

Blencowe Resources Plc

Interim Consolidated Financial Statements

For the six month period ended 31 March 2023

Date: 02 June 2023

Blencowe Resources Plc
("Blencowe" or the "Company")

**Interim Consolidated Financial Statements
for the six month period ended 31 March 2023**

The Company is pleased to announce its Interim Results for the six-month period to 31 March 2023.

Interim Management Report

The period to 31 March 2023 (and subsequent events to 30 April 2023) have seen the Company continue to develop its Orom-Cross graphite project.

A Definitive Feasibility Study ("DFS") commenced and is underway on a number of fronts; this is expected to take around 12 months to complete but the timing is dependent on pre-qualification test work being completed as a means to ultimately deliver binding offtake contracts for the full quantum of graphite concentrate being considered for sale under the phase one operational model. Experienced Australian engineering firm CPC Engineering have agreed to manage and sign off on the DFS, and their experience and involvement will assist greatly in achieving a high quality study and result.

DFS work will concentrate on three key areas. Firstly, work in-country to complete all work necessary to build and operate the mine, including all remaining licenses and permits. The associated infrastructure required to drive the operation will be scrutinised and plans put in place to ensure that all necessary infrastructure will be ready and in place for mining at Orom-Cross. Local studies include management and personnel, mining, equipment, logistics and other key areas. The DFS will take these studies to a far greater extent than the PFS in 2022.

Secondly, pre-qualification testing is taking place in the United States and China to advance the status of Orom-Cross graphite to potential buyers. A bulk sample of 100 tonnes was mined from Orom-Cross in January and (via a special export permit) was approved for transport to China by sea, where it will be put through an existing graphite pilot testing facility. This will save Blencowe substantial time and money by not having to build its own pilot facility on-site to get pre-qualified. The resultant tonnes of 96% concentrate will be then processed to a series of 99.9% products, both expendable's (large flakes) and SPG (spheronised, purified graphite) (smaller flakes). Assuming successful these samples will be given to end user OEMs to conduct their own testing in their own facilities, to ensure Orom-Cross end product meets their standards and expectations. Once this process is completed then Orom-Cross becomes 'qualified' and offtake contract discussions may be entered into.

A 150kg sample was sent to China by air as a preliminary raw material product for the same pilot facility to run tests on how to achieve the best results on the larger sample to follow, and the Company expects feedback on this shortly. This full qualification process is what sets graphite apart from most other metals and it also creates barriers to entry for new participants in the industry. Blencowe is confident that it has the right process/procedures in place to achieve the results it requires to pass this key hurdle. Without binding offtake agreements, it will be difficult to deliver a decision to mine and/or project funding, so this is a critical path item within the DFS. In the past this process has taken other graphite companies several years, Blencowe is hoping that the refinement of this process via its advisors will ensure we ultimately complete this pre-qualification much faster.

In parallel Blencowe is conducting further metallurgical test work in USA to provide evidence (bench-scale testing) that the 96% concentrate it will deliver at Orom-Cross will be suitable for upgrading to the 99.9% end products sought after by the market, and how this is best achieved. These results are expected soon and will be important in ascertaining the end value within the project portfolio.

Thirdly, Blencowe is working through a number of different potential funding options to secure the right partnerships for funding both the DFS and the project implementation. There are different alternatives at both topco and project level and it is important that the right relationships are built that can deliver this project ahead, both now (DFS stage) and in building the full project. Blencowe announced in April its successful passing through a key screening hurdle/test with the Development Finance Corporation

(DFC) which is a tier one US Govt-owned financial institution which provides funding solutions for the private sector in areas the US Govt deems are critical. Graphite is considered critical and hence the interaction. This is seen as a valuable relationship for Orom-Cross and the Company is hoping to sign off on a substantial technical assistance grant with the DFC in the near term that will provide up to 50% of the DFS costs. Thereafter this relationship has the potential to offer further funding solutions for the full project finance required. The credibility that association with an institution of this stature brings to both our Company and our project cannot be easily measured; this would be a big result for Blencowe.

These and other DFS activities are the focus and will remain so for the Company ahead. Further capital will be introduced into the Company as and when required, with the continued support of our major shareholders, and once Blencowe delivers the DFC technical assistance grant it is believed that many other funding opportunities will emerge at all levels.

Elsewhere, the Company walked away from the previously announced nickel exploration earn-in deal with SIPA Resources as it was considered more advantageous to concentrate on delivering the Orom-Cross graphite project into production ahead.

Mike Ralston
Chief Executive Officer

Responsibility Statement of the Directors in respect of the Interim Report

The Directors are responsible for preparing the Interim Financial Statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Interim Financial Statements in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the United Kingdom ("UK").

The Interim Financial Statements are required to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these Interim Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information and make judgements that are reasonable, prudent and provides relevant, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particulars transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time its financial position of the Group to enable them ensure that the financial statements comply with the requirements of the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and Interim Financial Statements. Legislation governing the preparation and dissemination of Interim Financial Statements may differ from one jurisdiction to another.

We confirm that to the best of our knowledge:

- the Interim Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group for the period;
- the Director's report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

Consolidated Statement of Comprehensive Income for the six month period ended 31 March 2023

	Notes	6 months ended 31 Mar 2023 (Unaudited) GBP	6 months ended 31 Mar 2022 (Unaudited) GBP	12 months ended 30 Sep 2022 (Audited) GBP
Exploration costs		(16,642)	(2,744)	(4,853)
Impairment -Akelikongo project		-	-	(404,533)
Administrative fees and other expenses	5	(446,424)	(331,617)	(681,488)
Adjustments to Liability to surface liability		-	-	51,316
Operating loss		(463,066)	(334,361)	(1,039,558)
Finance costs		(23,010)	(21,975)	(45,916)
Loss before tax		(486,076)	(356,336)	(1,085,474)
Income tax		-	-	-
Loss after tax		(486,076)	(356,336)	(1,085,474)
Other comprehensive income				
Exchange differences on translation of foreign operation		7,807	(2,061)	(4,205)
Other comprehensive income, net of tax		7,807	(2,061)	(4,205)
Total comprehensive loss		(478,269)	(358,397)	(1,089,679)
Basic and diluted loss per share (pence)	9	(0.28)	(0.27)	(0.68)

There was no other comprehensive income for the period ended on 31 March 2023.

Consolidated Statement of Financial Position as at 31 March 2023

	Notes	As at 31 Mar 2023 (Unaudited) GBP	As at 31 Mar 2022 (Unaudited) GBP	As at 30 Sept 2022 (Audited) GBP
Non-Current Assets		7,065,820	5,815,114	6,615,253
Current assets				
Trade and other receivables	6	135,901	248,413	85,847
Cash and cash equivalents		130,740	968,693	346,994
Total current assets		266,641	1,217,106	432,841
Total assets		7,332,461	7,032,220	7,048,094
Current liabilities				
Creditors: Amounts falling due within one year		(429,843)	(282,217)	(326,375)
Total current liabilities		(429,843)	(282,217)	(326,375)
Non-current liabilities				
Surface liabilities		(785,520)	(924,359)	(825,852)
Total liabilities		(1,215,363)	(1,206,576)	(1,152,227)

Net assets	6,117,098	5,825,644	5,897,867
Equity			
Share capital	1,931,316	1,101,316	1,181,316
Share premium	7,428,329	6,841,596	7,480,829
Warrants reserves	402,148	317,876	402,148
Translation reserve	7,264	1,601	(543)
Retained earnings	(3,651,959)	(2,436,745)	(3,165,883)
Total equity	6,117,098	5,825,644	5,897,867

Consolidated Statement of Changes in Equity for the six month period ended 31 March 2023

	Share capital GBP	Share premium GBP	Share option reserves GBP	Retained earnings GBP	Transla tion reserve GBP	Total equity GBP
Balance as at 30 Sep 2021	901,316	5,132,081	317,876	(2,080,409)	3,662	4,274,526
Total comprehensive loss for 6 months						
Loss for the period	-	-	-	(356,336)	-	(356,336)
Total comprehensive loss	-	-	-	(356,336)	-	(356,336)
Contributions from equity holders						
New shares issued	200,000	1,800,000	-	-	-	2,000,000
Share issue costs	-	(90,485)	-	-	-	(90,485)
Exchange differences on translation	-	-	-	-	(2,061)	(2,061)
Total contributions from equity holders	200,000	1,709,515	-	-	(2,061)	1,907,454
Balance as at 31 Mar 2022	1,101,316	6,841,596	317,876	(2,436,745)	1,601	5,825,644
Total comprehensive loss for 6 months						
Loss for the period	-	-	-	(729,138)	-	(729,138)
Total comprehensive loss	-	-	-	(729,138)	-	(729,138)
Contributions from equity holders						
New shares issued	80,000	720,000	-	-	-	800,000
Share issue costs	-	(80,767)	-	-	-	(80,767)
Warrants reserve	-	-	84,272	-	-	84,272
Exchange differences on translation of foreign operations	-	-	-	-	(2,144)	(2,144)
Total contributions from equity holders	80,000	639,233	84,272	(729,138)	(2,144)	801,361
Balance as at 30 Sep 2022	1,181,316	7,480,829	402,148	(3,165,883)	(543)	5,897,867

Consolidated Statement of Changes in Equity for the six month period ended 31 March 2023

	Share capital GBP	Share premium GBP	Share option reserves GBP	Retained earnings GBP	Translation reserve GBP	Total equity GBP
Balance as at 30 Sep 2022	1,181,316	7,480,829	402,148	(3,165,883)	(543)	5,897,867
Total comprehensive loss for 6 months						
Loss for the period	-	-	-	(486,076)	-	(486,076)
Total comprehensive loss	-	-	-	(486,076)	-	(486,076)
Contributions from equity holders						
New shares issued	750,000	-	-	-	-	750,000
Share issued costs	-	(52,500)	-	-	-	(52,500)
Exchange differences on translation of foreign operations	-	-	-	-	7,807	7,807
Total contributions from equity holders	750,000	(52,500)	-	-	7,807	705,307
Balance as at 31 Mar 2023	1,931,316	7,428,329	402,148	(3,651,959)	7,264	6,117,098

Consolidated Statement of Cash Flows for the six month period ended 31 March 2023

	Notes	As at 31 Mar 2023 (Unaudited) GBP	As at 31 Mar 2022 (Unaudited) GBP	As at 30 Sept 2022 (Audited) GBP
Operating activities				
Loss after tax		(486,076)	(356,336)	(1,085,474)
Depreciation		104	-	-
Finance costs		23,010	21,974	45,916
Adjustment to Surface Liability		-	-	(51,316)
Share issue/warrant cost		-	-	84,272
Impairment - Akelikongo costs		-	-	404,533
Unrealised currency translation		261,566	(61,217)	(208,371)
Changes in working capital				
Decrease/(increase) in trade and other receivables		(50,054)	(195,833)	(33,267)
Increase/(decrease) in trade and other payables		(39,568)	38,945	76,483
Net cash flows from operating activities		(291,018)	(552,467)	(767,224)
Cash flows from financing activities				
Purchase of fixed assets		(748)	-	-
Investment in exploration assets		(621,988)	(481,643)	(1,423,236)
Net cash flows from investment activities		(622,736)	(481,643)	(1,423,236)
Financing activities				
Shares issued		750,000	2,000,000	-
Shares issued (cost)		(52,500)	(90,486)	2,444,166
Net cash flows from financing activities		697,500	1,909,514	2,444,166

Increase in cash and short-term deposits	(216,254)	875,404	253,706
Cash and short-term deposits brought forward	346,994	93,288	93,288
Cash and cash equivalents at end of period	130,740	968,692	346,994

Notes to the Financial Statements for the six month period ended 31 March 2023

1. General

Blencowe Resources Plc (the “Company”) is a public limited company incorporated and registered in England and Wales on 18 September 2017 with registered company number 10966847 and its registered office situated in England and Wales at 167-169 Great Portland Street, Fifth Floor, London, England W1W 5PF.

The Group did not earn any trading income during the period under review but incurred expenditure in developing its principal assets.

The Consolidated Interim Financial Statements of the Company for the six month period ended 31 March 2023 comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”).

2. Accounting Policies

Basis of preparation

The Interim Financial Statements of the Group are unaudited condensed financial statements for the six month period ended 31 March 2023.

The accounting policies applied by the Group in these Interim Financial Statements, are the same as those applied by the Group in its consolidated financial statements and have been prepared on the basis of the accounting policies applied for the financial year to 30 September 2022 which have been prepared in accordance with IFRS as adopted by UK for. The Group Financial Statements have been prepared using the measurement bases specified by IFRS each type of asset, liability, income and expense.

The Group Financial Statements are presented in £, which is the Group’s functional currency. All amounts have been rounded to the nearest pound, unless otherwise stated.

Comparative figures

The comparative figures have been presented as the Group Financial Statements cover the 6 month period ended 31 March 2022 and the 12 month period ended 30 September 2022.

3. Critical accounting estimates and judgments

In preparing the Group’s Interim Financial Statements, the Directors have to make judgments on how to apply the Group’s accounting policies and make estimates about the future. The Directors do not consider there to be any critical judgments that have been made in arriving at the amounts recognised in the Group Financial Statements.

4. Significant accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Blencowe Resources Plc for the year ended 30 September 2022. A copy of these financial statements is available on the Group website at <https://blencoweresourcesplc.com/>

5. Administrative fee and other expenses

6 months ended 31 Mar 2023 (Unaudited) GBP	6 months ended 31 Mar 2022 (Unaudited) GBP	12 Months ended 30 Sep 2022 (Audited) GBP
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Directors' remuneration	70,023	70,046	173,413
Professional fees	121,692	130,655	274,333
Salaries	75,000	60,000	142,500
Listing fees	18,218	19,783	26,910
Audit fees	21,644	4,375	29,000
Share issue/warrant cost	-	-	84,272
Administration fees	23,500	23,500	47,000
Broker fees	20,500	29,542	38,048
Travelling expenses	7,959	-	34,167
Miscellaneous fees	87,888	(6,284)	(168,155)
Total	446,424	331,617	681,488

The Group had two employees who are key management personnel and three Directors. The Directors and the key management personnel's remuneration related solely to short term employee benefits.

6. Trade and other receivables

	6 months ended 31 Mar 2023 (Unaudited) GBP	6 months ended 31 Mar 2022 (Unaudited) GBP	12 Months ended 30 Sep 2022 (Audited) GBP
Other receivables	21,526	37,997	24,765
Prepayments	114,375	210,416	61,082
Total	135,901	248,413	85,847

7. Creditors: Amounts falling due within one year

	6 months ended 31 Mar 2023 (Unaudited) GBP	6 months ended 31 Mar 2022 (Unaudited) GBP	12 Months ended 30 Sep 2022 (Audited) GBP
Payables	118,980	268,067	140,018
Land Owners Liability	143,036	-	154,403
Accruals and provision	167,827	14,150	31,954
Total	429,843	282,217	326,375

8. Creditors: Amounts falling after one year

BRUL, the Company's subsidiary entered into an agreement for surface rights over the land in the mineral area of the licence. The land owners granted BRUL a 49 year lease over an area. The liability to the land owners is to be paid in 8 instalments on at defined dates with the final payment due in 2035.

	6 months ended 31 Mar 2023 (Unaudited) GBP	6 months ended 31 Mar 2022 (Unaudited) GBP	12 Months ended 30 Sep 2022 (Audited) GBP
Total payable at the beginning of the period	978,255	887,560	887,560
Change in estimate	-	-	(51,316)
Interest charged during the period	23,010	21,975	45,916
Exchange loss on valuation	(72,709)	14,824	96,095
Total payable as at period end	928,556	924,359	978,255

Analysis between current and non-current liability

Payable within 12 months	143,036	-	154,403
Payable after 12 months	785,520	924,359	823,852
	928,556	924,359	978,255

The value of the lease is measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate of 5%.

9. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	6 months ended 31 Mar 2023 (Unaudited)	6 months ended 31 Mar 2022 (Unaudited)	12 Months ended 30 Sep 2022 (Audited)
Earnings	GBP	GBP	GBP
Loss from continuing operations for the period attributable to the equity holders of the Group	(478,269)	(353,336)	(1,085,474)
Number of shares			
Weighted average number of Ordinary Shares for the purpose of basic and diluted earnings per share	168,803,923	133,655,997	160,790,224
Basic and diluted loss per share (pence)	(0.28)	(0.27)	(0.68)

There are no potentially dilutive shares in issue.

10. Related party transactions

There are no related party transactions during the period except for the Directors' remuneration, which have been disclosed in note 5.

Sam Quinn is a director and shareholder of the Company and a Director of Lionshead Consultants Limited. During the period, Lionshead Consultants Limited charged fees for consultancy fees of £18,000 (31 March 2022: £12,000 and 30 Sep 2022: £24,000).

11. Events after the reporting date

On 27 April 2023, the Company announced that it has managed to secure a strategic funding partner for the Orom-cross graphite project. The Development Finance Corporation engaged to fund 50% of the definitive feasibility study costs by way of a technical assistant grant. The DFC is the primary US Government finance institution set up to provide financially sound solutions for private sector initiatives pertaining to critical challenges facing the world.

On 18 May 2023 Blencowe Resources Plc announced that it had raised £635,000 at 5 pence per share through the issue of 12,700,000 new ordinary shares of 0.5p placing shares. The Company will issue investors in the Placing with 1 warrant per 2 Placing Shares (Investor Warrants") which are exercisable at 8p for a period of 3 years from Admission of the Placing Shares.