

Company No. 05714562

METALNRG plc

Unaudited Interim Results to 30 June 2020

MetalNRG plc

("MetalNRG" or "the Company")

Interim Results to 30 June 2020

Operational Highlights

Key operational milestones achieved during the period:

The focus at the beginning of the financial year was very much on developing the opportunity within our Gold asset in Arizona, Goldridge. We completed two campaigns; one focused on measuring the gold content left behind in the waste dump at level 6 and the second campaign to establish the ore left behind in the underground pillars where we had some extremely encouraging results. Our priority focus has been the last mined face on Level 6 at the Gold Ridge Mine. This sample returned 30.4 grams/tonne (g/t) gold (Au) and 69 g/t silver. The face shows the exposed vein with a width of 0.6 metres on a mined face of 1.3 metres. The vein consists of quartz with massive sulphide mineralisation.

These results affirm our belief that the Gold Ridge Project is a unique exploration and production opportunity with demonstrable high-grade mineralisation and the potential for early avenues to revenue generative processing and a larger scale exploration opportunity. As activity at Goldridge has been impacted by the Covid-19 pandemic, we have had to take a temporary step back from further work on the ground but we remain keen to develop the mine as soon as current restrictions are eased as we see a substantial opportunity to turn Goldridge into a cash positive producing asset within the next 12 to 18 months.

We are continuously assessing the situation in Arizona and will seek to mobilise again as soon as it is safe to do so.

During the year we also entered into an exclusivity agreement to acquire an Oil & Gas asset in Romania. During the due diligence progress the price of oil changed dramatically and as a result we changed the terms of the agreement which the vendor is still considering. We then entered a second exclusivity agreement for the acquisition of a UK based portfolio of onshore oil and gas licences, of which one is currently in production. The due diligence is being finalised and we anticipate closing the transaction by the end of September 2020 when additional announcements will be made.

Corporate Development

The Company will continue to seek additional projects that meet its set investment criteria. The intention is specifically to seek opportunities where we can deliver early positive cash flows from an asset and, where the cash generated from the operations allows us, explore and develop each particular project further. We expect announcements in the very near future on further developments.

During the year we welcomed Pierpaolo Rocco to our board; he brings with him a wealth of experience and expertise in Oil and Gas and he is leading our efforts in this sector.

Financial Review

MetalNRG reported an unaudited operating loss for the six months period ended 30 June 2020 of £386,304 (six months period to 31 August 2019: an unaudited operating loss of £260,228). Basic and diluted loss per share for the period was 0.11p and 0.08p respectively (six months period to 31 August 2019: Basic loss per share was 0.12p and diluted loss per share was 0.10p).

Outlook

A number of projects have been evaluated and good progress has been made to date. We expect further announcements will be made to update the market on any concrete achievements.

Responsibility Statement

We confirm that to the best of our knowledge:

- The interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the EU;
- The interim financial statements give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- The interim report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The interim financial information includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

Consolidated Income Statement

	6 months to 30 June 2020	6 months to 31 August 2019	10-months period to 31 December 2019
	Unaudited £	Unaudited £	Audited £
Revenue	-	-	-
Administrative expenses	(405,647)	(179,859)	(594,140)
Other operating income	19,343	16,431	9,285
IPO expenses	-	(96,800)	-
Operating loss	(386,304)	(260,228)	(584,855)
Finance income	-	-	-
Loss on ordinary activities before taxation	(386,304)	(260,228)	(584,855)
Tax on loss on ordinary activities	-	-	-
Loss for the financial period attributable to equity holders	(386,304)	(260,228)	(584,855)
Earnings per share – see note 3			
Basic	(0.11) pence	(0.12) pence	(0.22) pence
Diluted	(0.08) pence	(0.10) pence	(0.15) pence

Consolidated Statement of Comprehensive Income

	6 months to 30 June 2020	6 months to 31 August 2019	10-months period to 31 December 2019
	Unaudited £	Unaudited £	Audited £
Loss after tax	(386,304)	(260,228)	(584,855)
Items that may subsequently be reclassified to profit or loss:			
- Foreign exchange movements	(3,675)	-	(2,067)
Total comprehensive loss attributable to equity holders of the parent company	(389,979)	(260,228)	(586,922)

Consolidated Statement of Financial Position

	6 months to 30 June 2020 Unaudited £	6 months to 31 August 2019 Unaudited £	10-months period to 31 December 2019 Audited £
Assets			
Non-current assets			
Intangible fixed assets	669,198	641,295	666,291
Investments	166,808	182,764	131,667
Available for sale assets	-	52,083	83,333
Total assets	836,006	876,142	881,291
Current assets			
Trade and other receivables	63,122	206,141	85,290
Cash and cash equivalents	111,699	70,959	139,039
Total current assets	174,821	277,100	224,329
Liabilities			
Current liabilities			
Trade and other payables	(480,065)	(192,562)	(214,879)
Total liabilities	(480,065)	(192,562)	(214,879)
Net assets	530,762	960,680	890,741
Equity			
Share capital	273,301	266,847	272,801
Share premium	2,443,784	2,167,311	2,414,284
Retained losses	(2,181,708)	(1,470,778)	(1,795,404)
Foreign currency reserve	(4,615)	(2,700)	(940)
Total equity	530,762	960,680	890,741

Consolidated Statement of Cash Flows

	6 months to 30 June 2020	6 months to 31 August 2019	10-months Period to 31 December 2019
	Unaudited £	Unaudited £	Audited £
Cash flow from operating activities			
Operating loss	(386,304)	(260,228)	(584,855)
(profit)/loss on sale of investment	(19,134)	16,357	16,357
Shares received in lieu of fees	-	79,730	-
Impairment of investments	-	-	44,847
Increase/(decrease) in payables	160,186	14,089	36,407
decrease/(increase) in receivables	22,167	(19,318)	105,361
Net cash outflow from operations	<u>(223,085)</u>	<u>(169,370)</u>	<u>(381,883)</u>
Cash flows from investing activities			
Payments for intangible assets	-	(20,144)	(45,140)
Proceeds from sale of investment	102,467	39,360	39,360
Purchase of investments	(38,047)	(13,845)	(38,846)
Net cash flows from investing activities	<u>64,420</u>	<u>5,371</u>	<u>(44,626)</u>
Cash flows from financing activities			
Proceeds from issue of shares and warrants	30,000	210,790	568,432
Cost of shares issued	-	-	(24,985)
Proceeds from Convertible Loan Notes	105,000	-	-
Net cash flows from financing activities	<u>135,000</u>	<u>210,790</u>	<u>543,447</u>
Net (decrease)/increase in cash and cash equivalents	(23,665)	46,791	116,938
Cash and cash equivalents at the beginning of period	139,039	24,168	24,168
Effect of exchange rate changes on cash and cash equivalents	(3,675)	-	(2,067)
Cash and cash equivalents at end of period	<u>111,699</u>	<u>70,959</u>	<u>139,039</u>

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Foreign currency reserve	Total
	£	£	£	£	£
At 31 August 2018	253,085	1,330,908	(1,071,222)	-	512,771
Loss for the period	-	-	(139,328)	-	(139,328)
Translation differences	-	-	-	1,127	1,127
Total comprehensive income	-	-	(139,328)	1,127	(138,201)
Share capital issued	4,029	537,616	-	-	541,645
Total contributions by and distributions to owners of the Company	4,029	537,616	-	-	541,645
At 28 February 2019	257,114	1,886,524	(1,210,550)	1,127	934,215
Loss for the period	-	-	(260,228)	-	(260,228)
Translation differences	-	-	-	(3,827)	(3,827)
Total comprehensive income	-	-	(260,228)	(3,827)	(264,055)
Share capital issued	9,733	280,787	-	-	290,520
Total contributions by and distributions to owners of the Company	9,733	280,787	-	-	290,520
As at 31 August 2019	266,847	2,167,311	(1,470,778)	(2,700)	960,680
Loss for the period	-	-	(324,627)	-	(324,627)
Translation differences	-	-	-	1,760	1,760
Total comprehensive income	-	-	(324,627)	1,760	(322,867)
Share capital issued	5,954	246,973	-	-	252,927
Total contributions by and distributions to owners of the Company	5,954	246,973	-	-	252,927
As at 31 December 2019	272,801	2,414,284	(1,795,405)	(940)	890,740
Loss for the period	-	-	(386,304)	-	(386,304)
Translation differences	-	-	-	(3,675)	(3,675)
Total comprehensive income	-	-	(386,304)	(3,675)	(389,979)
Share capital issued	500	29,500	-	-	30,000
Total contributions by and distributions to owners of the Company	500	29,500	-	-	30,000
As at 30 June 2020	273,301	2,443,784	(2,181,708)	(4,615)	530,762

Half-yearly report notes

1. Half-yearly report

This interim report was approved by the Board of Directors on 1 September 2020.

The information relating to the six months periods to 30 June 2020 and 31 August 2019 are unaudited.

The information relating to the 10-months period to 31 December 2019 is extracted from the audited financial statements of the Company which have been filed at Companies House and on which the auditors issued an unqualified audit report. The condensed interim financial statements have been reviewed by the Company's auditor.

2. Basis of accounting

The interim financial statements have been prepared using accounting policies and practices that are consistent with those adopted in the statutory financial statements for the 10-months period ended 31 December 2019, although the information does not constitute statutory financial statements within the meaning of the Companies Act 2006. The interim financial statements have been prepared under the historical cost convention.

These interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report should be read in conjunction with the annual report for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Company will report again for the full year to 31 December 2020.

Going concern

The Company's day to day financing is from its available cash resources.

The Company is confident of raising funds to enable it to continue to develop its targeted investments and exploration campaigns across its key projects over the next 12-18 months and the Directors are confident that adequate funding can be raised as required to meet the Company's current and future liabilities.

For the reasons outlined above, the Directors are satisfied that the Company will be able to meet its current and future liabilities, and continue trading, for the foreseeable future and, in any event, for a period of not less than twelve months from the date of approving this interim report. The preparation of these interim financial statements on a going concern basis is therefore considered to remain appropriate.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in the Company's 2019 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

Intangible assets

Exploration and development costs

All costs associated with mineral exploration and investments are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of economically recoverable reserves on a unit of production basis.

Interim report notes, continued

2. Basis of accounting, continued

Intangible assets

Exploration and development costs

Where a licence is relinquished or a project abandoned, the related costs are written off in the period in which the event occurs. Where the Group maintains an interest in a project, but the value of the project is considered to be impaired, a provision against the relevant capitalised costs will be raised.

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

3. Earnings per share

	6 months to 30 June 2020	6 months to 31 August 2019	10-months period to 31 December 2019
	Unaudited £	Unaudited £	Audited £
These have been calculated on a loss of:	(386,604)	(260,228)	(584,855)
The basic weighted average number of shares used was:	359,990,020	225,839,993	260,741,282
The diluted weighted average number of shares used was:	466,523,346	263,289,993	388,024,608
Basic loss per share:	(0.11) pence	(0.12) pence	(0.22) pence
Diluted loss per share:	(0.08) pence	(0.10) pence	(0.15) pence

4. Events after the reporting period

There were no reportable events after the reporting period other than those highlighted in the 'Financial Review'.

The Condensed interim financial statements were approved by the Board of Directors on 1 September 2020.

By order of the Board

Rolf Gerritsen
Director