Critical Metals plc Final Results

written by Raj Shah | October 31, 2022

October 31, 2022 ([Source](#)) — Critical Metals plc, a mining company established to acquire mining opportunities in the critical and strategic metals sector, currently developing an ex-producing copper cobalt mine in the Democratic Republic of Congo ("DRC"), is pleased to announce its Final Results for the year ended 30 June 2022.

A copy of this announcement and the Annual Report for the year ended 30 June 2022 will be made available on the Company's website at www.criticalmetals.co.uk.

Highlights:

- Completed the acquisition of a controlling stake of 57 percent in Madini Occidental Limited, which holds an indirect 70 percent interest in the Molulu Project
- Successful readmission of the Company to trading on the Main Market of the London Stock Exchange
- Carried out a £1.8 million fundraise in conjunction with the Acquisition
- Welcomed Lloyd Kirtley as DRC Project Field Manager
- Acquisition presents a value accretive opportunity to gain near-term exposure to the demand for critical minerals
- Mine development underway with production expected to commence by the end of the calendar year, generating near-term free cashflow going forward.

Statement from the Board

Dear Shareholder,

I am pleased to present the consolidated financial statements for Critical Metals plc (the “Company” or “Critical Metals”) for the year ended 30 June 2022. During the year under review, the Company and its advisers worked tirelessly in its efforts to seek readmission of the Company to trading in what transpired to be a time consuming and complex transaction spanning a number of jurisdictions, negotiating and renegotiating agreements, completing financial and ‘on the ground’ due diligence, and all in a testing macro environment with headwinds from the global pandemic, and more recently much geopolitical and economic instability.

I am thrilled to be able to report that post year end has been a transformative time for Critical Metals, having successfully completed the readmission of the Company to trading on the Main Market of the London Stock Exchange (“LSE”) following the completion of the acquisition of our interest in the Molulu Project in early September (“Molulu Project” or the “Acquisition”). The Board and I are pleased to have been able to bring this Acquisition to fruition for our dedicated shareholders, acquiring a controlling stake of 57 percent in Madini Occidental Limited, which holds an indirect 70 percent interest in the Molulu Project. The Molulu Project is an ex-producing medium-scale copper/cobalt asset in the Katangan Copperbelt, Democratic Republic of Congo (“DRC”), adjacent to producing mines and previously mined by artisanal miners from four pits, and importantly in proximity to copper smelters which provides selling channels for copper & cobalt production.

I was elated with the support we received from existing and new shareholders in the £1.8 million fundraise in conjunction with the Acquisition, in what can only be described as tumultuous time in the equity markets. With the Company funded for the foreseeable future, we will use this capital, along with existing cash resources, for drilling, mine site development and general working capital purposes.

We remain certain that this Acquisition presents a fantastic opportunity to gain near-term exposure to the demand for critical minerals. Copper is a key commodity required for the global transition to Net Zero, needed in industrial infrastructure, wind turbines, and electric vehicles amongst others, thus the global demand is remaining strong. The copper price increased from US$2.14/lb to a current price of around $3.40/lb since 2016 – driven by global economic growth, increasing infrastructure investment and global supply-side deficit. As Goldman Sachs has forecast copper to reach US$15,000/ton, or $6.80/lb by 2025, we are in the right place at the right time to benefit from this trend. Interestingly, the DRC is the world's fourth largest producer of copper, producing 1.6 million metric tonnes in 2020 and supplying 60% of the world's cobalt. Cobalt is used across commercial, industrial, and military applications but has risen in importance due to its role in the production of rechargeable batteries to power electric vehicles, nuclear plant builds, and energy storage from solar, wind, and renewable energy sources. Cobalt prices are currently around $23/lb, averaging $25/lb over the last five years with demand forecast to increase more than twentyfold by 2040, according to the International Energy Agency.

Funding

Upon readmission in September, the Company successfully raised £1,800,000 (before expenses) via a placing of 9,000,000 new Ordinary Shares at an issue price of 20 pence per share (the "Placing"). The net proceeds of the Placing, in conjunction with the Company's existing cash resources, was allocated primarily in connection with the consideration for the Acquisition, with the balance used for drilling, mine site upgrades and general working capital purposes.

Appointments

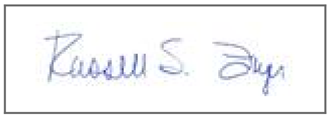
The Company was delighted to welcome Lloyd Kirtley as DRC Project Field Manager and a cornerstone member of the team in early October. Mr. Kirtley has over 40 years’ experience in mining and mineral exploration as a miner and field manager including managing a number of logistics and field programmes at several African based exploration and production companies. Mr. Kirtley will support all activities at the Molulu Project, including all environmental and social assessments, all start-up mining activities, camp management, and other key field requirements. The appointment of Mr. Kirtley so swiftly after the completion of our acquisition of the Molulu Project in DRC represents a strategic move for the Company in transitioning this ex-producing copper/cobalt asset in a highly prospective region, into production as swiftly and economically as possible.

Outlook

The Board would like to acknowledge the support of our shareholders through this complex and lengthy process, and I am confident that the experienced team now assembled will be able to deliver a steady stream of news flow from this project as we move towards developing an efficient copper and cobalt producing operation.

Looking ahead, having completed the Molulu Project Acquisition and readmission to trading on the LSE of the enlarged group, the Company has already begun preparing for the next stages of mine development. As previously reported, the Company intends on completing further exploration work and technical studies required to assess the larger technical and economic viability, with the mineralisation evident at the surface and at shallow depths. With close proximity to copper smelters, we expect to bring this ex-producing copper/cobalt asset, in a highly prospective region, into production in the near-term, generating cashflow going forward.

As Chairman and Chief Executive Officer, I look forward to updating the market with our progress at the Molulu Project site in the near future with various operational and equipment updates. This is a very exciting time for Critical Metals.



Russell S. Fryer

Executive Chairman & CEO

28 October 2022

ENDS

For further information on the Company please visit www.criticalmetals.co.uk or contact:

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About Critical Metals

Critical Metal's has acquired a controlling 57% stake in Madini Occidental Limited, which holds an indirect 70% interest in the Molulu copper/cobalt project, an ex-producing medium-scale asset in the Katangan Copperbelt in the Democratic Republic of Congo. In line with its investment strategy of focusing primarily on known deposits, targeting projects with low entry costs and potential to generate short-term cash flow; the Company intends on bringing the Molulu Project into near term production at the earliest opportunity.

The Company will continue to identify future assets that are line with its stated acquisition objective of low CAPEX and OPEX projects with near term production, concentrating on minerals that are perceived to have strategic importance to future economic growth and generate significant value for shareholders.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	Period ended 30 June 2022 £		Period ended 30 June 2021 £
Revenue				
Revenue from continuing operations		–		–
		–		–
Expenditure				
Costs associated with listing	4	(202,594)		(122,306)
Other expenses	4	(461,264)		(225,278)
		(663,858)		(347,584)
Finance costs				

Finance income		2,115		–
		2,115		–
Loss on ordinary activities before taxation		(661,743)		(347,584)
Taxation on loss on ordinary activities		–		–
Loss and total comprehensive income for the year attributable to the owners of the company		(661,743)		(347,584)
Earnings per share (basic and diluted) attributable to the equity holders (pence)	8	(1.59)		(1.18)

Consolidated Statement of Financial Position as at 30 June 2022

	Notes	30 June 2022 £		30 June 2021 £
NON-CURRENT ASSETS				
Loan notes	9	39,827		–
TOTAL NON-CURRENT ASSETS		39,827		–
CURRENT ASSETS				
Trade and other receivables	10	55,409		17,851
Cash at bank and in hand	11	824,251		1,483,544
TOTAL CURRENT ASSETS		879,660		1,501,395
TOTAL ASSETS		919,487		1,501,395

CURRENT LIABILITIES				
Trade and other payables	13	110,890		31,055
TOTAL LIABILITIES		110,890		31,055
NET ASSETS		808,597		1,470,340
EQUITY				
Called up share capital	14	208,298		208,298
Share premium account	14	1,735,315		1,735,315
Share based payment reserve	15	45,838		45,838
Retained earnings		(1,180,854)		(519,111)
TOTAL EQUITY		808,597		1,470,340

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Issued Share Capital	Share Premium	SBP Reserve	Retained Earnings	Total Equity
	£	£	£	£	£
As at 30 June 2020	71,428	68,572	–	(171,527)	(31,527)
Loss for the year	–	–	–	(347,584)	(347,584)
Other comprehensive income	–	–	–	–	–

Total comprehensive income for the year	–	–	–	(347,584)	(347,584)
Shares issued during the year	136,870	1,754,331	–	–	1,891,201
Share issue costs during the year	–	(87,588)	–	–	(87,588)
Warrants issued during the year	–	–	45,838	–	45,838
Total transactions with owners	136,870	1,666,743	45,838	–	1,849,451
As at 30 June 2021	208,298	1,735,315	45,838	(519,111)	1,470,340
Loss for the year	–	–	–	(661,743)	(661,743)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(661,743)	(661,743)
Total transactions with owners	–	–	–	–	–

As at 30 June 2022	208,298	1,735,315	45,838	(1,180,854)	808,597

Consolidated Statement of Cashflow

For the year ended 30 June 2022

		30 June 2022 £		30 June 2021 £
Cash from operating activities				
Loss for the year		(661,743)		(347,584)
Adjustments for:				
Foreign exchange		26,095		8,009
Operating cashflow before working capital movements		(635,648)		(339,575)
Increase in trade and other receivables		(37,558)		(17,435)
Increase / (decrease)in trade and other payables		79,835		(62,960)
Net cash used in operating activities		(593,371)		(419,970)
Cash from financing activities				
Proceeds on the issue of shares		–		1,849,451
Net cash from financing activities		–		1,849,451
Cash from investing activities				
Accrued interest income		(2,115)		–
Purchase of convertible loan notes		(37,712)		–
Net cash from investing activities		(39,827)		–

Net (decrease) / increase in cash and cash equivalents		(633,198)		1,429,481
Cash and cash equivalents at beginning of year		1,483,544		62,072
Foreign exchange gain		(26,095)		(8,009)
Cash and cash equivalents at end of period	10	824,251		1,483,544

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

1. GENERAL INFORMATION

Critical Metals plc and its subsidiary (the "Group") looks to identify potential companies, businesses or asset(s) that have operations in the natural resources exploration, development and production sector.

The Company is domiciled in the United Kingdom and incorporated and registered in England and Wales as a public limited company. The Company's registered office is The Broadgate Tower, 20 Primrose Street, London UK, EC2A 2EW. The Company's registered number is 11388575.

2. ACCOUNTING POLICIES

The principal accounting policies applied in preparation of these consolidated financial statements ("financial statements") are set out below. These policies have been consistently applied unless otherwise stated.

2.1. Basis of preparation

The financial statements for the period ended 30 June 2022 have been prepared by Critical Metals Plc in accordance with UK adopted International Accounting Standards ("IFRS") and with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

2.2. Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities as they fall due.

The Company has cash and cash equivalents of £824,251 at 30 June 2022 however on 12 September 2022 the Company successfully raised £1.8 million (before costs) to fund its operations in the Democratic Republic of Congo. The Directors have prepared detailed forecasts and analysis and are of the view this is sufficient to fund the Companies expenditure over the next 12 months from the date of approval of these financial statements, without raising funds in this period.

The Company's auditors have made reference to the timing of cashflows in relation to the Molulu Project by raising a material uncertainty based on an assumption that the proposed mining development plan not progressing on schedule, thus delaying the receipt of revenue from production. The Directors do not foresee that the timeline would change materially and therefore conclude that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions.

2.4. Foreign currency translation

The financial statements are presented in Sterling which is the Company's functional and presentational currency.

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities are retranslated at the rates prevailing at the balance sheet date with differences recognised in the Statement of comprehensive income in the period in which they arise.

2.5. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Per IFRS 10, control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

· the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

· potential voting rights held by the Company, other vote holders or other parties;

· rights arising from other contractual arrangements; and

· any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The Group recognises any non-controlling interest in the acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.6. Investment in subsidiary

The consolidated financial statements incorporate the results of subsidiaries 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.

2.7. Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Company classifies its financial assets in the following measurement categories:

· those to be measured subsequently at fair value (either through OCI or through profit or loss);

· those to be measured at amortised cost; and

· those to be measured subsequently at fair value through profit or loss.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d) Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.8. Equity

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse.

Based on IFRS 2, for equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. The fair value of the service received in exchange for the grant of options and warrants is recognised as an expense , other than those warrants that were issued in relation to the listing which have been recorded against share premium in equity. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The seed warrants issued to the investors and directors in raising private equity funds is not within the scope of IFRS 2 and accounting policy mentioned doesn’t apply.

Retained losses includes all current and prior period results as disclosed in the income statement.

2.9. Taxation

Tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.10. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The directors have concluded that there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2.11. New standards and interpretations not yet adopted

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the UK):

Standard	Impact on initial application	Effective date
Annual Improvements	2018-2020 Cycle	1 January 2023

IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Classification of liabilities as Current or Non-current	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 12	Deferred tax arising from a single transaction	1 January 2023

The effect of these new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

The directors are evaluating the impact that these standards may have on the financial statements of Company.

3. SEGMENTAL ANALYSIS

The Company manages its operations in one segment, being seeking a suitable investment within the natural resources development and production sector in the continent of Africa. The results of this segment are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual investment appraisals, and to assess its performance. Following the acquisition of Madini Occidental the board will likely review operations and decide on whether multiple segments have come into existence.

4. OPERATING LOSS

This is stated after charging:

	30 June 2022 £	30 June 2021 £

Costs associated with the listing	–		(122,306)
Costs associated with the re-listing	(202,594)		–
Professional fees	(128,195)		(90,306)
Director Fees	(126,000)		(57,000)
Consultancy fees	(42,399)		(23,412)
Insurance	(17,651)		(7,220)
Travel expenditure	(53,508)		(45,860)
Foreign exchange	26,096		8,009
Administrative expenses	(119,606)		(9,489)
	(663,858)		(347,584)

5. EMPLOYEES

The average number of persons employed by the Company (including directors) during the period ended 30 June 2022 was:

	30 June 2022 No of employees		30 June 2021 No of employees
Management	3		3
	3		3

The aggregate payroll costs of these persons were as follows:	2022 £		2021

Wages and salaries	126,000		57,000
National insurance	2,528		–
	128,528		57,000

6. AUDITORS REMUNERATION

	2022 £		2021 £
Fees payable to the Company's auditor for the audit of parent company financial statements:	25,800		15,000
Corporate finance fees	52,000		90,000
	77,800		105,000

7. TAXATION

	As at 30 June 2022 £		As at 30 June 2021 £
The charge / credit for the year is made up as follows:			

Corporation taxation on the results for the year	–		–
Taxation charge / credit for the year	–		–
A reconciliation of the tax charge / credit appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the year is:			
Loss per accounts	(661,743)		(347,584)
Tax credit at the standard rate of corporation tax in the UK of 19% (2022: 19%)	(125,731)		(66,041)
Other tax adjustments	125,731		66,041
	–		–

The Company has total carried forward losses of £1,180,854 (2021: £519,111). The taxed value of the unrecognised deferred tax asset is £224,362 (2021: £98,631) and these losses do not expire. The Company is yet to lodge its first returns and these amounts will be subject to a review by a tax professional and confirmed once returns have been lodged with HM Revenue and Customs. As the Company is currently in a loss making position there will be no material adjustment to the Company. No deferred tax assets in respect of tax losses have not been recognised in the accounts because there is currently insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

On 23 September 2022 the Chancellor announced that he has cancelled the planned corporation tax increase and rather than rising to 25 percent from April 2023, the rate will remain at 19 percent for all firms, regardless of the amount of profit made.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the year

		2022		2021
		£		£
Loss for the year from continuing operations		661,743		347,584
Weighted number of ordinary shares in issue		41,659,735		29,398,013
Basic earnings per share from continuing operations – pence		(1.59)		(1.18)

There is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented.

9. LOAN NOTES

GROUP

	30 June 2022 £	30 June 2021 £
Convertible loan notes	39,827	–
	39,827	–

COMPANY

	30 June 2022 £	30 June 2021 £
Convertible loan notes	39,827	–
	39,827	–

In the period the Company entered into an agreement to purchase loan notes in Madini Occidental Ltd. These notes have a long stop date of 30 September 2022 and in the event that they have not been redeemed by this date the noteholders have the option to convert their notes into equity. Interest is payable on the notes at a rate of 10% per annum and Madini Occidental may redeem the paid amount of the notes in full or part subject to first serving 5 business days prior written notice to the noteholders. See note 21 for developments in relation to convertible loan notes.

10. TRADE AND OTHER RECEIVABLES

GROUP

	30 June 2022 £		30 June 2021 £
Prepayments	9,593		417
Other debtors	10,000		10,000
VAT receivable	35,817		7,434
	55,409		17,851

COMPANY

	30 June 2022 £		30 June 2021 £
Prepayments	9,593		417
Other debtors	10,000		17,434
VAT receivable	35,817		–
	55,409		17,851

11. CASH AT BANK AND IN HAND

GROUP

	30 June 2022 £		30 June 2021 £
Cash at bank	824,251		1,483,544
	824,251		1,483,544

COMPANY

	30 June 2022 £		30 June 2021 £
Cash at bank	824,251		1,483,544
	824,251		1,483,544

12. INVESTMENT IN SUBSIDIARIES

COMPANY

	30 June 2022 £		30 June 2021 £
Critical Metal Mauritius Ltd	10,000		–
	10,000		–

As at 30 June 2022, the Group owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements:

Name	Incorporation date	Holding	Business activity	Country of incorporation	Registered address
Critical Metal Mauritius Ltd	14 September 2021	100% Critical Metals Plc	Dormant	Mauritius	The Broadgate Tower, 20 Primrose street, London, EC2A 2EW

13. TRADE AND OTHER PAYABLES

GROUP

	30 June 2022 £		30 June 2021 £
Trade payables	78,010		20,166
Other payable and accruals	32,880		10,889
	110,890		31,055

COMPANY

	30 June 2022 £		30 June 2021 £
Trade payables	78,010		20,166
Other payable and accruals	42,880		10,889
	120,890		31,055

14. SHARE CAPITAL AND SHARE PREMIUM

	Number of Shares on Issue	Share Capital £	Share Premium £	Total £
Balance at 1 July 2020	14,285,714	71,428	68,572	140,000

Ordinary shares of £0.005 each issued at £0.05 on Admission on 29 September 2020	16,000,000	80,075	720,675	800,750
Exercise of £0.10 warrants during the year	10,450,000	52,250	992,750	1,045,000
Exercise of £0.05 warrants during the year	909,021	4,545	40,906	45,451
Cost of share issues	15,000	–	(87,588)	(87,588)
Balance at 30 June 2021	41,659,735	208,298	1,735,315	1,943,613
Balance at 30 June 2022	41,659,735	208,298	1,735,315	1,943,613

The Company has only one class of share. All ordinary shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

15. SHARE OPTIONS

Share options or warrants

There were no new options or warrants issued in the period. The number and weighted average exercise price of share options and warrants issued in previous periods is detailed below:

	2022			2021	
	Weighted average exercise price	Number of options		Weighted average exercise price	Number of options
Outstanding at the beginning of the year	8.1p	9,240,714		5p	2,285,714
Granted during the year (Share options)	–	–		5p	2,174,021
Granted during the year (Share options)	–	–		10p	16,140,000
Exercised during the year (Share options)	–	–		5p	(909,021)
Exercised during the year (Share options)	–	–		10p	(10,450,000)
Outstanding at the end of the year	8.1p	9,240,714		8.1p	9,240,714
Exercisable at the end of the year	8.1p	9,240,714		8.1p	9,240,714

	£0.05 Warrants	£0.10 Warrants
Issue date	29 September 2020	29 September 2020

Time to expiry	2 years	2 years
Share price at date of issue of warrants	£0.05	£0.05
Exercise price	£0.05	£0.10
Expected volatility	50%	50%
Risk free interest rate	0.01%	0.01%

There were no new options or warrants issued in the period and hence no value attributed to the share bases payments reserve (2020: £45,838) as reflected above and the amount of outstanding warrants remains as per the end of the last period.

Subsequent to year end 2.55m, £0.10 warrants were exercised (Note 21), along with the Company extending the last exercise date of the £0.05 and £0.10 warrants that were expiring on 28 September 2022 to 31 March 2023.

16. RISK MANAGEMENT

General objectives and policies

The overall objective of the Board is to set policies that seek to reduce as far as practical without unduly affecting the Company’s competitiveness and flexibility. Further details regarding these policies are:

Policy on financial risk management

The Company’s principal financial instruments comprise cash and cash equivalents, trade and other receivables, loan notes and trade and other payables. The Company’s accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 1 – “Accounting Policies”.

The Company does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Derivatives, financial instruments and risk management

The Company does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management

The scope and level of operations that the Company is undertaking has increased in the current year and will continue to increase in years to come. With the acquisition of an asset based in the Democratic Republic of Congo the Company will also increase its exposure to foreign currency risk. Despite the increase in exposure the directors believe that it is within a reasonable threshold that it does not materially adversely affect the operations of the Company and hence they have not entered into any strategies to mitigate the risk at this stage. In the current period the impact of foreign currency movement is limited to the impact it has on the relatively small denominations of currency that the Company holds in foreign currencies.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company’s exposure and the credit ratings of its counterparties are monitored by the board of directors to ensure that the aggregate value of transactions is spread amongst approved counterparties.

The Company applies IFRS 9 to measure expected credit losses for receivables, these are regularly monitored and assessed. Receivables are subject to an expected credit loss provision when it is probable that amounts outstanding are not recoverable as set out in the accounting policy. The impact of expected credit losses was immaterial.

The Company’s principal financial assets are cash and cash equivalents, loan notes and trade and other receivables. Cash equivalents include amounts held on deposit with financial institutions.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Company’s counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

No financial assets have indicators of impairment.

The Company’s maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

Borrowings and interest rate risk

The Company currently has no borrowings. The Company’s principal financial assets are cash and cash equivalents, loan notes and trade and other receivables. Cash equivalents include amounts held on deposit with financial institutions. The effect of variable interest rates is not significant.

Liquidity risk

During the period ended 30 June 2022 and year ended 30 June 2021, the Company was financed by cash raised through equity funding. Funds raised surplus to immediate requirements are held as short-term cash deposits in Sterling.

The maturities of the cash deposits are selected to maximise the investment return whilst ensuring that funds will be available as required to maintain the Company's operations.

In managing liquidity risk, the main objective of the Company is to ensure that it has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure that it can meet its liabilities as they fall due.

The table below shows the undiscounted cash flows on the Company's financial liabilities on the basis of their earliest possible contractual maturity.

	Total £	Within 2 months £	Within 2-6 months £
At 30 June 2022			
Trade payables	78,050	34,780	43,270
Other payable and accruals	32,880	32,880	–
	110,890	67,660	43,270

	Total £	Within 2 months £	Within 2-6 months £
At 30 June 2021			
Trade payables	20,166	20,166	–

Other payable and accruals	10,889	10,889	–
	31,055	31,055	43,270

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company is to minimise costs and liquidity risk.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes of equity.

The Company is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange, commodity and liquidity risks. The management of these risks is vested to the board of directors.

The sensitivity has been prepared assuming the liability outstanding was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense / decrease in interest income.

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2022		Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total

Financial assets / liabilities		£	£	£	£
Trade and other receivables		–	55,408	–	55,408
Loan notes		–	39,827	–	39,827
Cash and cash equivalents		–	824,251	–	824,251
Trade and other payables		–	–	(120,890)	(120,890)
		–	911,772	(120,890)	798,596

2021		Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Financial assets / liabilities		£	£	£	£
Trade and other receivables		–	17,851	–	17,851
Cash and cash equivalents		–	1,483,544	–	1,483,544
Trade and other payables		–	–	(31,055)	(31,055)
		–	1,501,395	(31,055)	1,470,340

18. RELATED PARTY TRANSACTIONS

Details of directors' remuneration during the year are given in Directors' Report on page 13.

Provision of Services

During the year, £18,360 (2021: £13,500) was incurred for the provision of administrative and corporate accounting services from Orana Corporate LLP, an entity related to director Anthony Eastman, £1,848 (2021: £3,648) was owing at year end and are included in trade payables – note 13.

Loans to related parties

During the year, the Company made loans to the related parties Madini Occidental totalling £39,827. Since year end the Company has successfully completed the acquisition of a majority interest in Madini Occidental and therefore the loan is now considered to be an inter-company loan.

19. COMMITMENTS AND CONTINGENCIES

Contingent re-admission expenses

As part of re-admission to the LSE and reverse acquisition of the Madini Group there were a number of contingent expenses. These expenses are listed below:

– Peterhouse commission on fundraise: £59,795

– Peterhouse success fee: £12,000

– Strand Hanson Advisory success fee: £121,290

These expenses were contingent as at year end however since have become payable and have been settled by the Company.

Other than those listed above there were no capital commitments or contingent liabilities at 30 June 2022 (2021: nil).

20. ULTIMATE CONTROLLING PARTY

The Directors consider that there is no controlling or ultimate controlling party of the Company.

21. EVENTS SUBSEQUENT TO YEAR END

Issue of equity

Subsequent to period end there have been the following issues of equity:

Date	Shares	Issue price (£)	Total shares post issue	Purpose
26.08.22	2,000,000	0.10	43,659,735	Exercise of warrants
12.09.22	9,000,000	0.20	52,659,735	Fundraising for operations
23.09.22	550,000	0.10	53,209,735	Exercise of warrants
23.09.22	37,500	0.20	53,247,235	Fee shares

Convertible loan notes in Madini Occidental

As disclosed in Note 9 in the year the Company entered into an agreement to purchase convertible loan notes from Madini Occidental. Subsequent to year the long stop date of 30 September 2022 was passed and instead of converting the notes to equity the Company agreed with Madini Occidental that the notes would convert into an ordinary loan. Interest payable on the loan will remain at the original 10% and will be repayable on demand.

Extension of expiry date of warrants

As disclosed in Note 15, the Company extended the last exercise date of the £0.05 and £0.10 warrants that were expiring on 28 September 2022 to 31 March 2023.

Acquisition of Madini Occidental and related placing/subscription

On 12 September 2022 the Company completed the acquisition of 57% of the share capital of Madini Occidental Limited and its subsidiaries, ("MO"). At the same time the Company completed the placing of 9 million shares which were issued at 20 pence per share raising £1.8m million for the Company before costs and was successfully readmitted to trading on the London Stock Exchange.

The Company acquired its 57% interest MO, which holds an indirect 70 percent. interest in the Molulu Project for a total consideration of US$750,000 less approximately US$129,000 and EUR 33,400, being costs of the target group paid by the Company prior to Admission.

The initial estimate of the fair value of the assets acquired and liabilities assumed of MO at the date of acquisition based upon the MO balance sheet at 12 September 2022 are as follows:

	USD$
Trade and other receivables	4,056
Cash and cash equivalents	5,545
Trade and other payables	(1,218,594)
Loans and other borrowings	(1,014,595)
Provisions	(106,452)
Total identifiable net assets acquired	(2,330,040)

Consideration	
– US$750,000 total consideration	750,000
Total consideration	750,000
Exploration and evaluation assets acquired	3,080,040

Exploration and evaluation assets relate to the accumulated "know how" and expertise of the business and its staff. None of the exploration and evaluation assets are expected to be deducted for income tax purposes.

As the acquisition is likely to be treated as a reverse acquisition it will fall outside the scope of IFRS 3. The Company has 12 months from the date of acquisition to finalise the accounting treatment in relation to the acquisition and therefore is incomplete as at the date of these financial statements given the short period of time since the acquisition was completed.