards, to ensure we maintain our social licence to operate from the communities with which we interact.

Contractors & Suppliers

Our proposed Joint Venture associates, consultants and suppliers are key business partners, and the quality of goods and services we receive are essential to supporting operations and to enhance the project process with our goal to successfully submit our project proposal to the Bangladesh Government for approval.

During the year, the Board committed significant resources into fostering improved relationships with our key partners. As directed by the Board, management collaborates and continually works with our partners and the full supply chain, sharing best practice and seeking out synergies to improve.

Lender

For the entire reporting period the Chairman, CEO and FD, on behalf of the Board have been in regular contact with its lender. An extension to the loan agreement was agreed during the year, which enabled the Group to continue on a stable financial platform.

Investors

Investors are considered key stakeholders, and consequently investor relations are a focus area for Directors. Where possible the Board engages investors on Group performance following project updates and results announcements with face-to-face meetings or scheduled calls.

On behalf of the Board,

Datuk Michael Tang PJN
Chief Executive Officer
29 January 2024

Board of Directors

Executive Directors

Datuk Michael Tang PJN (*Executive Chairman*) is Chairman of the Company's largest shareholder, Polo Resources Limited, and is the principal of Mettiz Capital Limited, an investment company. Datuk Tang has significant corporate and financial experience in natural resources, power generation, healthcare, technology, manufacturing and real estate. Datuk Tang qualified as a barrister at Lincoln's Inn and holds a Bachelor of Law degree from the London School of Economics and Political Science. Datuk Tang was conferred the Distinguished Order for Meritorious Service ("Panglima Jasa Negara") which carries the honorific title of "Datuk" by His Majesty King of Malaysia. The award was in recognition of his invaluable service and contribution to the nation.

Keith Fulton (*Finance Director*) is the Finance Director of GCM and has over 25 years accounting and finance experience and was a partner at the audit firm Chapman Davis for over fourteen years. He began his career at Badger Hakim, where he qualified as a Chartered Accountant, following which he held various financial advisory and leadership positions at a number of corporates, including Finance Director at IDG UK Holdings Ltd. Keith is a member of the Institute of Chartered Accountants in England and Wales.

Gary Lye (*Chief Operating Officer*) is the Chief Operating Officer of GCM and Chief Executive Officer of GCM's subsidiary, Asia Energy Corporation (Bangladesh) Pty Ltd. He has been with the Phulbari Coal and Power Project (the Project) since January 2004 and led the exploration programme and Feasibility Study. He is a qualified geologist and geotechnical engineer with a Master's Degree in Rock Mechanics from the Royal School of Mines, London and a Diploma of the Imperial College (DIC), London and has over 45 years' international experience in the mining industry. Gary previously held senior mining positions with several leading mining companies. This included roles as Strategic Mine Development Manager with Kalgoorlie Consolidated Gold Mines at their Super Pit operations in Kalgoorlie, Western Australia, and as Manager of Mining Research for CRA in Perth, Western Australia.

Non-Executive Directors

Mohd. Najib Abdul Aziz (*Non-Executive Chairman*) has over 25 years corporate and finance experience in a number of industries, including property, construction and manufacturing. He began his career at KPMG in Perth and later worked at Arthur Andersen & Co. in Kuala Lumpur. Najib has significant experience in both Executive and Non-Executive Director roles in Malaysia. In addition to his current executive roles at Corporate-Pacific Holdings Sdn Bhd and Pentas Flora Environmental Services Sdn Bhd, he is also an Independent Non-Executive Director of Bina Puri Holdings Bhd and Tropicana Corporation Bhd, the latter where he is also the Chairman of the Audit Committee. Najib is a member of the Malaysian Institute of Accountants and a member of Chartered Accountants Australia and New Zealand. Najib resigned from the Board on 11 October 2023.

Christian Taylor-Wilkinson (*Non-Executive Chairman*) has spent his working life in the City and has over 30 years' experience advising and working alongside companies across many sectors and geographies. Christian's background spans investment banking, investor relations and financial PR, which gives him a broad perspective on the capital markets landscape as well as a deep understanding of the needs of businesses, their boards and their shareholders. He has worked with a wide range of companies - from global European and Asian telecommunications businesses to smaller AIM companies. He founded Leander PR Ltd, a small cap focused financial public relations agency in April 2009. He was appointed as a Non-Executive Director of Altona Energy plc, a Rare Earths mining exploration company, in January 2019, and was made CEO in November 2020, until his resignation as Chief Executive in June 2023, and continues in a Business Development role for the Company.

Corporate Governance Report

Corporate Governance Statement

The Board of Directors (“Board”) aims to adhere to industry good practice in relation to corporate governance of the Company. The Board approved the adoption of the Quoted Companies Alliance Corporate Governance Code 2018 (“QCA Code”) on 9 July 2018.

The QCA Code sets out 10 principles which should be applied. These are listed below together with a short explanation of how the Group applies each of the principles. Where the Group does not fully comply with each principle an explanation as to why has also been provided:

Principle One: Strategy and business model

The Board has developed and implemented a strategy which it believes will achieve long term value for shareholders. This strategy is set out in the Strategic Report. The Company believes that this strategy is appropriate to protect the Company from unnecessary risk and optimise its long-term future.

Principle Two: Understanding shareholder needs and expectations.

The Board is committed to maintaining good communications and seeks to understand and meet shareholder needs and expectations by engaging with them across a range of platforms. All shareholders are encouraged to attend the Company’s Annual General Meetings where they can meet and directly communicate with the Board. After the close of business at the Annual General Meeting, the Chairman opens the floor to questions from shareholders. The Company provides phone numbers on all its updates and RNS announcements where shareholders can contact the appropriate senior Company representatives directly. Shareholders also have access to information through the Company’s website, www.gcmplc.com.

Shareholders are also welcome to contact the Company via email at info@gcmplc.com with any specific queries.

Principle Three: Stakeholder responsibilities

The Board recognises that the long-term success of the Company is reliant upon strong positive relationships with the Government of Bangladesh, local potentially affected communities, its partners, customers, contractors, suppliers, employees and other stakeholders.

The Company is committed to developing any project under its control to the highest international social and environmental standards. In addition to compliance with applicable national laws, GCM has committed to comply with the Equator Principles, the International Finance Corporation’s Performance Standards on Social and Environmental Sustainability and the principles of the UN Global Compact.

At this stage in the Company’s development, the Board has not adopted a specific written policy on Corporate Social Responsibility as the standards it has committed to gives sufficient guidance at the Company’s current stage of development.

The Company engages positively with local communities, regulatory authorities and stakeholders in its project locations and encourages feedback through this engagement. Through this process the Company identifies the key resources and fosters the relationships on which the business relies.

Principle Four: Risk management

The Board periodically reviews the risks to which the Group is exposed including on all significant new transactions, and ensures that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Group at this stage in its development and in the foreseeable future are detailed within the Strategic Report together with risk mitigation strategies employed by the Board.

Principle Five: A well-functioning Board of Directors

The Non-Executive Chairman (Christian Taylor-Wilkinson) has overall responsibility for the Corporate Governance of the Company. The Board is responsible for formulating, reviewing and approving the Group’s strategy, budget, major transactions and monitoring achievement of its business objectives. An agenda and supporting documentation are circulated to the directors before each Board meeting. Open and timely access to all information is provided to directors to enable them to bring independent judgement on issues affecting the Group and facilitate them in discharging their duties. The Board meets formally periodically during the year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic, operational and financial matters.

The Board currently consists of the Non-Executive Chairman (Christian Taylor-Wilkinson), the Chief Executive Officer (Datuk Michael Tang PJN), the Finance Director (Keith Fulton), and the Chief Operating Officer (Gary Lye). The Board considers that its composition is satisfactory and complies with the QCA Code, however, is currently actively recruiting one or two further non-executive directors to improve its Board composition.

The roles of Chairman and Chief Executive Officer are split per best practice. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. The Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information. No one individual has unfettered powers of decision. The Finance Director works full time for the Company.

The non-executive director is considered independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Corporate Governance Report (continued)

The Board is supported by the audit, remuneration and the nomination committees, details of which can be found below.

Principle Six: Appropriate skills and experience of the Directors

For the current size and stage of development of the Company, the Board considers the current balance of sector, financial and public market skills and experience present on the Board is appropriate to execute the Company's strategy and business plan and discharge its duties effectively. As the Company evolves, the Board will be reviewed and expanded as necessary to ensure appropriate expertise is always in place to support its business activities. Details of the current Board of Directors' biographies are set out within the Board of Directors section.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

Principle Seven: Evaluation of Board performance

Due to GCM's size and available resources, and the status of the Company's operations, the Company has yet to set in place a formal evaluation system for its Board, Directors and employees. The appropriateness of performance review will be reassessed as the Company's corporate governance evolves in line with development of its business. The board shall monitor requirements for succession planning on an ongoing basis.

Principle Eight: Corporate culture

The Company operates in the United Kingdom and Bangladesh. It is committed to upholding all laws relevant to countering bribery and corruption in all jurisdictions in which it operates and remains bound by the laws of the United Kingdom, including the Bribery Act 2010, in respect of conduct both at home and abroad.

The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever we operate, implementing and enforcing effective systems to counter bribery.

The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Board takes account of employees' interests when making decisions, and suggestions from employees aimed at improving the Group's performance are welcomed.

The Company has adopted a Share Dealing Code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle Nine: Maintenance of governance structures and processes

Ultimate authority for all aspects of the Company's activities rests with the Board. The Non-Executive Chairman is responsible for the effectiveness of the Board, ensuring that no individual or group dominates the Board's decision-making, and that the Non-Executive Directors are properly briefed on all operational and financial matters. The Non-Executive Chairman has overall responsibility for corporate governance matters in the Group. The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. Key operational and financial decisions are reserved for the Board through periodic Board meetings.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third-parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten: Shareholder communication

The Company encourages communication with both private and institutional shareholders. The Company's website is regularly updated and users, including all stakeholders, can register to be alerted via email when material announcements are made. The Company's contact details are on the website for investor relations enquiries.

Shareholders are encouraged to attend the Company's Annual General Meeting. Notices of General Meetings are posted to shareholders and copies for at least the past five years are contained within the Annual Reports, copies of which are available on the website.

The results of voting on all resolutions in future general meetings will be posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent votes.

Board and Committees

The Board consists of three executive directors and one non-executive director (including the Chairman). The Board considers that this composition is satisfactory, considering the size and scale of the Group's activities and that no one individual or group dominates the decision-making process. The composition of the Board, including the balance between executive and non-executive directors will continue to be reviewed to ensure that the Board continues to have the appropriate structure and skills to meet the needs of the Group as its business develops. The Board will continue to monitor and actively recruit additional independent non-executive directors.

The Board meets regularly through the year, providing effective leadership and overall management of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the Group's forecast and budget, major capital expenditure, risk management policies and approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner prior to Board meetings. The Board delegates certain of its responsibilities to the Board Committees which have clearly defined terms of reference and are listed below.

All directors have access to the advice and services of the Group's solicitors, Nominated Adviser and the Company Secretary. Any Director may take independent professional advice at the Group's expense in the furtherance of their duties.

Retirement by rotation

One third of directors are required to retire at every Annual General Meeting (AGM) of the Company by rotation and may be re-elected by ordinary resolution.

The Audit Committee

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. Mr Christian Taylor-Wilkinson is Chair of the Audit Committee, supported by Keith Fulton, the Finance Director and Company Secretary, and the full board who are not formally members of the committee. The membership of the committee will be reviewed annually and upon any changes to the composition of the Board. During the year the Audit Committee met twice and was active in assessing the adequacy of the interim and annual financial statements, including conducting meetings with the auditors of the Company.

The Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board of Directors' and senior executives' remuneration. Non-Executive Directors' remuneration is considered by the Board. Financial packages for the Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another Company. Mr Christian Taylor-Wilkinson is Chair of the Remuneration Committee, supported by Keith Fulton, the Finance Director and Company Secretary, and the full board who are not formally members of the committee. The membership of the committee will be reviewed annually and upon any changes to the composition of the Board. The Committee met once during the year to conduct a review of executive remuneration, including benchmarking to market and making appropriate recommendations to the Board.

The Nominations Committee

The Nominations Committee makes recommendations to the Board for the recruitment of Directors and senior executives. Mr Christian Taylor-Wilkinson is Chair of the Nominations Committee, supported by Keith Fulton, the Finance Director and Company Secretary, and the full board who are not formally members of the committee. The membership of the committee will be reviewed annually and upon any changes to the composition of the Board. During the year the Nominations Committee did not meet formally but has been involved in the assessment of prospective candidates for non-executive positions as requested by the Board.

Christian Taylor-Wilkinson

Non-Executive Chairman
29 January 2024

Directors' Report

The Directors present their annual report and the audited accounts for the year ended 30 June 2023.

Principal activities

GCM Resources plc (GCM) was incorporated as a Public Limited Company (Company register number 04913119) on 26 September 2003 and admitted to the London Stock Exchange Alternative Investment Market (AIM) on 19 April 2004.

The Company's principal activity, through its subsidiaries, is the development of the Phulbari Coal and Power Project in Bangladesh.

Business review

Phulbari Coal and Power Project

A detailed review of progress on the Phulbari Coal and Power Project is included in the Group Strategic Report.

Financial resources

As at 30 June 2023, GCM held £543,000 in cash (2022: £961,000 cash).

Corporate responsibility

GCM is committed to undertaking its activities in accordance with the highest international social, environmental and operational standards. For detailed information please refer to the Group Strategic Report.

Financial review

The Group recorded a loss after tax of £1,320,000 for the year ended 30 June 2023 (2022: loss after tax of £1,679,000). Non-cash expenses of £180,000 were incurred during the year (2022: £414,000).

Capitalised evaluation expenditure relating to the Phulbari Coal and Power Project was £625,000 for the year ended 30 June 2023 (2022: £563,000).

Events after the end of the reporting period

The events which took place subsequent to 30 June 2023, are fully disclosed in Note 21 to the Consolidated Financial Statements.

Dividends

The Directors do not recommend the payment of a dividend (2022: nil).

Going concern

As at 30 June 2023, the Group had £543,000 in cash and £805,000 of net current liabilities. The directors and management have prepared a cash flow forecast to March 2025, which shows that the Group will require further funds to cover operating costs to advance the Phulbari Coal and Power Project and meet its liabilities as and when they fall due. Based on current forecasts, additional funding will need to be either raised from third parties or the short-term loan facility with Polo Resources Limited ("Polo Loan Facility") increased and extended by the end of March 2024, in order to meet current operating cost projections. The Directors also note that, under the amended terms of the existing Polo Loan Facility, the lender agreed not to serve a repayment request in cash for 5 years from the date of amended terms, 26 March 2021, or alternatively convert to shares at 5.14 pence per share at the lender's option (as amended on 1 March 2022). The Company does not currently have secured funding arrangements in place to cover this loan or further potential expenditure which may be needed to advance the Project and, accordingly, should Polo request repayment of the Polo Loan Facility (under certain terms of the Loan Facility), GCM will need to raise funds in a short amount of time, which may not be available on terms acceptable to the Board or on a workable timeframe.

The Company currently has utilised £3,200,000 of the Polo Loan Facility at the date of this report (at the date of this report, the Company is awaiting receipt of the final drawdown of £300,000 from Polo), and based on projected future cash expenditure, at the date of this report this facility would be required to be increased, or additional funds raised through equity placing or other debt facilities in order to be sufficient to support the Company's operations for the twelve months from the date of this report. As announced by the Company on 25 January 2024, the Company has completed a Gross equity fund raise of £500,000 by way of subscription for Ordinary Shares with Clear Capital Markets, at a price of 1.65p per share. At the current run rates, the Company's existing cash resources, is expected to provide sufficient capital for the next five months. The Company intends to explore alternative funding options over the second quarter of 2024, with the aim to complete and secure the necessary third-party funding by the end of June 2024.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

- Sufficient additional funding can be obtained for working capital purposes; and
- In the event that operating expenditure increases significantly as a result of successful progress with regards to the Phulbari Coal and Power Project, sufficient funding can be obtained.

While the Directors remain confident that necessary funds will be available as and when required, as at the date of this report these funding arrangements are not secured, the above conditions and events represent material uncertainties that may cast significant doubt over

the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Upon achieving approval of the Phulbari Coal and Power Project, significant additional financial resources will be required to proceed to development.

Future outlook

The Group is fully committed to the Phulbari Coal and Power Project and is directly engaging with the Government of Bangladesh and other stakeholders to move the Project forward. A detailed review of progress on the Phulbari Coal and Power Project is included in the Group Strategic Report.

Principal risks and uncertainties

Details of the Group's principal risks and uncertainties can be found within the Group Strategic Report.

Financial instruments

Details of the financial risk management objectives and policies of the Group and information on the Group's exposure to financial risks can be found in note 18 to the financial statements.

Directors

The Directors who served during the year:

	Appointed	Resigned
<i>Executive Directors</i>		
Datuk Michael Tang PJN		
Keith Fulton		
Gary Lye		
<i>Non-Executive Directors</i>		
Mohd. Najib Abdul Aziz		11 October 2023
Christian Taylor-Wilkinson		

Amounts paid for services of Directors for the year ended 30 June 2023 were:

	Salary & fees £	Share based payments £	2023 Total £	2022 Total £
<i>Executive Directors</i>				
Datuk Michael Tang PJN (*)	303,600	–	303,600	303,600
Keith Fulton	90,000	10,000	100,000	120,000
Gary Lye	173,828	–	173,828	170,540
<i>Non-Executive Directors</i>				
Mohd. Najib Abdul Aziz (resigned 11 October 2023)	6,000	–	6,000	6,000
Christian Taylor-Wilkinson	6,000	–	6,000	6,000
James Hobson (resigned 1 December 2021)	–	–	–	5,000
	579,428	10,000	589,428	611,140

(*) Michael Tang's remuneration remains partially unpaid as at 30 June 2023, see Note 20 also.

Directors' Report (continued)

The Directors who held office at 30 June 2023, or on date of resignation, had the following interests in the ordinary shares and options of the Group:

	2023 Shares	2023 Conditional shares ⁽¹⁾	2023 Options	2022 Shares	2022 Conditional shares	2022 Options
<i>Executive Directors</i>						
Datuk Michael Tang PJN	–	–	7,250,000 ⁽²⁾	–	–	7,250,000
Keith Fulton	1,023,343	–	–	705,883	–	–
Gary Lye	2,000	170,000	825,000	2,000	170,000	825,000
<i>Non-Executive Directors</i>						
Mohd. Najib Abdul Aziz	–	–	–	–	–	–
Christian Taylor-Wilkinson	–	–	–	–	–	–
James Hobson	–	–	–	200	–	– ⁽³⁾

(1) Shares awarded in the event of key milestones being reached. Refer to Note 17 to the financial statements.

(2) Options with an exercise price of £0.11, vested on 1 January 2016 and an expiry date of 31 May 2020. On 29 May 2020, these options were extended on the same terms until 31 May 2024.

(3) James Hobson resigned on 1 December 2021.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Further reviews of internal controls will be undertaken as the Group develops to ensure that they remain adequate and effective.

Risk management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation and monitoring risks through regular reviews by senior management.

Business risk

The Board regularly evaluates and reviews business risks when reviewing project timelines. The types of risks reviewed include:

- Regulatory and compliance obligations
- Political and economic risks - refer to note 1 for further information
- Environmental requirements
- Legal risks relating to contracts, licences and agreements
- Insurance risks – the Group holds insurance coverage for potential employee and liability claims
- Political risks arising from operating in Bangladesh – refer to note 1 for further information
- Climate Change Risk – refer to Risks and Uncertainties within the Strategic Report

Treasury policy

The Group currently finances its operations through equity and debt financing and holds its cash to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board. Refer to note 18 for liquidity risk.

Capital management

Capital comprises of cash only. The Group holds a loan facility of £3,500,000 of which £3,200,000 had been fully utilised as at 30 June 2023. The Group does not hold other loans, financial leases, or other non-current finance obligations.

	2023 £000	2022 £000
Cash	543	961
Borrowing facilities undrawn (*)	300	300
Unpaid share capital (**)	–	400
Capital	843	1,661

(*) £300,000 of the available facility, was requested to be drawn down on 28 November 2023, and the Company at the date of this report is awaiting receipt of the funds

(**) The unpaid share capital of £400,000 was received on 5 July 2022

Upon approval of the Phulbari Coal and Power Project funding will be sought from a mix of equity and debt sources to finance development. The objective of the Group's capital management will be to manage gearing levels and capital ratios in order to support its business, maximise shareholder value and maintain a healthy capital position. The Group incurs expenditure in a number of currencies including UK Pounds, Bangladesh Taka, US Dollars and Australian dollars. The Group has a policy of not hedging currency exposures.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the directors of the Company which was in force at the date of approval of this report.

Political contributions

No payments to political parties have been made during the year (2022: nil).

Relations with shareholders

The Board attaches great importance to maintaining good relationships with its shareholders. The Group's activities are detailed in the Annual Report and Financial Statements, the Interim Report and market announcements. Market sensitive information is always released to all shareholders concurrently in accordance with stock exchange rules. The AGM provides an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Group maintains a corporate website where information on the Group is regularly updated and all announcements are posted.

Website disclosure

The Group has a website www.gcmplc.com on which statutory information, press releases and background information on the Group and its operations can be found.

Annual General Meeting (AGM)

Full details of the resolutions to be proposed at the Company's AGM will be included in the Notice of Meeting which will be distributed to shareholders along with the Annual Report.

Auditors

The auditors to the Group, PKF Littlejohn LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the AGM.

Directors' statement as to disclosure of information to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare Group financial statements under UK-adopted international accounting standards. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board,

Keith Fulton

Executive Director

29 January 2024

Independent Auditor's Report

Independent auditor's report to the members of GCM Resources Plc

Opinion

We have audited the financial statements of GCM Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice) and as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2023, and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in both the group and parent company financial statements, which indicates that the group's and the parent company's ability to continue as a going concern is dependent on the ability to secure additional funding through financing arrangements or the issue of equity. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging the directors' forecasts prepared to assess the group's and parent company's ability to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements. We have reviewed the consistency of committed cash flows against contractual arrangements and compared general overheads to current run rates. The forecasts demonstrated that the group and parent company will require additional funding during the going concern period to meet its liabilities as and when they fall due.
- The forecasts indicate that the current funding will not be sufficient with further funding being required to meet increased expenditure on the mine and power plant project. We have discussed with the directors the strategies that they are pursuing to secure further funding if and when required. We note that the Company have successfully raised funds from issuing equity in the past but at the date of this report there are no legally binding agreements in place to cover a funding deficit in these scenarios.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report (continued)

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we consider 1.5% of total assets to be the most significant determinant of the group's financial performance used by shareholders as the group continues to bring its mining assets through to development. Materiality of the parent company was based upon the loss before tax in order to achieve sufficient coverage of expenditure in our testing.

Whilst materiality for the financial statements as a whole was £659,000 (2022 – £662,000), each significant component of the group was audited to a lower level of materiality. The parent company materiality was £66,000 (2022 – £82,000) with the other components being audited to a materiality of £329,000 (2022 – £331,000). These materiality levels were used to determine the financial statement areas that are included within the scope of our audit work and the extent of sample sizes during the audit.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at 70% of the above materiality levels for both group and parent company, equating to £461,000 (2022 – £463,000) and £46,000 (2022 – £57,400) respectively, based upon our assessment of the risk of misstatement.

We agreed with management that we would report to the audit committee all individual audit differences identified during the course of our audit in excess of £32,000 (2022 – £33,000) for the financial statements as a whole and £3,300 (2022 – £4,100) for the parent company. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

Our approach to the audit

Our group audit scope focused on the group's principal operating location being Bangladesh which was subject to a full scope audit together with the parent company, which was also subject to a full scope audit. These represent the significant components of the group.

The remaining components of the group were considered non-significant and these components were principally subject to analytical review procedures.

Entities subject to full scope audits account for 99% of the total assets.

The audits of each of the significant components were performed in the United Kingdom. All of the audits were conducted by PKF Littlejohn LLP.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
<p>Carrying value of intangible asset (Group) and Carrying value of investment in subsidiary (Parent Company)</p> <p>As disclosed in note 9 to the group financial Statements, the group's intangible asset represents capitalised exploration and evaluation expenditure on the Phulbari Coal Project. The balance is £43.4m as at 30 June 2023. The parent company holds an investment in Asia Energy Corporation (Bangladesh) Pty Limited which is the entity that holds the underlying Phulbari asset. The value of the investment on the parent company balance sheet is £47.9m, as disclosed in note 6 to the parent company financial statements.</p> <p>The group has a contract with the Government of Bangladesh to explore, develop and mine on the Phulbari Coal licence area. In 2005 the Group submitted a feasibility study and mine development plan, in line with the terms of the contract, in order to obtain approval to move forward with development. To date the government has not provided the necessary approval. As a result, there is continued uncertainty regarding if and when such approval will be obtained. The parent company has received a legal opinion confirming that the group retains legal title to the asset despite the delays in approval, and that the contract with the Government of Bangladesh is enforceable under Bangladesh and International law. The recoverability of the investment in Asia Energy Corporation (Bangladesh) Pty Limited is reliant on the successful development of the Phulbari asset and is therefore subject to the same uncertainties regarding recoverability.</p> <p>The directors consider that the delay in obtaining the approval represents an indicator of impairment under IFRS 6 Exploration for and Evaluation of Mineral Resources. As part of the impairment assessment the directors concluded that the value of the intangible asset and investment in subsidiary continues to be appropriately supported by the original definitive feasibility study submitted in 2005. As such, the carrying value is dependent upon the ultimate approval of the feasibility study and mine development plan. The directors remain satisfied that approval will ultimately be obtained and concluded that no impairment is required at 30 June 2023. The directors have disclosed their key judgements, together with the uncertainties in this regard, in note 1 to the financial statements. Given the level of judgement applied, and the ongoing delays in obtaining government approvals, we consider this to be a significant audit risk and a key audit matter.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> Evaluating the Directors' assessment of the group's right to tenure over the Phulbari Coal licence area by reviewing historical agreements and the external legal opinion obtained by the group on the status of the overriding contract. We obtained the legal opinions from the group's external solicitor and assessed the solicitor's competence and independence to give such opinions. A discussion was held with the lawyer providing those opinions. Gaining an understanding of the strategy the directors are pursuing to progress the project given the continued delays in securing development approval and reviewing the partnership agreements the parent company has entered into historically and during the period. Evaluating management's impairment assessment and underlying economic model against the original feasibility study submitted in 2005, including the approved coal reserves study. We critically challenged the key estimates and assumptions used including their continued appropriateness including assessment of the price inputs to market data and forecasts; re-calculation of discount rates; and review of the forecast costs. We performed our own sensitivity analysis over individual key inputs, together with a combination of sensitivities over such inputs. Reviewing the minutes of meeting of GCM's board and RNS announcements for indicators of a potential trigger for impairment. Evaluating the disclosures given in the notes to the financial statements, including the judgments and the uncertainties regarding the ultimate approval by the Government of Bangladesh.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and our experience of the resource exploration sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from
 - Companies Act 2006;
 - AIM listing rules
 - Quoted Companies Alliance Code; and
 Local laws and regulations in Bangladesh where the group operates.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Enquiries of management
 - Review of Board minutes
 - Review of legal expenses including inquiry of the group's legal representative
 - Review of RNS announcements

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the estimates, judgements and assumptions applied by management in the assessment of impairment of intangible assets gave the greatest potential for management bias. Refer to the Key audit matter section above.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Joel

(Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
29 January 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income

For year ended 30 June

	Notes	2023 £000	2022 £000
Operating expenses			
Pre-development expenditure	16	(180)	(414)
Exploration and evaluation costs		68	(35)
Administrative expenses		(728)	(750)
Operating loss	3	(840)	(1,199)
Finance costs		(480)	(480)
Loss before tax		(1,320)	(1,679)
Taxation	6	-	-
Loss for the year		(1,320)	(1,679)
Other comprehensive income		-	-
Total comprehensive expense for the year		(1,320)	(1,679)
Loss per share			
Basic (pence per share)	7	(0.7p)	(1.1p)
Diluted (pence per share)	7	(0.7p)	(1.1p)

The notes on pages 28 to 43 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For year ended 30 June

	Share capital £000	Share premium account £000	Share based payments not settled £000	Accumulated losses £000	Total £000
Balance at 1 July 2021	12,048	55,611	583	(30,953)	37,289
Total comprehensive loss	–	–	–	(1,679)	(1,679)
Share issuances	447	2,086	(372)	–	2,161
Share issuance costs	–	(121)	–	–	(121)
Shares to be issued	–	–	414	–	414
Share based payments	–	–	17	–	17
Balance at 30 June 2022	12,495	57,576	642	(32,632)	38,081
Total comprehensive loss	–	–	–	(1,320)	(1,320)
Share issuances	253	513	(255)	–	511
Share issuance costs	–	(35)	–	–	(35)
Shares to be issued	–	–	180	–	180
Share based payments	–	–	2	–	2
Balance at 30 June 2023	12,748	58,054	569	(33,952)	37,419

The notes on pages 28 to 43 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 June

Company number 04913119

	Notes	2023 £000	2022 £000
Current assets			
Cash and cash equivalents		543	961
Other receivables	8	25	436
Total current assets		568	1,397
Non-current assets			
Property, plant and equipment		-	3
Right of use assets	13	42	19
Intangible assets	9	43,367	42,742
Total non-current assets		43,409	42,764
Total assets		43,977	44,161
Current liabilities			
Payables	11	(1,353)	(1,369)
Lease liabilities	13	(20)	(27)
Total current liabilities		(1,373)	(1,396)
Non-current liabilities			
Lease liabilities	13	(22)	(1)
Borrowings	12	(5,163)	(4,683)
Total non-current liabilities		(5,185)	(4,684)
Total liabilities		(6,558)	(6,080)
Net assets		37,419	38,081
Equity			
Share capital	14	12,748	12,495
Share premium account	14	58,054	57,576
Other reserves	14	569	642
Accumulated losses		(33,952)	(32,632)
Total equity		37,419	38,081

These financial statements were approved by the Board of Directors and were signed on their behalf by:

Keith Fulton

Executive Director
29 January 2024

The notes on pages 28 to 43 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For year ended 30 June

		2023 £000	2022 £000
Cash flows used in operating activities			
(Loss) before tax		(1,320)	(1,679)
Adjusted for:			
Pre-development expenditure	16	180	414
Finance costs	15	480	480
Other non-cash expenses		10	30
		(650)	(755)
Movements in working capital:			
Decrease in operating receivables		12	2
Increase in operating payables		11	354
Cash used in operations		(627)	(846)
Net cash used in operating activities		(627)	(846)
Cash flows used in investing activities			
Payments for intangible assets		(656)	(520)
Net cash used in investing activities		(656)	(520)
Cash flows from financing activities			
Issue of ordinary share capital		900	1,731
Share issue costs		(35)	(121)
Net cash from financing activities		865	1,610
Total (decrease)/increase in cash and cash equivalents		(418)	244
Cash and cash equivalents at the start of the year		961	717
Cash and cash equivalents at the end of the year	15	543	961

The notes on pages 28 to 43 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. Accounting policies

GCM Resources plc is domiciled in England and Wales, was incorporated in England and Wales as a Public Limited Company on 26 September 2003 and admitted to the London Stock Exchange Alternative Investment Market (“AIM”) on 19 April 2004.

The financial report was authorised for issue by the Directors on 29 January 2024, and the Consolidated Balance Sheet was signed on the Board’s behalf by Keith Fulton.

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2023.

The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated.

The functional and presentational currency of each of the entities in the Group is pounds sterling, and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

Political and economic risks – carrying value of intangible asset

The principal asset is in Bangladesh and accordingly subject to the political, judicial, fiscal, social and economic risks associated with operating in that country.

The Group’s principal project relates to thermal coal and semi-soft coking coal, the markets for which are subject to international and regional supply and demand factors, and consequently future performance will be subject to variations in the prices for these products.

GCM, through its subsidiaries, is party to a Contract with the Government of Bangladesh which gives it the right to explore, develop and mine in respect of the licence areas. The Group holds a mining lease and exploration licences in the Phulbari area covering the prospective mine site. The mining lease has a 30-year term from 2004 and may be renewed for further periods of 10 years each, at GCM’s option.

In accordance with the terms of the Contract, GCM submitted a combined Feasibility Study and Scheme of Development report on 2 October 2005 to the Government of Bangladesh. Approval of the Scheme of Development from the Government of Bangladesh is necessary to proceed with development of the mine. GCM continues to await approval.

The Group has received no notification from the Government of Bangladesh (the “Government”) of any changes to the terms of the Contract. GCM has received legal opinion that the Contract is enforceable under Bangladesh and International law, and will consequently continue to endeavour to receive approval for development.

Accordingly, the Directors believe that the Phulbari Coal and Power Project (the “Project”) will ultimately receive approval, although the timing of approval remains in the hands of the Government. To enhance the prospects of the Project, GCM has engaged in a strategy to align the Project with the needs and objectives of the Government. This includes the option to supply coal to both the Government’s commissioned and in the pipeline power plants, which total 11,755MW. The Government is seeking to grow its economy and deliver electricity at prices that will ensure competitiveness of its industries. The Group’s strategy of developing the Phulbari coal deposit as a captive, large-scale, open pit mining operation supporting some 6,600MW of highly energy-efficient Ultra-Supercritical power generation will enable cheaper coal-fired electricity than imported coal options. This evolving strategy has been enhanced to include installation of a large-scale Solar Power Park (up to 2,500MW) within the Project area, to be installed within the first two years of gaining land access; operating the Phulbari coal mine as a “Net Zero Carbon” or “Green Mine”; and participation modalities for Government.

Until approval of the Scheme of Development from the Government of Bangladesh is received there is continued uncertainty over the recoverability of the intangible mining assets. The Directors consider that it is appropriate to continue to record the intangible mining assets at cost, however if for whatever reason the Scheme of Development is not ultimately approved the Group would impair all of its intangible mining assets, totalling £43,367,000 as at 30 June 2023.

Going concern

As at 30 June 2023, the Group had £543,000 in cash and £805,000 of net current liabilities. The directors and management have prepared a cash flow forecast to March 2025, which shows that the Group will require further funds to cover operating costs to advance the Phulbari Coal and Power Project and meet its liabilities as and when they fall due. Based on current forecasts, additional funding will need to be either raised from third parties or the short-term loan facility with Polo Resources Limited (“Polo Loan Facility”) increased and extended by the end of March 2024, in order to meet current operating cost projections. The Directors also note that, under the amended terms of the existing Polo Loan Facility, the lender agreed not to serve a repayment request in cash for 5 years from the date of amended terms, 26 March 2021, or alternatively convert to shares at 5.14 pence per share at the lender’s option (as amended on 1 March 2022). The Company does not currently have secured funding arrangements in place to cover this loan or further potential expenditure which may be needed to advance the Project and, accordingly, should Polo request repayment of the Polo Loan Facility (under certain terms of the Loan Facility), GCM will need to raise funds in a short amount of time, which may not be available on terms acceptable to the Board or on a workable timeframe.

The Company currently has utilised £3,200,000 of the Polo Loan Facility at the date of this report (at the date of this report, the Company is awaiting receipt of the final drawdown of £300,000 from Polo), and based on projected future cash expenditure, at the date of this report this facility would be required to be increased, or additional funds raised through equity placing or other debt facilities in order to be sufficient to support the Company’s operations for the twelve months from the date of this report. As announced by the Company on 26 January 2024, the Company has completed a Gross equity fund raise of £500,000 by way of subscription for Ordinary Shares with Clear

Capital Markets, at a price of 1.65p per share. At the date of this report the Company is not yet in receipt of these funds, however they are expected to be received on 2 February 2024. At the current run rates, the Company's existing cash resources, is expected to provide sufficient capital for the next five months. The Company intends to explore alternative funding options over the second quarter of 2024, with the aim to complete and secure the necessary third-party funding by the end of June 2024.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

- Sufficient additional funding can be obtained for working capital purposes; and
- In the event that operating expenditure increases significantly as a result of successful progress with regards to the Phulbari Coal and Power Project, sufficient funding can be obtained.

While the Directors remain confident that necessary funds will be available as and when required, as at the date of this report these funding arrangements are not secured, the above conditions and events represent material uncertainties that may cast significant doubt over the Group's and Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Upon achieving approval of the Phulbari Coal and Power Project, significant additional financial resources will be required to proceed to development.

Use of judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Intangibles – Note 9

In assessing the recoverability of intangible assets, if an impairment trigger under IFRS 6 is identified then intangibles are tested for impairment. Management has identified impairment triggers to be the market capitalisation of the Company compared to the recognised amount on the balance sheet and the delay in obtaining approval of the Scheme of Development. To assess for recoverability, estimates are used to determine the expected net return on investment. The estimated return on investment takes into account estimated recoverable reserves, coal prices, development and production costs, capital investment requirements, discount rates and environmental and social costs among other things. Management has considered the estimated return on investment to be significantly higher than the current carrying value and therefore no impairment has been accounted for. The headroom in the value in use calculation compared to the carrying value is not sensitive to probable changes in the key underlying assumptions. Refer to "Political and economic risks – carrying value of intangible asset" section within Note 1 for further details in respect of the recoverability of intangible mining assets and the Board's judgement regarding the ultimate approval of the project being secured.

Power plant development costs

Power project expenditure is expensed as pre-development expenditure until it is probable that future economic benefits associated with the Project will flow to the Group and the costs can be measured reliably. To assess whether it is probable that future economic benefits will arise from the power plant development costs, management judgement was required and considered: objective evidence that the power plant is technically and economically feasible, and objective evidence that the appropriate authorities of the Government of Bangladesh have, or are likely to approve power plant development. All power project expenditure were accordingly expensed in the year.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Notes to the Consolidated Financial Statements (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- buildings 7 – 40 years
- plant and equipment 3 – 15 years
- vehicles 5 – 7 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

Power project development costs

Power project expenditure is expensed as pre-development expenditure until it is probable that future economic benefits associated with the project will flow to the Group and the costs can be measured reliably. When it is probable that future economic benefits will flow to the Group, all costs associated with developing a power plant project are capitalised as power project expenditure within property, plant and equipment category of tangible non-current assets. The capitalised expenditure will include appropriate technical and administrative expenses but not general overheads. Power project assets are not depreciated until the asset is ready and available for use.

Intangible assets

Acquired intangible assets, are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives.

Exploration and evaluation costs are capitalised as exploration and evaluation assets on an area of interest basis in accordance with IFRS 6. Costs such as geological and geophysical surveys, drilling and commercial appraisal costs, and other directly attributable costs of exploration and appraisal including technical and administrative costs, are capitalised as intangible exploration and evaluation assets.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and mining of the area of interest, or by its sale; or
- (ii) activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing or planned for the future.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the Group should test for impairment. In the event that there is an indicator of impairment, the Group performs an impairment test in accordance with its policy on impairment as stated below. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial Instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are subsequently measured at amortised cost.

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group's financial assets are measured at amortised costs and are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.

The Group's cash and cash equivalents and other receivables are measured at amortised cost. Other receivables are initially measured at fair value. The Group holds other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Cash and cash equivalents

Cash includes cash on hand and demand deposits with any bank or other financial institution. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECL's") on its financial assets measured at amortised cost. Due to the nature of its financial assets, the Group measures loss allowances at an amount equal to the lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses.

Classification and measurement of financial liabilities

A financial liability is initially classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative or designated as FVTPL on initial recognition.

The Group's accounts payable, accrued liabilities and short-term debt are measured at amortised cost.

Accounts payable and accrued liabilities are initially measured at fair value and subsequently measured at amortised cost. Accounts payable and accrued liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Short-term debt is initially measured at fair value, net of transaction costs incurred. Subsequently they are measured at amortised cost using the effective interest rate method. Short-term debt is classified as current when payment is due within 12 months after the reporting period.

The Group has no financial liabilities measured at FVTPL.

Where there is a modification to a financial liability, the financial original liability is de-recognised and a new financial liability is recognised at fair value in accordance with the Group's policy.

Other loans and borrowings

All loans and borrowings which are financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance costs in the income statement.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised outside profit and loss, in which case it is recognised in other comprehensive income or directly in equity as appropriate.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the Consolidated Financial Statements (continued)

Foreign currency transactions

Transactions in currencies other than pounds sterling are recorded at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Share based payments

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the recipients become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) or to conditions not related to performance or service (non-vesting conditions).

Where equity settled share based payments are made to non-employees the cost of equity-settled transactions is measured by reference to fair value of the goods or services received and measured at the date the entity obtains the goods or the counterparty renders the service.

Where the fair value of the goods or services received cannot be estimated reliably, the entity measures the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition or non-vesting condition, be treated as vesting as described above. This includes any award where non-vesting conditions within the control of the Group or the employee are not met. Where the equity-settled share based payment is directly attributable to exploration and evaluation activities, the movement in cumulative expense since the previous balance sheet date is capitalised, with a corresponding entry in equity. Otherwise, the movement in cumulative expense is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

New standards and interpretations applied

The Group has adopted all of the amended standards and interpretations during the year that are relevant to its operations, none of which had a material impact on the financial statements.

New standards and interpretations not applied

IASB and IFRIC have issued a number of new standards and interpretations with an effective date after the date of these financial statements. These will be adopted in the period that they become mandatory, unless otherwise indicated. Information on the new standards which could impact the Group is presented below

	Effective date	Adoption date
<i>International Accounting Standards (IAS / IFRSs)</i>		
Amendments to IAS 8 Definition of Accounting Estimates	1 January 2023	1 January 2023
Amendments to IAS 1 Disclosure of Accounting Policies	1 January 2023	1 January 2023
Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023	1 January 2023
Amendments to IFRS 17 – Insurance Contracts	1 January 2023	1 January 2023

Based on the current and foreseeable operations, the adoption of the above standards and interpretations will not have a material impact on the Group's financial statements in the period of initial application.

2. Segment analysis

The Group operates in one segment being the exploration and evaluation of energy related projects. The only significant project within this segment is the Phulbari Coal and Power Project (the Project) in Bangladesh.

3. Operating loss

	2023 £000	2022 £000
The operating loss is stated after charging:		
Directors' remuneration	589	611
Other staff costs ⁽¹⁾	9	10
Operating lease rentals ⁽²⁾	16	12
Depreciation of property, plant and equipment ⁽³⁾	-	-

(1) Other staff costs for 2023 financial year were £221,000 of which £9,000 was expensed in administrative expenses, £nil expensed in exploration and evaluation costs and £212,000 capitalised (2022: £10,000 expensed in administrative expenses, £nil expensed in exploration and evaluation costs and £176,000 capitalised).

(2) Operating lease rental costs for 2023 financial year were £25,000 of which £9,000 was expensed and £8,000 capitalised (2022: £20,000 of which £12,000 was expensed and £8,000 capitalised).

(3) Total depreciation for 2023 was £3,000 which was capitalised to intangibles (2022: £5,000 capitalised).

During the year Phulbari-related exploration and evaluation costs amounting to £68,000, primarily related to Foreign Exchange gains were credited in accordance with the Group's accounting policy on exploration and evaluation costs (2022: expensed £35,000).

4. Auditor's remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group.

	2023 £000	2022 £000
Audit of the group and company financial statements	41	34
Audit of subsidiaries	-	-
Total audit	41	34
Total fees	41	34

Notes to the Consolidated Financial Statements (continued)

5. Amounts paid for Directors' services, and staff costs

	2023 £000	2022 £000
Amounts paid for Directors' services		
Amounts paid for Directors' services	589	611

The amounts paid for Directors' services during the year are disclosed in further detail in the Directors' Report. The aggregated remuneration of the highest paid director is £303,600 (2022: £303,600).

Staff costs

Wages and salaries ⁽¹⁾	212	176
Social security costs	9	10
	221	186

(1) Excludes amounts paid for Directors' services.

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Exploration and evaluation	14	14
Administration	3	3
	17	17

6. Taxation

Reconciliation of the tax charge in the income statement

	2023 £000	2022 £000
Loss on ordinary activities before tax	(1,320)	(1,679)
UK corporation tax @ 25/19% (2022:19%)	(251)	(319)
Unrecognised deferred tax assets during the year	252	301
Non-deductible expenditure	(1)	18
Total tax (credit)/expense reported in the income statement	-	-

Unrecognised deferred tax assets

	2023 £000	2022 £000
<i>Deferred tax asset</i>		
Tax losses carried forward	4,663	4,411
Impairment	891	891
Other	1	1
	5,555	5,303
Less: deferred tax assets de-recognised	(5,555)	(5,303)
	-	-

At 30 June 2023 tax losses for which a deferred tax asset was not recognised was estimated to be £24,536,000 (2022: £23,216,000). Deferred tax assets are only recognised at UK Corporation Tax Rate of 25/19% (2022: 19%) should it become more likely than not that taxable profit or timing differences, against which they may be deducted, will arise.

7. Loss per share

	2023 £000	2022 £000
(Loss) for the year	(1,320)	(1,679)
	Thousands	Thousands
<i>Weighted average number of shares</i>		
Basic and diluted weighted average number of shares	184,480	121,733
<i>(Loss) per share</i>		
Basic (pence per share)	(0.7p)	(1.1p)
Diluted (pence per share)	(0.7p)	(1.1p)

There are 9,300,000 potentially dilutive options, and 702,333 warrants along with 2,391,818 potentially dilutive shares to be issued at 30 June 2022 which are not included in the calculation of diluted earnings per share because they were anti-dilutive for the period as their conversion to Ordinary Shares would decrease the loss per share.

8. Other Receivables

	2023 £000	2022 £000
<i>Current</i>		
Prepayments	20	29
Other receivables	5	7
Share Capital Unpaid ⁽¹⁾	-	400
	25	436

(1) The Company received full receipt of the outstanding funds for the share subscription on 5 July 2022.

9. Intangible assets

	Exploration & evaluation expenditure £000	Mineral rights £000	Total £000
At 1 July 2021	41,032	1,147	42,179
Additions – exploration & evaluation	563	-	563
At 30 June 2022	41,595	1,147	42,742
Additions – exploration & evaluation	625	-	625
Cost and net book value at 30 June 2023	42,220	1,147	43,367
Cost and net book value at 30 June 2022	41,595	1,147	42,742

The mineral rights will be amortised over the licence period (including extensions) once commercial production commences at the Phulbari Coal and Power Project.

The exploration and evaluation expenditure will have an indefinite useful life until approval is obtained for the Phulbari Coal and Power Project. At that time, the asset will be transferred to mining property and development assets within property, plant and equipment in accordance with accounting policy.

Notes to the Consolidated Financial Statements (continued)

10. Investments

Principal undertakings

Investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

	Country of Incorporation	Ownership interest	
		2023	2022
<i>Subsidiaries</i>			
South African Coal Limited	England and Wales	100%	100%
Asia Energy Corporation Pty Limited	Australia	100%	100%
Asia Energy Corporation (Bangladesh) Pty Limited	Australia	100%	100%
Asia Energy (Bangladesh) Pvt Ltd	Bangladesh	100%	100%
<i>Fair Value Through Other Comprehensive Income</i>			
Peoples Telecommunication and Information Services Ltd (PeoplesTel)	Bangladesh	37%	37%

The investment in PeoplesTel has been accounted for as financial asset at Fair Value Through Other Comprehensive Income as GCM does not have significant influence. The investment was fully impaired during the year ended 30 June 2010.

11. Payables

	2023 £000	2022 £000
Trade payables	559	575
Related party accrued payable	794	794
	1,353	1,369

Refer to note 20 for details of the related party accrued payable.

12. Borrowings (Non-current liabilities)

	2023 £000	2022 £000
Loan from related party		
Balance as at 1 July	4,683	4,203
Loan instalments drawn down	–	–
Interest charges	480	480
Balance as at 30 June	5,163	4,683

Refer to note 20 for details of the loan from related party.

The Company on 1 March 2022, as part of the completed placing and subscriptions, amended the terms of the loan facility, such that the lender may request conversion by the issuance of new ordinary shares in the Company at 5.14 pence per share (being the Issue Price) subject to any necessary regulatory approvals. All other terms of the agreement remained unchanged.

The Company on 26 March 2021, as part of the completed placing, extended and amended the terms of the loan facility provided by Polo Resources Limited (the "Facility") of which, as was announced on 7 January 2021, there was at 30 June 2023, £300,000 of the initial £3.5 million facility remaining undrawn. The lender has agreed that it will not serve a repayment request on the company for 5 years from the date of the agreement replacing the previous provision that it was payable on demand with 90 days' notice. The Company and Polo Resources Limited have agreed an increase in the interest rate from 12% to 15% per annum rising by 1.5% on the third anniversary and by a subsequent 1.5% on each anniversary thereafter. Furthermore, the lender may request conversion by the issuance of new ordinary shares in the Company at 7.5 pence per share (being the Issue Price) subject to any necessary regulatory approvals. The Company may elect to repay all or part of the outstanding loan at any time giving 60 days' notice and with the agreement of Polo Resources Limited. Any share issue to the Lender is conditional upon the Lender's interest, together with the interest of any parties with which it is in concert, remaining below 30% of the Company's issued capital. All other principal terms of the loan facility remain unchanged. Refer to the Group accounting policies for details of Management judgement used in accounting for the loan amendment.

13. Leases and Commitments

Right of use assets

The statement of financial position shows the following amounts relating to leases:

	2023 £000	2022 £000
Buildings	42	19
Vehicles	–	–
	42	19

Lease liabilities

	2023 £000	2022 £000
<i>Classified as;</i>		
Current	20	27
Non-current	22	1
	42	28

The interest expense incurred on lease liabilities was £5,000 (2022: £3,000), and capitalised in accordance with the Group's policy on exploration and evaluation assets. Cash outflows in respect of right of use assets were £41,000 (2022: £47,000).

Other commitments

In addition, under the terms of the Prospecting License agreement with the Bangladesh authorities for contract licence areas B, G and H respectively, an annual fee of 500 Taka (£3.70 at year-end exchange rate) is payable for each hectare within the licence area. The Group currently leases 5,480 hectares within these licence areas. The licence has a 30 year term from 2004 and may be renewed for further periods of 10 years each, at GCM's option.

14. Issued share capital

	Ordinary Shares Thousands	Deferred A Shares Thousands	Total share capital £000
<i>Allotted, called up and fully paid:</i>			
At 1 July 2021	137,593	118,582	12,048
Shares issued	44,712	–	447
At 30 June 2022	182,305	118,582	12,495
Shares issued	25,217	–	253
At 30 June 2023	207,522	118,582	12,748

Notes to the Consolidated Financial Statements (continued)

Share issues

On 1 March 2022, 25,291,828 placing shares and 16,171,777 subscription shares were issued on the completion of a successful fund raise at 5.14p per share, raising gross cash proceeds of £2,130,000.

On 7 April 2022, 3,248,740 shares were issued to consultants and a director in accordance with the terms of their agreements, at prices from 4.25p to 18p, for total non cash consideration of £402,000.

On 5 April 2023, 5,216,810 shares were issued to consultants and a director in accordance with the terms of their agreements, at prices from 3.15p to 14p, for total non cash consideration of £265,000.

On 14 June 2023, 20,000,000 placing shares were issued on the completion of a successful fund raise at 2.5p per share, raising gross cash proceeds of £500,000.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The Deferred Shares have no voting rights and do not carry any entitlement to attend general meetings of the Company; nor will they be admitted to AIM or any other market. They carry only a priority right to participate in any return of capital to the extent of £1 in aggregate over the class. In addition, they carry only a priority right to participate in any dividend or other distribution to the extent of £1 in aggregate over the class. In each case a payment to any one holder of Deferred Shares shall satisfy the payment required. The Company will be authorised at any time to effect a transfer of the Deferred Shares without reference to the holders thereof and for no consideration pursuant to and in accordance with the Act. Accordingly, the Deferred Shares will, for all practical purposes, be valueless and it is the Board's Intention, at an appropriate time, to have the Deferred Shares cancelled, whether through an application to the Companies Court or otherwise in accordance with the Act.

Reserves

Share capital

The balance held in share capital relates to the nominal net proceeds on issue of the Company's equity share capital, comprising £0.01 ordinary shares, and £0.09 deferred A shares.

Share premium account

The share premium account represents the premium received over the nominal value of ordinary shares on issue of the Company's equity. The share premium account has been reduced by expenditure associated with issuing shares such as listing costs.

Other reserves

This reserve records the fair value of conditional shares awarded but not settled, and consultants service payments to be also settled by way of share issues.

	2023 £000	2022 £000
Share based payments not settled	569	642
	569	642

15. Notes supporting statement of cashflows

Cash and cash equivalents for the purposes of the statement of cash flows comprises:

	2023 £000	2022 £000
Cash at bank available on demand	543	961
	543	961

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions:

	Current loans and borrowings £000	Total £000
Balance at 1 July 2021	4,203	4,203
Cash flows	-	-
Non-cash flows: Interest accrued	480	480
Balance at 30 June 2022	4,683	4,683
Balance at 1 July 2022	4,683	4,683
Cash flows	-	-
Non-cash flows: Interest accrued	480	480
Balance at 30 June 2023	5,163	5,163

16. Significant non-cash transactions

The significant non-cash transactions during the year were as follows:

- £180,000 of expenses were incurred by a consultant for their services. The consulting payment included £180,000 (4,363,636 shares at 4.125p per share) for a consultant retainer. These retainer fee shares which had not been issued to the consultants at year end have been included in other reserves for shares to be issued.

17. Share based payments

The charge/(credit) for share based payments during the year is shown in the following table:

	2023 £000	2022 £000
<i>Charged/(credited) to intangibles</i>		
Conditional shares	2	17
	2	17

Notes to the Consolidated Financial Statements (continued)

Share Warrants

During the year ended 30 June 2023, the Company granted nil warrants to subscribe for ordinary shares (2022: 30,000). No warrants were exercised or lapsed during the year (2022: nil). As at 30 June 2023, 702,333 warrants were in issue (2022: 702,333).

Options

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2023 Options Thousands	2023 WAEP	2022 Options Thousands	2022 WAEP
At 1 July	9,300	£0.11	9,300	£0.11
Exercised during the year	–	–	–	–
Outstanding at 30 June	9,300	£0.11	9,300	£0.11
Exercisable at 30 June	9,300	£0.11	9,300	£0.11

The options outstanding at 30 June 2023 have an exercise price of £0.11 (2022: £0.11) and a weighted average contractual life of 0.9 years (2022: 1.9 years), including those granted options whose term was extended during the year. No options were exercised during the year.

Conditional shares scheme

GCM has a conditional share scheme for Directors, employees, associates, consultants and contractors. Ordinary shares will be issued for nil cash consideration, conditional upon the Group achieving milestones including approval by the Government of Bangladesh of the Scheme of Development for the Phulbari Coal and Power Project. The awards granted are classified as equity-settled, and therefore the fair value is determined by reference to the share price at the date of the grant, as required by IFRS 2.

Movement in non-vested conditional shares:

	2023 Thousands	2022 Thousands
At 1 July	210	210
Conditional shares lapsed	–	–
At 30 June	210	210

The grant details of the conditional shares outstanding as at 30 June 2023 are as follows:

	Share price at grant date £	Conditional shares Thousands
<i>Grant date</i>		
25 August 2005	£6.32	40
9 March 2006	£4.99	30
46 July 2009	£0.84	140
		210

The cumulative cost recognised in equity in relation to the conditional shares as at 30 June 2023 is £478,000 (2022: £476,000) after taking into account:

- Expected timeframe for milestones to be achieved
- Probability of successful completion of milestones
- The conditional shares awarded to employees are subject to their employment at the time milestones are reached

The increase in the cost of conditional shares of £2,000 for the year ended 30 June 2023 is directly attributable to the Phulbari Coal and Power Project, and accordingly capitalised to intangibles on this basis (2022: expensed £17,000).

18. Financial Instruments

The Group holds cash as a liquid resource to fund the obligations of the Group.

The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and periodic review of expenditure forecasts.

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however it does review its currency exposures on a regular basis. The Group has no significant monetary assets or liabilities that are denominated in a foreign currency.

The financial liabilities of the Group include trade payables and a short-term loan from a related party. Trade payables are recognised at fair value on initial recognition and subsequently measured at amortised cost. The short-term loan was recognised based on the present value of cash payable to the lender. As the short-term loan is payable within 12 months, the present value of the cash payable was equal to the principal value of the loan.

Interest rate risk

The interest rate maturity profile of the financial assets of the Group is as follows:

	2023 £000	2022 £000
<i>Floating rate – within 1 year</i>		
Cash and cash equivalents	–	–

Other interest bearing financial instruments which are subject to fixed rate interest charges are the Group's borrowings as disclosed in Note 12.

Other financial instruments of the Group which are non-interest bearing and are therefore not subject to interest rate risk, are, non-interest-bearing cash and cash equivalents as at 30 June 2023 was £543,000 (2022: £961,000).

Credit risk

The Group considers the credit ratings of banks in which it holds funds in order to manage exposure to credit risk and counterparty risk. Funds are held in banks with credit ratings ranging from AAA –AA. The maximum credit risk at 30 June 2023 was as follows:

	2023 £000	2022 £000
Cash and cash equivalents	543	961

Liquidity risk

The Group ensures that it has sufficient cash to meet all its commitments when required, through equity and short term loan funding, please refer to the accounting policies for further detail. The table below summarises the contractual maturity profile of the Group's financial liabilities as at 30 June 2023 and 2022.

	Within 30 days £000	1 to 3 months £000	3 to 12 months £000	2 – 5 years £000	Total & Carrying value £000
2023					
Payables	1,272	2	79	–	1,353
Lease liabilities	1	4	15	22	42
Borrowings	–	–	–	5,163	5,163
	1,273	6	94	5,185	6,558
2022					
Payables	1,296	1	72	–	1,369
Lease liabilities	3	9	15	1	28
Borrowings	–	–	–	4,683	4,683
	1,299	10	87	4,684	6,080

Notes to the Consolidated Financial Statements (continued)

Currency risk

The Group has no significant monetary assets or liabilities that are denominated in a foreign currency.

Fair values of financial assets and liabilities

	Financial instrument classification	Book value		Fair value	
		2023 £000	2022 £000	2023 £000	2022 £000
<i>Financial assets</i>					
Cash and cash equivalents	Amortised cost	543	961	543	961
Receivables	Amortised cost	25	436	25	436
<i>Financial liabilities</i>					
<i>Creditors</i>	Amortised cost	1,353	1,369	1,353	1,369
Borrowings	Amortised cost	5,163	4,683	5,163	4,683

Management have assessed that the fair value of cash, current receivables and current payables approximate their carrying amounts due to the short-term maturities of these instruments.

19. Contingent liabilities

Royalty

The Group is obliged to pay Deepgreen Minerals Corporation Pty Limited US\$1 per tonne of coal produced and sold from the Phulbari mine. The Directors are of the opinion that a provision is not required in respect of these matters, as coal has not yet been produced at Phulbari.

Consultant success fees

The Group is obliged to pay a consultant, DG Infratech PTE. Limited, success fees conditional upon achieving key milestones relating to the advancement of the proposed Phulbari Coal and Power Project, in North-West Bangladesh. As at 30 June 2023 the outstanding milestones were as follows:

Success Fee – Coal Project's Scheme of Development

- a one-time fee equal to 5% of Issued Capital, to be paid within five business days following GCM'S receipt of the written approval of the Coal Project's Scheme of Development.

Success Fee – Power Plants

- a one-time fee equal to 2% of Issued Capital, to be paid within five business days following GCM'S receipt of the written approval in respect of each group of Power Plants.

Success Fee – Commencement of Development

- a one-time fee equal to 4% of Issued Capital, to be paid within five business days following GCM'S commencement of development of the Coal Project.

The Directors are of the opinion that a provision is not required in respect of these success fees, as the milestones had not been met as at 30 June 2023.

20. Related Party Transactions

Key management personnel

	2023 £000	2022 £000
Short-term benefits	686	643
Share based payments	12	39
	698	682

Related party loan

GCM is beneficiary to a £3.5 million loan facility from its largest shareholder, with a current interest rate of 15% per annum. As at 30 June 2023 the Group had utilised £3.2 million of the loan facility (2022: £3,200,000) and an interest accrual of £1,963,000 (2022: £1,483,000). The terms of the loan were amended in March 2022 & March 2021, refer to note 12 of the Company Financial Statements. Note Polo Resources Ltd is a related party by way of Michael Tang being a Director of both Companies.

Management services company

As disclosed in the Directors' Report, for the year ended 30 June 2023, the remuneration for the services of Datuk Michael Tang PJN, Executive Chairman of the Company, was £303,600, which comprised of directors fees amounting to £6,000 (2022: £6,000) and management services of £297,600 paid to a management services company (2022: £297,600).

For the period September 2018 to March 2021 Datuk Michael Tang PJN offered to defer the payments due to his management services company until further notice in order to assist the Company. The total debt as a result of the deferment of £769,000 has not been paid and is being accrued accordingly.

As at 30 June 2023 the amount owing to the management services company of Datuk Michael Tang PJN was £793,600 (2022: £793,600).

21. Events after the end of the reporting period

The following events took place subsequent to 30 June 2023, for which there has been no adjustment to the 30 June 2023 financial statements:

- On 15 September 2023, the Company announced that for personal reasons Mohd Najib Bin Abdul Aziz had reluctantly tendered his resignation from his position as Independent Non-Executive Chairman. Najib's resignation took effect from 11 October 2023. As a result of Najib's resignation, the Company is pleased that Independent Non-Executive Director, Christian Taylor-Wilkinson, has agreed to act as interim Non-Executive Chairman until such time that new NEDs are appointed and the board makes its final decision on the Chairman role.
- On 28 November 2023, the Company announced that, further to its announcements of 23 November 2021, June 2021 and 12 December 2022, Power Construction Corporation of China, Ltd. ("**PowerChina**") it had agreed an extension for a period of a further 12 months from 6 December 2023 to 6 December 2024 on the same terms as the previous memorandum of understanding ("**MoU**") which is primarily focused on the Phulbari coal mine development. This will allow PowerChina and GCM to continue to work on determining the modality for PowerChina to become a Mine Development Partner, subject to the approval of PowerChina internal compliance and all other relevant regulatory agencies.
- On 28 November 2023, the Company announced in relation to the Loan Facility with Polo Resources Ltd ("**Polo**") as announced on 26 March 2021 and as amended and announced on 3 March 2022, it had requested to drawn down a further £300,000 in accordance with the terms announced thereon. The Company on receipt of this further drawdown will have then utilised the full £3.5million of the £3.5million facility. This current drawdown request along with existing cash balances will be sufficient to fund the Company through to the end of March 2024, to which the Company will require to raise additional funds prior to the end of March 2024, for Working Capital thereafter.
- On 20 December 2023, the Company announced in relation to the final drawdown request of 28 November 2023, it was still awaiting receipt of the £300,000 funds from Polo Resources Ltd.
- On 24 January 2024, the Company announced that it received a notice from Polo Investments Limited ("**Polo**"), pursuant to Section 168 of the Companies Act 2006, requesting that a resolution to remove Christian Taylor-Wilkinson be tabled, as an ordinary resolution, at the forthcoming Annual General Meeting of the Company or a general meeting of GCM to be convened as soon as practicable. Polo currently holds 43,328,003 shares representing 20.9% of the Company's total voting.
- On 26 January 2024, the Company announced that it had successfully raised gross proceeds of £0.5m by means of a direct subscription (the "**Subscription**") of new Ordinary Shares (the "**Subscription Shares**") at a price of 1.65 pence per share (the "**Subscription Price**"). The Company will need to carry out an additional fundraising before the end of May 2024 to fund its working capital for the next 12 months. The Subscription Price represents a discount of 37.7 per cent to the Closing Price of 2.65 pence per Ordinary Share on 23 January 2024, being the latest practicable business day prior to the publication of this announcement.

GCM Resources plc

Company Financial Statements 2023

Statement of Directors Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. Statement of Changes in Equity

Statement of Changes in Equity

For the year ended 30 June

	Share capital £000	Share premium account £000	Share based payments not settled £000	Accumulated losses £000	Total £000
Balance at 1 July 2021	12,048	55,611	583	(26,346)	41,896
Total comprehensive loss	-	-	-	(1,584)	(1,584)
Share issuances	447	2,086	(372)	-	2,161
Share issue costs	-	(121)	-	-	(121)
Shares to be issued	-	-	414	-	414
Share based payments	-	-	17	-	17
Balance at 30 June 2022	12,495	57,576	642	(27,930)	42,783
Total comprehensive loss	-	-	-	(1,328)	(1,328)
Share issuances	253	513	(255)	-	511
Share issue costs	-	(35)	-	-	(35)
Shares to be issued	-	-	180	-	180
Share based payments	-	-	2	-	2
Balance at 30 June 2023	12,748	58,054	569	(29,258)	42,113

The notes on pages 48 to 55 form an integral part of these financial statements.

Company Balance Sheet

As at 30 June

Company number 04913119

	Notes	2023 £000	2022 £000
Current assets			
Cash and cash equivalents		532	947
Other receivables	5	21	433
Security deposit		2	2
Total current assets		555	1,382
Non-current assets			
Investments	6	47,928	47,280
Property, plant and equipment		-	-
Total non-current assets		47,928	47,280
Total assets		48,483	48,662
Current liabilities			
Payables	7	(1,207)	(1,196)
Total current liabilities		(1,207)	(1,196)
Non-current liabilities			
Borrowings	8	(5,163)	(4,683)
Total non-current liabilities		(5,163)	(4,683)
Total liabilities		(6,370)	(5,879)
Net assets		42,113	42,783
Equity			
Share capital	10	12,748	12,495
Share premium account	10	58,054	57,576
Other reserves	10	569	642
Accumulated losses		(29,258)	(27,930)
Total equity		42,113	42,783

These financial statements were approved by the Board of Directors and were signed on their behalf by:

Keith Fulton

Executive Director
29 January 2024

The Parent Company recorded a loss of £1,328,000 for the year ended 30 June 2023 (2022: loss of £1,584,000).

The notes on pages 48 to 55 form an integral part of these financial statements.

Notes to the Company

Financial Statements

1. Accounting policies

GCM Resources plc was incorporated as a Public Limited Company on 26 September 2003 and admitted to the London Stock Exchange Alternative Investment Market (AIM) on 19 April 2004.

The financial report was authorised for issue by the Directors on 29 January 2024.

Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to a statement of cash flow, share-based payment, financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets.

No profit and loss account is presented for GCM Resources plc as permitted by section 408 of the Companies Act 2006.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2023. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000).

Political and economic risks – carrying value of investments in subsidiaries

The Company's wholly owned subsidiary, Asia Energy Corporation (Bangladesh) Pty Limited (AECB), controls the Phulbari Coal and Power Project (the "Project"), the principal asset of the Company and its subsidiaries (the Group). The Project is in Bangladesh and accordingly subject to the political, judicial, fiscal, social and economic risks associated with operating in that country.

The Project relates to thermal coal and semi-soft coking coal, which are subject to international and regional supply and demand factors, and consequently future performance will be subject to variations in the prices for these products.

AECB is party to a Contract with the Government of Bangladesh (the "Government") which gives it the right to explore, develop and mine in respect of the licence areas. The Group holds a mining lease and exploration licences in the Phulbari area covering the prospective mine site. The mining lease has a 30 year term from 2004 and may be renewed for further periods of 10 years each, at AECB's option.

In accordance with the terms of the Contract, AECB submitted a combined Feasibility Study and Scheme of Development report on 2 October 2005 to the Government. Approval of the Scheme of Development from the Government of Bangladesh is necessary to proceed with development of the mine. AECB continues to await approval.

No notification has been received from the Government of any changes to the terms of the Contract. GCM has received legal opinion that the Contract is enforceable under Bangladesh and International law, and will consequently continue to endeavour to receive approval for development.

Accordingly, the Directors believe that the Phulbari Coal and Power Project (the "Project") will ultimately receive approval, although the timing of approval remains in the hands of the Government. To enhance the prospects of the Project, GCM has engaged in a strategy to align the Project with the needs and objectives of the Government. This includes the option to supply coal to both the Government's commissioned and in the pipeline power plants, which total 11,755MW. The Government is seeking to grow its economy and deliver electricity at prices that will ensure competitiveness of its industries. The Group's strategy of developing the Phulbari coal deposit as a captive, large-scale, open pit mining operation supporting some 6,600MW of highly energy-efficient Ultra-Supercritical power generation will enable cheaper coal-fired electricity than imported coal options. This evolving strategy has been enhanced to include installation of a large-scale Solar Power Park (up to 2,500MW) within the Project area, to be installed within the first two years of gaining land access; operating the Phulbari coal mine as a "Net Zero Carbon" or "Green Mine"; and participation modalities for Government.

Until approval of the Scheme of Development from the Government of Bangladesh is received there is continued uncertainty over the recoverability of the assets relating to the Project. The Directors consider that it is appropriate to continue to record the investment in Asia Energy Corporation (Bangladesh) Pty Limited and related inter-company balances at cost. However if for whatever reason the Scheme of Development is not ultimately approved the Company would be required to impair its investment totalling £47,928,000 at 30 June 2023.

Going concern

As at 30 June 2023, the Group had £543,000 in cash and £805,000 of net current liabilities. The directors and management have prepared a cash flow forecast to March 2025, which shows that the Group will require further funds to cover operating costs to advance the Phulbari Coal and Power Project and meet its liabilities as and when they fall due. Based on current forecasts, additional funding will need to be either raised from third parties or the short-term loan facility with Polo Resources Limited ("Polo Loan Facility") increased and extended by the end of March 2024, in order to meet current operating cost projections. The Directors also note that, under the amended terms of the existing Polo Loan Facility, the lender agreed not to serve a repayment request in cash for 5 years from the date of amended terms, 26 March 2021, or alternatively convert to shares at 5.14 pence per share at the lender's option (as amended on 1 March 2022). The Company does not currently have secured funding arrangements in place to cover this loan or further potential expenditure which may be needed to advance the Project and, accordingly, should Polo request repayment of the Polo Loan Facility (under certain terms of the Loan Facility), GCM will need to raise funds in a short amount of time, which may not be available on terms acceptable to the Board or on a workable timeframe.

The Company currently has utilised £3,200,000 of the Polo Loan Facility at the date of this report (at the date of this report, the Company is awaiting receipt of the final drawdown of £300,000 from Polo), and based on projected future cash expenditure, at the date of this report this facility would be required to be increased, or additional funds raised through equity placing or other debt facilities in order to

be sufficient to support the Company's operations for the twelve months from the date of this report. As announced by the Company on 25 January 2024, the Company has completed a Gross equity fund raise of £500,000 by way of subscription for Ordinary Shares with Clear Capital Markets, at a price of 1.65p per share. At the date of this report the Company is not yet in receipt of these funds, however they are expected to be received on 2 February 2024. At the current run rates, the Company's existing cash resources, is expected to provide sufficient capital for the next five months. The Company intends to explore alternative funding options over the second quarter of 2024, with the aim to complete and secure the necessary third-party funding by the end of June 2024.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

- Sufficient additional funding can be obtained for working capital purposes; and
- In the event that operating expenditure increases significantly as a result of successful progress with regards to the Phulbari Coal and Power Project, sufficient funding can be obtained.

While the Directors remain confident that necessary funds will be available as and when required, as at the date of this report these funding arrangements are not secured, the above conditions and events represent material uncertainties that may cast significant doubt over the Group's and Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Upon achieving approval of the Phulbari Coal and Power Project, significant additional financial resources will be required to proceed to development.

Use of judgements, estimates and assumptions

The preparation of the company financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Investments in subsidiaries – Note 6

Investment in subsidiaries comprises of the cost of acquiring the shares in subsidiaries along with subsequent funding contributions by the Parent Company to those subsidiaries. If an impairment trigger is identified and investments in subsidiaries are tested for impairment, estimates are used to determine the expected net return on investment. The estimated return on investment takes into account the underlying economic factors in the business of the Company's subsidiaries including estimated recoverable reserves, coal prices, development and production costs, capital investment requirements, discount rates and environmental and social costs among other things. Refer to "Political and economic risks – carrying value of investments in subsidiaries" Note 6 for further details in respect of the recoverability of the investment in subsidiaries.

Power plant development costs

Power project expenditure is expensed as pre-development expenditure until it is probable that future economic benefits associated with the project will flow to the Group and the costs can be measured reliably. To assess whether it is probable that future economic benefits will arise from the power plant development costs, management judgement was required and considered: objective evidence that the power plant is technically and economically feasible, and objective evidence that the appropriate authorities of the Government of Bangladesh have, or are likely to approve power plant development. All power project expenditure were accordingly expensed in the year.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand.

Financial assets

Financial assets are classified in accordance with FRS101. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

The measurement of financial assets depends on their classification, as follows:

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company's financial assets are measured at amortised costs and are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.

The Company's cash and cash equivalents and other receivables are measured at amortised cost. Other receivables are initially measured at fair value. The Company holds other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Notes to the Company

Financial Statements (continued)

Cash and cash equivalents

Cash includes cash on hand and demand deposits with any bank or other financial institution. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses ('ECL's) on its financial assets measured at amortised cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to the lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses.

Classification and measurement of financial liabilities

A financial liability is initially classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative or designated as FVTPL on initial recognition. The Company's accounts payable, accrued liabilities and short-term debt are measured at amortised cost.

Accounts payable and accrued liabilities are initially measured at fair value and subsequently measured at amortised cost. Accounts payable and accrued liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Short-term debt is initially measured at fair value, net of transaction costs incurred. Subsequently they are measured at amortised cost using the effective interest rate method. Short-term debt is classified as current when payment is due within 12 months after the reporting period. The Company has no financial liabilities measured at FVTPL. Where there is a modification to a financial liability, the financial original liability is de-recognised and a new financial liability is recognised at fair value in accordance with the Company's policy.

Other loans and borrowings

All loans and borrowings which are financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance costs in the income statement.

Power project costs

Power project expenditure is expensed as pre-development expenditure until it is probable that future economic benefits associated with the project will flow to the Group and the cost of the project can be measured reliably. When it is probable that future economic benefits will flow to the Group, all costs associated with developing a power plant project are capitalised as power project expenditure within property, plant and equipment category of tangible non-current assets. The capitalised expenditure will include appropriate technical and administrative expenses but not general overheads. Power project assets are not depreciated until the asset is ready and available for use.

Deferred tax

The tax charge is based on the profit for the period and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation purposes and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future. In particular:

- deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currency transactions

Transactions in currencies other than pounds sterling are recorded at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Share based payments

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the recipients become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) or to conditions not related to performance or service (non-vesting conditions).

Where equity settled share based payments are made to non-employees the cost of equity-settled transactions is measured by reference to fair value of the goods or services received and measured at the date the entity obtains the goods or the counterparty renders the service.

Where the fair value of the goods or services received cannot be estimated reliably the, the entity measures the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market or non-vesting conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. This includes any award where non-vesting conditions within the control of the Group or the employee are not met. Where the equity-settled share based payment is directly attributable to exploration and evaluation activities, the movement in cumulative expense since the previous balance sheet date is capitalised, with a corresponding entry in equity. Otherwise, the movement in cumulative expense is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

2. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the Company financial statements.

	2023 £000	2022 £000
Audit of the Company financial statements	10	10

3. Staff numbers

The average monthly number of employees during the year was 1 (2022:1).

4. Taxation

Reconciliation of the tax charge in the income statement

	2023 £000	2022 £000
(Loss) on ordinary activities before tax	(1,328)	(1,584)
UK corporation tax @ 25/19% (2023) and 19% (2022)	(252)	(301)
Unrecognised deferred tax assets during the year	252	301
Non-deductible expenditure	-	-
Total tax expense reported in the income statement	-	-

Unrecognised deferred tax assets

	2023 £000	2022 £000
<i>Deferred tax asset</i>		
Tax losses carried forward	4,663	4,411
Impairment	891	891
Other	1	1
	5,555	5,303
Less: deferred tax assets de-recognised	(5,555)	(5,303)
	-	-

At 30 June 2023 tax losses for which a deferred tax asset was not recognised amounted to £24,322,000 (2022: £22,994,000). Deferred tax assets are only recognised at UK Corporation Tax Rate of 25/19% (2022: 19%) should it become more likely than not that taxable profit or timing differences, against which they may be deducted, will arise.

Notes to the Company

Financial Statements (continued)

5. Other receivables

	2023 £000	2022 £000
<i>Current debtors</i>		
Prepayments	18	28
Other debtors	3	5
Share capital unpaid ⁽¹⁾	–	400
	21	433

(1) The Company received full receipt of the outstanding funds for the share subscription on 5 July 2022.

6. Investments

	2023 £000	2022 £000
<i>Subsidiary undertakings at cost</i>		
Opening balance	47,280	46,640
Additions	648	640
As at 30 June	47,928	47,280
Carrying amount as at 30 June	47,928	47,280

Additions represent monies advanced to the Company's subsidiaries from the Company through inter-company funding. There are no repayment terms for the funding provided. The funding has been identified and accounted for as contributed equity in the subsidiaries. Refer to Note 1 for further information in respect to the accounting policy.

The investments in which the Company directly or indirectly holds 20% or more of the nominal value of any class of share capital are as follows:

	Country of Incorporation	Ownership interest	
		2023	2022
<i>Subsidiaries</i>			
South African Coal Limited	England and Wales	100%	100%
Asia Energy Corporation Pty Limited	Australia	100%	100%
Asia Energy Corporation (Bangladesh) Pty Limited	Australia	100%	100%
Asia Energy (Bangladesh) Pvt Ltd	Bangladesh	100%	100%
<i>Fair Value Through Other Comprehensive Income</i>			
Peoples Telecommunication and Information Services Ltd	Bangladesh	37%	37%

The investment in Peoples Telecommunication and Information Services Ltd has been accounted for as a financial asset at Fair Value Through Other Comprehensive Income as GCM does not have significant influence. The investment was fully impaired during the year ended 30 June 2010.

7. Payables

	2023 £000	2022 £000
Trade payables	413	402
Related party accrued payable	794	794
	1,207	1,264

8. Borrowings (Non-current liabilities)

Borrowings as at the balance sheet date are summarised as follows:

	2023 £000	2022 £000
Loan from related party		
Balance at 1 July	4,683	4,203
Loan instalments drawdown	–	–
Interest charges	480	480
Balance at 30 June	5,163	4,683

The Company on 1 March 2022, as part of the completed placing and subscriptions, amended the terms of the loan facility, such that the lender may request conversion by the issuance of new ordinary shares in the Company at 5.14 pence per share (being the Issue Price) subject to any necessary regulatory approvals. All other terms of the agreement remained unchanged.

The Company on 26 March 2021, as part of the completed placing, extended and amended the terms of the loan facility provided by Polo Resources Limited (the “Facility”) of which, as was announced on 7 January 2021, there was at 30 June 2023, £300,000 of the initial £3.5 million facility remaining undrawn. The lender has agreed that it will not serve a repayment request on the company for 5 years from the date of the agreement replacing the previous provision that it was payable on demand with 90 days’ notice. The Company and Polo Resources Limited have agreed an increase in the interest rate from 12% to 15% per annum rising by 1.5% on the third anniversary and by a subsequent 1.5% on each anniversary thereafter. Furthermore, the lender may request conversion by the issuance of new ordinary shares in the Company at 7.5 pence per share (being the Issue Price) subject to any necessary regulatory approvals. The Company may elect to repay all or part of the outstanding loan at any time giving 60 days’ notice and with the agreement of Polo Resources Limited. Any share issue to the Lender is conditional upon the Lender’s interest, together with the interest of any parties with which it is in concert, remaining below 30% of the Company’s issued capital. All other principal terms of the loan facility remain unchanged. Refer to the Company accounting policies for details of Management judgement used in accounting for the loan amendment.

9. Commitments

Operating lease commitments

As at 30 June 2023, the Company had an operating lease on premises, which has a duration of less than one year.

	2023 £000	2022 £000
<i>Operating leases expiring:</i>		
Within one year	1	1
After one year but not more than five years	–	–
	1	1

10. Issued share capital

	Ordinary Shares Thousands	Deferred A Shares Thousands	Total share capital £000
<i>Allotted, called up and fully paid:</i>			
At 1 July 2021	137,593	118,582	12,048
Shares issued	44,712	–	447
At 30 June 2022	182,305	118,582	12,495
Shares issued	25,217	–	253
At 30 June 2023	207,522	118,582	12,748

Notes to the Company

Financial Statements (continued)

Share Issues

On 1 March 2022, 25,291,828 placing shares and 16,171,777 subscription shares were issued on the completion of a successful fund raise at 5.14p per share, raising gross cash proceeds of £2,130,000.

On 7 April 2022, 3,248,740 shares were issued to consultants and a director in accordance with the terms of their agreements, at prices from 4.25p to 18p, for total non cash consideration of £402,000.

On 5 April 2023, 5,216,810 shares were issued to consultants and a director in accordance with the terms of their agreements, at prices from 3.15p to 14p, for total non cash consideration of £265,000.

On 14 June 2023, 20,000,000 placing shares were issued on the completion of a successful fund raise at 2.5p per share, raising gross cash proceeds of £500,000.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The Deferred Shares have no voting rights and do not carry any entitlement to attend general meetings of the Company; nor will they be admitted to AIM or any other market. They carry only a priority right to participate in any return of capital to the extent of £1 in aggregate over the class. In addition, they carry only a priority right to participate in any dividend or other distribution to the extent of £1 in aggregate over the class. In each case a payment to any one holder of Deferred Shares shall satisfy the payment required. The Company will be authorised at any time to effect a transfer of the Deferred Shares without reference to the holders thereof and for no consideration pursuant to and in accordance with the Act. Accordingly, the Deferred Shares will, for all practical purposes, be valueless and it is the Board's intention, at an appropriate time, to have the Deferred Shares cancelled, whether through an application to the Companies Court or otherwise in accordance with the Act.

Reserves

Share capital

The balance held in share capital relates to the nominal net proceeds on issue of the Company's equity share capital, comprising £0.01 ordinary shares, and £0.09 deferred A shares.

Share premium account

The share premium account represents the premium received over the nominal value of ordinary shares on issue of the Company's equity. The share premium account has been reduced by expenditure associated with issuing shares such as listing costs.

Other reserves

This reserve records the fair value of conditional shares awarded but not settled, and consultants service payments to be also settled by way of share issues.

11. Related Party Transactions

Related party loan

GCM is beneficiary to a £3.5 million loan facility from its largest shareholder, with a current interest rate of 15% per annum. As at 30 June 2023 the Group had utilised £3.2 million of the loan facility (2022: £3,200,000) and an interest accrual of £1,963,000 (2022: £1,483,000). The terms of the loan were amended in March 2022 & March 2021, refer to note 8 of the Company Financial Statements. Note Polo Resources Ltd is a related party by way of Michael Tang being a Director of both Companies.

Management service company

As disclosed in the Directors Report, for the year ended 30 June 2023, the remuneration for the services of Datuk Michael Tang PJJN, Executive Chairman of the Company, was £303,600, which comprised of directors fees amounting to £6,000 (2022: £6,000) and management services of £297,600 paid to a management services company (2022: £297,600).

For the period September 2018 to March 2021 Datuk Michael Tang PJJN offered to defer the payments due to his management services company until further notice in order to assist the Company. The total debt as a result of the deferment of £769,000 has not been paid and is being accrued accordingly.

As at 30 June 2023 the amount owing to the management services company of Datuk Michael Tang PJJN was £793,600 (2022: £793,600).

12. Events after the end of the reporting period

The following events took place subsequent to 30 June 2023, for which there has been no adjustment to the 30 June 2023 financial statements:

- On 15 September 2023, the Company announced that for personal reasons Mohd Najib Bin Abdul Aziz had reluctantly tendered his resignation from his position as Independent Non-Executive Chairman. Najib's resignation took effect from 11 October 2023. As a result of Najib's resignation, the Company is pleased that Independent Non-Executive Director, Christian Taylor-Wilkinson, has agreed to act as interim Non-Executive Chairman until such time that new NEDs are appointed and the board makes its final decision on the Chairman role.
- On 28 November 2023, the Company announced that further to its announcements of 23 November 2021, June 2021 and 12 December 2022, Power Construction Corporation of China, Ltd. ("**PowerChina**") it had agreed an extension for a period of a further 12 months from 6 December 2023 to 6 December 2024 on the same terms as the previous memorandum of understanding ("**MoU**") which is primarily focused on the Phulbari coal mine development. This will allow PowerChina and GCM to continue to work on determining the modality for PowerChina to become a Mine Development Partner, subject to the approval of PowerChina internal compliance and all other relevant regulatory agencies.
- On 28 November 2023, the Company announced in relation to the Loan Facility with Polo Resources Ltd ("**Polo**") as announced on 26 March 2021 and as amended and announced on 3 March 2022, it had requested to drawn down a further £300,000 in accordance with the terms announced thereon. The Company on receipt of this further drawdown will have then utilised the full £3.5million of the £3.5million facility. This current drawdown request along with existing cash balances will be sufficient to fund the Company through to the end of March 2024, to which the Company will require to raise additional funds prior to the end of March 2024, for Working Capital thereafter.
- On 20 December 2023, the Company announced in relation to the final drawdown request of 28 November 2023, it was still awaiting receipt of the £300,000 funds from Polo Resources Ltd.
- On 24 January 2024, the Company announced that it received a notice from Polo Investments Limited ("**Polo**"), pursuant to Section 168 of the Companies Act 2006, requesting that a resolution to remove Christian Taylor-Wilkinson be tabled, as an ordinary resolution, at the forthcoming Annual General Meeting of the Company or a general meeting of GCM to be convened as soon as practicable. Polo currently holds 43,328,003 shares representing 20.9% of the Company's total voting.
- On 26 January 2024, the Company announced that it had successfully raised gross proceeds of £0.5m by means of a direct subscription (the "**Subscription**") of new Ordinary Shares (the "**Subscription Shares**") at a price of 1.65 pence per share (the "**Subscription Price**"). The Company will need to carry out an additional fundraise before the end of May 2024 to fund its working capital for the next 12 months. The Subscription Price represents a discount of 37.7 per cent to the Closing Price of 2.65 pence per Ordinary Share on 23 January 2024, being the latest practicable business day prior to the publication of this announcement.





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