

# Mineral & Financial Investments Limited

## Interim Results (unaudited) for the Six Months Ended 31 December 2023

### HIGHLIGHTS:

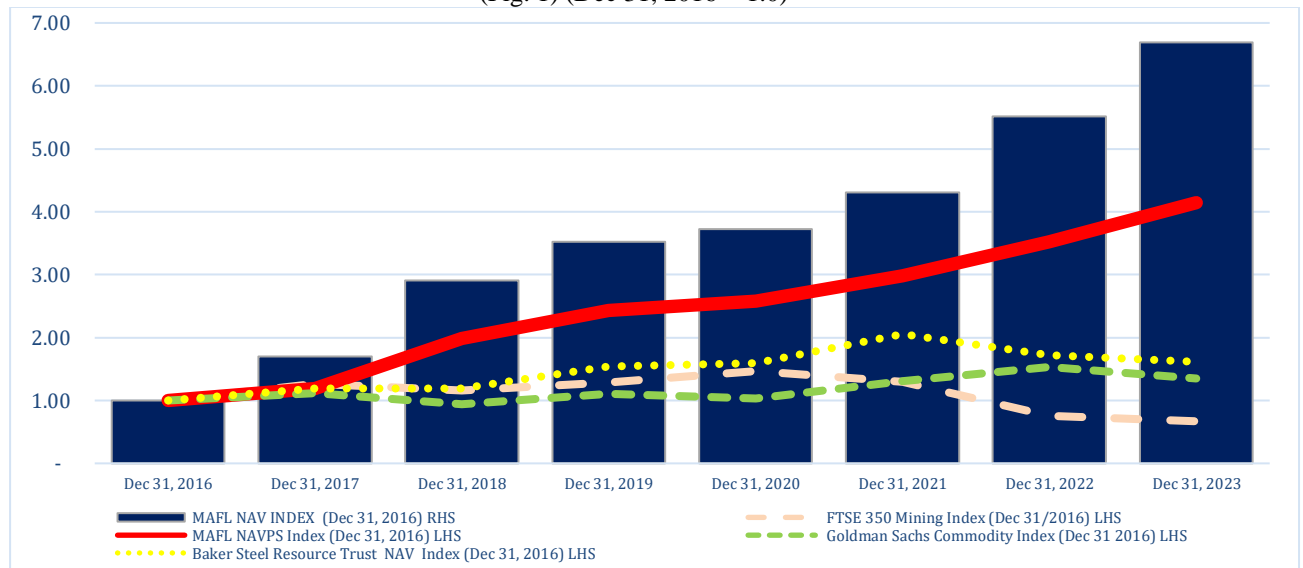
- NAV<sup>1</sup> per share (“NAVPS”) on 31 December 2023 was 25.8p, +17.0%, from 22.0p, Year on Year (YoY).
- H1-2024 NAV<sup>1</sup> was £10,020,000 +22.0% from £8,214,000 YoY.
- H1-2024 Net earnings<sup>1</sup> were £589,000 (EPS-FD 1.5p) vs. H1-2023 Net earnings £703,000 (EPS-FD: 1.8p)
- Investable capital was £10,388,000 (+22.2% YoY) vs £8,500,000 one year ago.
- M&F continues to deliver good Net Asset Value (NAV)<sup>1</sup> CAGR +25.6% and NAVPS +23.0% compounded over 6yrs.
- M&F remains debt free, with a strong liquidity and a NAV growth performance outperforming our internal benchmarks.

CAMANA BAY, GRAND CAYMAN ISLANDS, 27 March 2024 – Mineral and Financial Investments Limited (LSE-AIM: MAFL) (“M&F” or the “Company”) is very pleased to announce its unaudited interim results for the six months ended 31 December 2023 (“H1-2024”).

The Company generated a H1-2024 after-tax profit of £589,000 and a fully diluted earnings per share (“EPS-FD”) of 1.5p per share, this compares with H1-2023 net earnings of £702,000 or 1.8p per share. The NAVPS for the quarter ending 31 December 2023, was 25.8p +17.0% on 22.0p in 2022. The Net Asset Value for the period ending December 31, 2023 was £10,019,987. Working capital as of 31 December 2023, was £10,145,000<sup>2</sup>. The basic NAV has grown at an average of rate of 31.2% per year on a compounded basis since 31December 2016 (7 years).

### M&F NAVPS vs. Comparable Benchmarks Indexed Performance

(Fig. 1) (Dec 31, 2016 = 1.0)



### CHIEF EXECUTIVE’S STATEMENT:

The Company ended the first half of the year with a cash position of £316,000.

Our NAV growth YoY was 17.1% despite extraordinarily challenging and times that defy rational assessment. The past 12 months has been characterized by some extreme performances in the commodity sectors. As at 31 December

<sup>1</sup> Unaudited

<sup>2</sup> Current Assets of £10,392,621 less Current Liabilities of £247,810 = Working Capital of £10,144,987

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2023, US 10 Yr. Treasury yields<sup>3</sup> had risen to 3.88% (+6.9% YoY), while 10 yr. government yields in Canada, Mexico and Brazil were all down during the same period. Similarly, 10 yr. government yields in Europe and Asia were also down YoY. in the same period, with Japan as the standout exception. Despite rising rates, underperforming US treasury bonds versus other major bond markets, an inverted yield curve, US equity markets as measured by the S&P 500<sup>3</sup> were up 24.2% YoY to 31 December 2023. Simultaneously, China<sup>3</sup> (CSI 300) and Hong Kong<sup>3</sup> (Hang Seng) were down 11.4% and 13.8% respectively. Closer to home the Euro-Stoxx<sup>3</sup> index was up 17.3% YoY to 31 December 2023, while the London FTSE 100<sup>3</sup> was up a more modest 3.8%.

The following is a summary of the Company’s NAV Performance for the 6 years to 31 December 2023:

### M&F – Financial Performance Summary vs Comparable Yardsticks (Fig.2)

	31 Dec H1 2018	31 Dec H1 2019	31 Dec H1 2020	31 Dec H1 2021	31 Dec H1 2022	31 Dec H1 2023	H1- '24 / H1-'23 % Ch.	5 Yr. CAGR '23 /'18
Net Asset Value (NAV) (,000)	£4,393	£5,361	£5,681	£6,580	<b>£8,214</b>	<b>£10,020</b>	<b>22.0%</b>	<b>17.9%</b>
Net Asset Value Per Share (FD)	12.4p	15.2p	16.1p	18.6p	<b>22.0p</b>	<b>25.8p</b>	<b>17.0%</b>	<b>15.7%</b>
FTSE 350 Mining Index	17,705	19,049	21,699	16,679	<b>11,154</b>	<b>9,904</b>	<b>(11.2%)</b>	<b>(10.3%)</b>
Goldman Sachs Commodity Index	374.33	439.58	409.46	561.18	<b>610.07</b>	<b>535.64</b>	<b>(12.2%)</b>	<b>7.4%</b>

The US Dollar as measured by the DXY Index<sup>3</sup> (Trade weighted measure of the USD) was down 2.1% YoY. The US dollar is currently the accepted reference currency for most commodities. A rising USD will, all things being equal, result in lower US dollar denominated commodity prices, and conversely a declining USD will result in higher USD commodity prices. Uranium<sup>3</sup> was up 72.4%, gold<sup>3</sup> +13.1%, copper<sup>3</sup> +0.76%, while silver<sup>3</sup> -0.7%, Platinum<sup>3</sup> -7.6%, Palladium<sup>3</sup> -36.8%, Rhodium<sup>3</sup> -61.9%, Nickel<sup>3</sup> -44.4%, Aluminium<sup>3</sup> -16.2%, Zinc<sup>3</sup> -18.1%, Lead<sup>3</sup> -12.8%. Energy prices were also down YoY. WTI<sup>3</sup> declined 10.7% and Henry Hub natural gas<sup>3</sup> prices fell 43.8%. In summary, the USA is experiencing rising rates, a rising equity market and declining commodity prices – an inconsistent set of market cornerstone results. In Asia, matters are also challenge normal investment tenets, with declining interest rates, commodity prices and also equity markets. “May you live in interesting times” is in the Anglo-Saxon world believed to be a blessing, but in China is believed to be a curse. These are indeed “interesting times” for our sector.

The following is a summary of the Company’s Commodity Allocation H1-2024 vs. H1-2023:

### Portfolio Allocation by Commodity Grouping (Fig. 3)

(£'000)	H1-2024	H1-2023	% Change	As a % of Total
Cash	£315.9	£2,284.7	-86.2%	3.1%
Precious Metals	£5,484.8	£3,482.1	57.5%	53.0%
Base Metals	£3,449.5	£1,760.4	95.9%	33.3%
Diamonds	£11.1	£60.9	-81.8%	0.1%
Food, Energy, & Tech.	£1,090.7	£911.5	19.7%	10.5%
Total Investable Funds	£10,352.0	£8,499.6	21.8%	100.0%

M&F’s investable funds, £10,388,000 at the end of H1-2024 period, showed an increase of 21.8% YoY. Our cash levels are at 3.1% of our investable funds. This cash holding is lower than is normal, but we are firmly of the mind that commodity prices will rise imminently for several reasons, but notably we believe the industry is suffering through rising factor input pricing while commodity prices have grown by less than inflation. – supplies are tightening, and mineral commodity price moves will be the next leg. We wish to be as fully and soundly invested as possible. Secondly, the rise and strength in the USD is, in our opinion, driven by its higher rates. These rates are due, in our opinion, to the Fed’s slow unwinding of the various QE programs created over the past 17 years, resulting in significant sales from its portfolios by the Fed every day of every week of every month. Investing in US treasuries has been seen for the past century as a “Safe Harbour”. But currently, despite its unique status as the reserve currency of the world, the USD offers a carry trade. A carry trade is when one can borrow in one currency, the Euro for example, and buy USD treasuries and benefit from a 150 to 190 basis point positive carry (i.e. higher yield) along with a credit rating pickup.

Our Precious metal position has increased by 57.5%, as we have categorized our recent Luca Mining investment as a precious metal investment. Until Luca’s Tahuehueto mine comes into full production in the next 3 months, it is still more of a base metal mine. We will in future reports find a more accurate way of reflecting our investments by metal category. Our base metal investments have increased due to the increased valuation of our Redcorp Investments resulting from the Put Agreement we have with our project partner.

Our belief is that the underperformance of mining and exploration companies, despite stable commodity pricing, is due to inflation exceeding metal price rises resulting in shrinking margins for most mining companies. We do not

<sup>3</sup> Bloomberg LLC

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believe this can be sustained and furthermore, commodities are traditionally viewed as a hedge against inflation. The world needs metals and only a profitable mining industry can satisfy this need. We expect to see improving metal prices over the next 18 to 24 months. Moreover, we see the greater investment values in public markets, rather than private markets.

Our current weighting of the Tactical fund is low at 19.4%, but its weighting should be considered in conjunction with our cash holdings. The collective holding of cash and the Tactical portfolio is 22.4%. We noted in the H1-2023 report that the Tactical weighting would increase. We chose to invest in Luca Mining as part of our Strategic Portfolio, increasing our Strategic Holdings as a result.

**Portfolio Allocation by Portfolio Category (Fig. 4)**

(£,000)	H1-2024	H1-2023	% Change	As a % of Total
Cash	£315.9	£2,284.7	-86.2%	3.1%
Tactical Portfolio	£2,007.1	£2,229.1	-10.0%	19.4%
Strategic Portfolio	£8,029.0	£3,985.8	101.4%	77.6%
Total	£10,352.0	£8,499.6	21.8%	100.0%

### **Tactical Portfolio:**

The purpose of the Tactical Portfolio is to protect our performance by generating “excess returns” to offset our cash holdings and by positioning itself to hedge, if deemed appropriate, against market circumstance that would negatively affect our Strategic Portfolio. Additionally, the Tactical Portfolio allows M&F the flexibility to take advantage of short-term opportunities across asset classes in high quality names, whilst remaining liquid enough to deploy working capital elsewhere when needed. The Tactical portfolio decreased by 10% YoY. compared to H1-2023, This is due to a challenging public market performance. We are beginning to increase our exposure to the non-precious metal investments, notably: Capstone Copper, a copper producer with assets in the USA, Mexico and Chile, producing 164,000 tonnes of copper in 2023; Azimut Exploration a gold and Lithium exploration development company located in Canada; HudBay Minerals, a copper producer with assets located in Peru and Canada.

As at the period ending 31 December 31, 2024 the Company held tactical holdings in 24 investments. Our investments in the Tactical portfolio, include the following: Azimut Exploration; Agnico Eagle Mines; Barrick Gold; Calibre Gold; Camellia Plc; Capstone Copper; Centerra Gold; Fortuna Silver Mines; GoldTerra Resources; Hudbay Minerals; K&S AG; Newmont Corporation; Northern Graphite; Orla Mining; Pan American Silver; Sibanye Stillwater; UBS GOLD ETF; Zuercher Kantonal Bank Silver ETF, and Gemdale Gold.

### **Strategic Portfolio:**

The Strategic Portfolio holds investments which are longer term in nature and which we believe had unique investment characteristics at the time we invested. These longer-lived investments require M&F to assess the four keystone foundations to a successful investment in the natural resource sectors: 1. Management; 2. Finance; 3. Location, and 4. Geology. We can assist in the improvement of the first two, however, we cannot affect the location (i.e. jurisdiction and logistics) or the geology of the asset, and therefore must evaluate these investments more cautiously on the latter two keystones. As such, we are constantly reviewing potential investments filtering through the many underfunded projects left struggling, we believe, by 10 years of sector neglect, underfunding and underperformance.

Redcorp and Ascendant have had a challenging year. In Portugal, the Prime Minister resigned, and parliament was dissolved due to alleged corruption resulting in a political scandal. As a result of this our partner EDM requested and was granted an extension to the time window to decide how it wishes to proceed with its option on 15% of the Lagoa Salgada Project (“LS Project”). We remain hopeful to come to an agreement with EDM, however, there is no certainty that this will be achieved. If EDM does not take-up its option, M&F is left with a 20% carried interest (“CI”) on the LS Project. If it opts to take up its full interest then M&F would be diluted down to a 5% CI. The Feasibility Study (FS) was completed and the agreement with Ascendant that grants M&F the right to sell its interest to Ascendant for 5% of the Feasibility Study’s NPV using a 10.5% Discount Rate. This Put’s term lapses 4 months after EDM’s Option exercise decision. Ascendant accessed additional funding from Sprout and completed an equity raise in the period. Redcorp has filed its Environmental Impact Study (EIS). Feedback is expected from the government relatively quickly as Lagoa Salgada has been determined to be a project of National Importance by the Portuguese government.

Golden Sun Resources (GSR) has achieved yet another very important watershed. It has (March 2024) completed the construction of the 400tpd mill at its BellaVista mine in Costa Rica. Additionally, GSR has spun-out to GSR shareholders its exploration company, Terrasun Resources SA (Terrasun). Terrasun has 17 distinct exploration permits covering 202km<sup>2</sup> of which with 7 projects have either historical resources and / or had historical production. Terrasun also owns a new 500TPD CVL gold processing plant and six drill rigs. Until these transactions are finalized, they have not been included in the NAV.

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Luca Mining is our most recent Strategic investment. Luca own 100% of two producing mines located in Mexico, each with a mine life exceeding 10 years. Campo Morado, located in Guerrero State and Tahuehueto, located in Durango State. Luca's guidance indicates that it will produce 65,000 of gold equivalent ounces (AuEq oz") in 2024. We invested as part of a re-capitalization of the company which we believe had been previously mis-managed and under-capitalized. In the past year it converted \$24 million of debt, introduced a project optimization plan at Campo Morado which should increase recoveries by almost 10% and is nearing the ramp-up of Tahuehueto from a 300 tonnes per day ("TPD") mill to a 1,000 TPD operation. Additionally, the ranks of management have been reinforced through the addition of five former Lundin Mining senior executives joining the Luca management team. In H2-2024 Luca will begin to initiate exploration programs at both Tahuehueto and Campo Morado which should ensure a longer production horizon at both mines. In 2025 planning will begin to double the productive capacity of Tahuehueto to 100,000 AuEq oz per year.

The directors look forward to providing shareholders with an update on investments in due course.

**On behalf of the Board**

Mark T. Brown, CA CPA  
Chairman

Jacques Vaillancourt, CFA  
President, CEO and Director

**FOR MORE INFORMATION:**

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## Mineral and Financial Investments Limited

### Statement of comprehensive Income for the 6 months ended 31 December 2023

	UNAUDITED	UNAUDITED	AUDITED
	6 months to 31 December 2023	6 months to 31 December 2022	12 months to 30 June 2023
Note	£'000	£'000	£'000
<b>Continuing operations:</b>			
Investment income	11	110	119
Net gains on investments	888	899	2,275
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Total income	899	1,009	2,394
Operating expenses	(229)	(225)	(452)
Share based payment expense	(8)	(58)	(136)
Other gains and losses	(67)	24	(230)
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Profit before taxation	595	750	1,576
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Taxation expense	(6)	(47)	(26)
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Profit for the period attributable to owners of the Company	589	703	1,550
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Earnings per share attributable to owners of the Company during the period	3	pence	pence
Basic:	1.6	2.0	4.4
Diluted:	1.5	1.8	4.0

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**Statement of Financial Position  
as at 31 December 2023**

	UNAUDITED	UNAUDITED	AUDITED
	31 December 2023	31 December 2022	30 June 2023
	£'000	£'000	£'000
<b>CURRENT ASSETS</b>			
Financial assets	10,072	6,215	8,925
Trade and other receivables	6	15	25
Cash and cash equivalents	315	2,284	796
	10,393	8,514	9,746
<b>CURRENT LIABILITIES</b>			
Trade and other payables	238	149	125
Convertible unsecured loan notes	10	10	10
	248	159	135
<b>NET CURRENT ASSETS</b>	<b>10,145</b>	<b>8,355</b>	<b>7,547</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax provision	(125)	(140)	(93)
<b>NET ASSETS</b>	<b>10,020</b>	<b>8,215</b>	<b>7,454</b>
<b>EQUITY</b>			
Share capital	3,116	3,099	3,099
Share premium	6,203	5,914	5,914
Loan note equity reserve	6	6	6
Reserve for employee share option schemes	213	150	92
Other reserves	15,736	15,736	15,736
Retained earnings	(15,254)	(16,690)	(17,393)
<b>SHAREHOLDERS' EQUITY</b>	<b>10,020</b>	<b>8,215</b>	<b>7,454</b>

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### Statement of Changes in equity

for the 6 months ended 31 December 2023

	Share capital £'000	Share premium £'000	Loan note reserve £'000	Reserve for Employee Share schemes £'000	Other reserves £'000	Accumulated losses £'000	Total equity £'000
At 30 June 2022	3,099	5,914	6	92	15,736	(17,393)	7,454
Profit for the 6 months to 31 December 2022	-	-	-	-	-	703	703
Share based payment expense	-	-	-	58	-	-	58
At 31 December 2022	3,099	5,914	6	150	15,736	(16,690)	8,215
Profit for the 6 months to 30 June 2023	-	-	-	-	-	847	847
Share based payment expense	-	-	-	78	-	-	78
Issues of equity	15	268	-	-	-	-	283
At 30 June 2023	3,114	6,182	6	228	15,736	(15,843)	9,423
Profit for the 6 months to 31 December 2023	-	-	-	-	-	589	570
Exercise of Restricted Stock Units	2	21	-	(23)	-	-	-
Share based payment expense	-	-	-	8	-	-	8
At 31 December 2023	3,116	6,203	6	213	15,736	(15,254)	10,020

## Mineral and Financial Investments Limited

### Statement of Cash flows for the 6 months ended 31 December 2023

	UNAUDITED	UNAUDITED	AUDITED
	6 months to 31 December 2023	6 months to 31 December 2022	12 months to 30 June 2023
	£'000	£'000	£'000
<b>OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation	595	750	1,576
Adjustments for:			
Net gains on investments	(888)	(899)	(2,275)
Investment income	(11)	(110)	(119)
Share based payment expense	8	58	136
Operating cashflow before working capital changes	(296)	(201)	(682)
(Increase)/decrease in trade and other receivables	19	3	(7)
Increase/(decrease) in trade and other payables	41	21	69
Net cash outflow from operating activities	(236)	(177)	(620)
<b>INVESTING ACTIVITIES</b>			
Purchase of financial assets	(470)	(1,110)	(3,783)
Disposal of financial assets	214	3,060	4,396
Investment income	11	30	39
Net cash (outflow)/inflow from investing activities	(245)	1,980	652
<b>FINANCING ACTIVITIES</b>			
Proceeds of share issues	–	–	282
Net cash inflow from financing activities	–	–	282
Net (decrease)/increase in cash and cash equivalents	(481)	1,803	315
Cash and cash equivalents at start of period	796	481	481
Cash and cash equivalents at end of period	315	2,284	796



**Notes to the unaudited interim statement  
for the 6 months ended 31 December 2023**

**1. General information**

The Company is a limited company quoted on AIM, a market of the London Stock Exchange, and is registered in the Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands. The financial statements are presented in Pounds Sterling which is the Company's functional and presentational currency.

**2. Basis of preparation**

The interim financial statements of Mineral & Financial Investments Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and on the historical cost basis using the accounting policies which are consistent with those set out in the Company's Annual Report and Accounts for the year ended 30 June 2022.

This interim financial information for the 6 months to 31 December 2023 was approved by the board on 26 March 2023.

The unaudited interim financial information for the 6 months to 31 December 2023 does not constitute statutory accounts. The comparative figures for the year ended 30 June 2023 are extracted from the statutory financial statements which contain an unqualified audit report.

**3. Earnings per share**

The basic and diluted earnings per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	6 months to 31 December 2023 £'000	6 months to 31 December 2022 £'000	12 months to 30 June 2023 £'000
Weighted average number of shares for calculating basic earnings per share	35,465,395	35,465,395	35,611,416
Weighted average number of shares for calculating fully diluted earnings per share	38,365,395	38,365,395	38,511,416

**4.** The interim report is available to view and download from the Company's website: [www.mineralandfinancial.com](http://www.mineralandfinancial.com)