

Firering Strategic - Final Results

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Firering Strategic Minerals PLC

27 June 2024

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Firering Strategic Minerals plc / EPIC: FRG / Market: AIM / Sector: Mining

27 June 2024

Firering Strategic Minerals plc
("Firering" or "the Company")

Final Results

Firering Strategic Minerals plc, a development company focusing on critical minerals, is pleased to announce its Final Results for the year ended 31 December 2023. A copy of the Annual Report will shortly be available on the Company's website : **www.fireringplc.com**.

OVERVIEW

- Successful alignment of near-term revenue objectives with evolving commodity markets through the acquisition of an initial 20.5% of Limeco Resources Limited ("Limeco") post period end:
 - Limeco owns an ex-Glencore limestone project with historical spend of over US\$100m in Zambia which demonstrates immediate growth potential and significant cash flow prospects

- Quicklime is an essential component in various industries including copper production, steel manufacturing, construction, and environmental management
- c£2 million raised post period end to commence funding the acquisition of an initial 20.5% of Limeco, as well as finance the recommissioning of the lime plant and ramp up of its operations
- The project is debt free with an estimated resource of 73.7Mt @ 95.3% CaCO₃ and an estimated limestone stockpile of 190,000 tonnes, which will be used to start production
- Fully permitted with the first kiln due to be operational by the end of 2024
- Potential for multiple revenue streams from the sale of quicklime, aggregate, and ancillary products such as ash to the concrete industry
- Aggregate sales began in October 2023 contributing to early cash flow, with ongoing discussions with offtake partners
- Further progress in the advancement of the Atex Project in north-west Côte d'Ivoire during and post year-end:
 - Successful expansion of the known lithium mineralisation by 122% following Firering's first reverse circulation campaign in March 2024

Commenting on the results Yuval Cohen, CEO of Firering said: *"As an emerging multi-project company we can adapt to shifting market conditions. Accordingly, we are currently prioritising our resources on our quicklime asset, which has the potential to generate significant cash flow due to its alignment with the robust copper market. With this background, post period end, we were delighted to acquire a 20.5% stake in Limeco, which we can increase to 45%.*

"Limeco has benefited from over \$100 million in historical investment, creating a near-complete operation comprising a limestone quarry, a two-stage crushing circuit, and a lime plant. We are currently renovating the lime plant by changing the fuel system from Heavy Fuel Oil to coal gasification and are on track to recommission the first kiln in Q4 2024. The remaining seven kilns will be commissioned in stages thereafter. When fully commissioned, Limeco will be the largest quicklime operation in Zambia, able to support the Copperbelt's rapidly expanding copper production needs.

"We look forward to updating shareholders as we achieve important milestones during the second half of the year."

For further information on the Company, please visit www.fireringplc.com or contact:

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CHAIRMAN'S STATEMENT

Over the past year, we made a pivotal decision to shift to prioritise Limeco Resources Limited ("Limeco"), a quicklime opportunity in Zambia that offered an immediate growth potential with significant cash flow prospects.

Accordingly, post period end, we raised gross proceeds of £2.089 million via a Placing, Subscription and WRAP Retail Offer to principally fund the acquisition of an initial 20.5% of Limeco as well as finance the recommissioning of the lime plant and ramp up of its operations. We also have an option to acquire an additional 24.5% of Limeco to be exercisable in five tranches between July 2025 and July 2026.

With a historical investment of more than US\$100 million, Limeco's assets comprise a limestone quarry; a two-stage crushing circuit with an installed capacity of 300 tonnes per hour (tph); and a lime plant capable of producing 600-800 tonnes of quicklime per day. To put the latter into perspective, during the past two years quicklime has been trading between US\$160-US\$218 per tonne.

While the Project was in an advanced stage when we invested, our investigations revealed that more work to optimise production would be needed before recommissioning, including updating the crushing circuit to ensure production of the optimal limestone size fraction to be fed to the kilns and to generate aggregate from the waste stream, and transitioning the fuel source from heavy fuel oil ('HFO') to coal gasification to provide more cost-effective heating energy for the kilns.

These workstreams have been progressing well with phased recommissioning of the eight kilns scheduled to commence in Q4 2024 with planned completion in Q3 2025. Key to this is a 150,000-tonne limestone stockpile that we can initially use to ensure a structured and efficient start to operations. This is in addition to a ~250,000 tonnes waste stockpile ready for the immediate production of aggregate.

The quarry has a current Mineral Resource ("MR") of 73.7 million tonnes ("Mt") at 95.3% CaCO₃ (Golder Associates, 2017). Independent consultants Earthlab Exploration and Mining Consulting (Pty) Ltd, recently reconfirmed tonnages and grades used to produce the initial MR in 2017 as well as a potential exploration target of 95Mt. Limeco has applied for this exploration licence, which is pending approval.

The Company has day to day operational control of the Project under the leadership of our CEO, Yuval Cohen, who is supported by a tier 1 team engaged to refurbish the lime plant, including consultants with firsthand knowledge of Limeco's plant. Additionally, Firering's significant shareholder Rina Group, via Rompartner Ltd, which is a major shareholder in one of the largest quicklime plants in Israel, is providing additional operational support.

Our strategy is focused on creating multiple revenue streams at Limeco from the sale of quicklime, aggregate, and ancillary products such as ash to the concrete industry. In line with this, aggregate sales began in October 2023 contributing to early cash flow, with future offtake agreements anticipated once renovations to the crushing plant are completed in Q3 2024. Meanwhile, quicklime offtake discussions are ongoing including negotiations with a major copper producer. We are also finalising an agreement with a third party to lease our HFO tanks for diesel storage, which will provide further cash flow to support our operations.

In particular, we aim to capitalise on our unique position as the largest known quicklime operation in Zambia capable of supporting the increased copper production activities in the Zambia Copperbelt. Currently, copper producers are importing quicklime from South Africa, which incurs additional costs, time delays, and results in increased CO₂ emissions.

As background, quicklime is an essential component in various industries including copper production, steel manufacturing, construction, and environmental management. In the extraction and refining of copper, quicklime is used primarily for pH control, aiding in the flotation process that separates valuable copper minerals from waste rock. It is also vital in the neutralisation of acidic waste streams and tailings, ensuring that these by-products meet environmental regulations before being safely discharged or repurposed.

While Limeco is now the Company's key focus, we continue to develop the Atex Project in north-west Côte d'Ivoire, in which we hold a 90% interest. Covering both lithium and tantalum-niobium potential, our licence is situated within the Baoulé-Moss domain of the West African Craton, which features extensive arcuate belts stretching hundreds of kilometres, known for hosting multiple deposits of gold, base metals, and pegmatite-hosted columbo-tantalite and lithium.

Following a scout drilling campaign in 2022, we completed our first reverse circulation ('RC') drilling campaign at Atex in March 2024, with 3,753 metres drilled over 23 holes, significantly expanding known lithium mineralisation by 122%, extending the strike length to 800 metres.

Our next stage is to focus on expanding drilling exploration efforts in an easterly and northerly direction and delineating a maiden resource.

We remain committed to sustainable practices and minimising our environmental impact. Accordingly, the Company has implemented a comprehensive strategy to foster positive community relations and support local development. These efforts are complemented by a commitment to minimising our environmental impact, with all our operations adhering to stringent environmental standards.

With our strategic shift towards quicklime production well underway, significant milestones achieved and more on the horizon, we are excited about Firering's future and ability to deliver sustained value to shareholders through diversified revenue streams, robust resource management, and strategic market engagement.

I would like to thank shareholders for their support and look forward to updating the market regularly as our path to production gains momentum.

Youval Rasin
Non-Executive Chairman

Extracts of the 2023 Consolidated Financial Statements are set out below.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December

	Note	2023	2022
		Euros in thousands	
ASSETS			
CURRENT ASSETS:			

Cash and cash equivalents		297	1,184
Other receivables		43	32
Total current assets		340	1,216
NON-CURRENT ASSETS:			
Other receivables	19	637	637
Investment in joint venture	19	2,142	2,073
Intangible assets	7	-	1,276
Property, plant and equipment	8	118	166
Total non-current assets		2,897	4,152
Total assets		3,237	5,368

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December

		2023	2022
	Note	Euros in thousands	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables		166	61
Other payables	20	320	451
Capital note	17	174	214
Total current liabilities		660	726
NON-CURRENT LIABILITIES:			
Accrued severance pay, net		8	8
Capital notes	10	622	565
Loan from non-controlling interest in subsidiary	11	-	103
Total non-current liabilities		630	676
Total liabilities		1,290	1,402
EQUITY:			
	12		
Share capital		100	87
Share premium		7,801	6,967
Warrants		39	20
Accumulated deficit		(5,699)	(3,057)
Capital reserves		(294)	(51)
Equity attributable to equity holders of the parent		1,947	3,966
Non-controlling interests		-	-

Total Equity	1,947	3,966
Total liabilities and equity	3,237	5,368

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended
31 December

	Note	2023 Euros in thousands (except per share amounts)	2022
Gain on earn-in arrangement	19	-	1,614
Impairment of intangible assets	7	(1,276)	-
General and administrative expenses	13	(1,357)	(1,504)
Operating profit (loss)		2,633	110
Financial expenses	14	86	(290)
Loss before taxes on income		(2,719)	(180)
Share of loss of joint venture		39	-
Taxes on income	15	-	-
Net loss		(2,758)	(180)
Other comprehensive loss		-	-
Total comprehensive loss		(2,758)	(180)
Net loss attributable to:			
Equity holders of the Company		(2,413)	(84)
Non-controlling interests		(345)	(96)
		(2,758)	(180)
Total comprehensive loss attributable to:			
Equity holders of the Company		(2,413)	(84)
Non-controlling interests		(345)	(96)
		(2,758)	(180)
Loss per share (euro) - basic and diluted	16	(0.03)	(0.00)

**CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY**

Attributable to equity holders of the Company

	Share capital	Share premium	Warrants	Reserves (*)	Accumulated deficit	Total	Non- controlling interests	Total equity
Balance as of 1 January 2022	87	6,878	20	327	(2,973)	4,339	243	4,582
Profit (loss) for the period	-	-	-	-	(84)	(84)	(96)	(180)
Acquisition of non-controlling interests (Note 12)	-	89	-	(378)	-	(289)	(31)	(320)
Change in non-controlling interests arising from deconsolidation (Note 6)	-	-	-	-	-	-	(116)	(116)
Balance as of 31 December 2022	87	6,967	20	(51)	(3,057)	3,966	-	3,966
Profit (loss) for the period	-	-	-	-	(2,413)	(2,413)	(345)	(2,758)
Issue of shares	11	726	19	-	-	756	-	756
Share based compensation	2	108	-	-	-	110	-	110
Reallocation of non-controlling interests	-	-	-	-	(229)	(229)	345	116
Capital reserve (transaction with minority in joint venture)	-	-	-	(243)	-	(243)	-	(243)
Balance as of 31 December 2023	100	7,801	39	(294)	(5,699)	1,947	-	1,947

*) See Note 12d for details of reserves.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended
31 December

	2023	2022
	Euros in thousands	
<u>Cash flows from operating activities:</u>		
Net loss	(2,758)	(180)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Gain on earn-in arrangement	-	(977)
Depreciation	48	47
Impairment of intangible assets	1,276	-
Accrued interest on capital note and on loan from non-controlling interest	70	75
Share based payment	20	-
Share of loss of joint venture	39	-
Changes in asset and liability items:		
Increase in other receivables	(11)	(147)
Increase in non- current other receivables	-	(637)
Increase (decrease) in trade payables	105	(89)
Increase (decrease) in other payables and Capital note	(81)	369

Net cash used in operating activities	(1,292)	(1,539)
<u>Cash flows from investing activities:</u>		
Proceeds from sale of control rights in subsidiaries	-	977
Decrease in cash upon deconsolidation of subsidiaries, net	-	(33)
Investment in joint venture	(351)	-
Additions to property, plant and equipment	-	(20)
Additions to intangible assets	-	(1,265)
Net cash used in investing activities	(351)	(341)
<u>Cash flows from financing activities:</u>		
Cash paid for acquisition of non-controlling interest	-	(320)
Issue of shares	756	-
Net cash provided by (used in) financing activities	756	(320)
Net change in cash and cash equivalents	(887)	(2,200)
Cash and cash equivalents at beginning of year	1,184	3,384
Cash and cash equivalents at end of year	297	1,184
<u>Supplemental disclosure of non-cash activities:</u>		
Non-current receivable in respect of earn-in arrangement	-	637
Non-current receivable in respect of earn-in arrangement issuance of shares in consideration for conversion of convertible loan notes	-	637
Issue of shares to non-controlling interests as part of share swap (see Note 6)	-	89
Issue of shares in payment of liability to employees and service providers	90	-
Derecognition of liability to non-controlling interests upon impairment of project	116	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL INFORMATION

Firering Strategic Minerals PLC ("The Company") is a holding company for a group of exploration and development companies set up to focus on developing assets towards the ethical production of critical metals. The Company was incorporated on 8 May 2019 in Cyprus. The address of its registered office is Ioanni Stylianou 6, 2nd Floor, Office 202, 2003, Nicosia, Cyprus.

The Company owns 75% of the issued share capital of Bri Coltan SARL ("Bri Coltan") a company incorporated in Cote d'Ivoire. The principal activity of the subsidiary is the exploration and development of mineral projects (in particular, columbite- tantalite).

On 1 March 2021, the Company purchased 51% of the issued share capital of Atex Mining Resources SARL ("Atex") a company incorporated in Cote d'Ivoire. The principal activity of Atex is the exploration and development of mineral projects (in particular, lithium and columbite-tantalite). Details of the acquisition are set out in Note 6.

On 22 November 2021, the Company purchased 80% of the issued share capital of Alliance Minerals Corporation SARL ("Alliance"), a company incorporated in Cote d'Ivoire. Alliance holds an exploration license request at an area bordering Atex. Details of the acquisition are set out in Note 6.

On 12 November 2021, the Company completed its Initial Public Offering ("IPO") and admission to trading on the AIM, a market operated by the London Stock Exchange ("the AIM"), by issuing 30,769,230 Ordinary shares at a price of £0.13 per share for a total cash consideration of €4.68 million (£4 million). The net proceeds after expenses were €4.25 million (£3.63 million).

On 2 November 2022 the Company signed an earn-in agreement with Ricca Resources Pty Limited ("Ricca"), an Australian diversified minerals company to advance the Atex Lithium-Tantalum Project ("Atex") and the adjacent Alliance exploration licence (once granted).

According to the agreement, Ricca will have the exclusive right to undertake and fund at Ricca's sole cost the exploration of the Atex Project and adjacent Alliance licence.

In order to undertake exploration of the Atex and Alliance Tenements, the Company shall transfer its entire shareholdings in the Atex agreement and the Alliance agreement to a new entity (joint venture) in which Ricca and the Company will have joint control.

Accordingly, in 2022 the Company ceased to consolidate the financial statements of Atex and Alliance and the investment in the joint venture is subsequently accounted for using the equity method.

See Notes 6 and 19 for further details.

In August 2023, the Company together with Clearglass Investments Limited ("Clearglass"), a related party, signed an option agreement to acquire up to 33.33% of Limeco Resources Ltd ("Limeco"), the owner of a limestone project located in Zambia. The Company will have the option to acquire up to 28.33% of Limeco across two tranches for an aggregate amount of US\$5.1 million. Clearglass is to pay a non-refundable US\$500 thousand fee in exchange for the option to acquire up to 5% of Limeco upon exercise of the option by the Company. This amount is to be made available to Limeco as a loan by the Vendors of Limeco to bring the project into operation.

Limeco was initially established by another company which invested approximately US\$100 million in establishing the limestone quarry and constructing the current lime plant. This investment was made via a shareholder's loan to Limeco, and this loan remains outstanding to the Vendors of Limeco.

See note 21 for further details.

Going concern:

The Group's operations are at an early stage of development and the continuing success of the Group will depend on the Group's ability to manage its mineral projects. Presently, the Group has no projects producing positive cash flow and the Group is likely to remain cash flow negative in the near future. The Group's ultimate success will depend on its ability to generate positive cash flow from active mining operations in the future and its ability to secure external funding for its development requirements. However, there is no assurance that the Group will achieve profitability or positive cash flow from its operating activities,

The Board of Directors and Group management have assessed the ability of the Group to continue as a going concern. In respect of its current and future mineral projects, the funding status is as follows:

Atex and Alliance:

As described in Note 19, in 2022 the Company signed an earn-in agreement with an Australian diversified minerals company, Ricca, which agreed to fund at its sole cost these two exploration projects for a period that may extend to 4-5 years from the reporting date.

In 2023 Ricca did not complete a planned IPO and was unable to raise significant funds from other sources. This affected the liquidity position of Ricca such that Ricca was unable to fund these projects as planned. The Company is currently in discussions with Ricca as to the resolution of this issue. In any case, the Company continues to view these projects as viable and is evaluating various alternatives as to further financing for these projects.

Limestone:

As described above in Note 1 and in Note 21, the Company has entered into an agreement to acquire up to a 45% interest in a limestone quarry and production plant in Zambia. The acquisition is to be made through exercise of options in instalments over a period ending in 2026. As further described in Note 21, in June 2024 the Company completed a placing of shares on the AIM for net consideration of approximately €2.3 million, a portion of which is intended to fund the initial acquisition option instalment.

In respect of its ongoing general activities, based on a review of the Group's budget and forecast cash flows, including funds raised in June 2024 as described in Note 21, there is a reasonable expectation that the Group will have adequate resources to continue its daily operations and meet its obligations as they become due for at least a period of twelve months from the date of approval of the financial statements. Thus, the going concern basis of accounting has continued to be applied in preparing these financial statements.

NOTE 2:- ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

- a. Basis of preparation of the financial statements

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements have been prepared on a cost basis.

The Group has elected to present the profit or loss items using the function of expense method.

b. Consolidated financial statements:

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as a change in equity by adjusting the carrying amount of the non-controlling interests with a corresponding adjustment of the equity attributable to equity holders of the Company less / plus the consideration paid or received.

Upon the disposal of a subsidiary resulting in loss of control, the Company derecognizes the subsidiary's assets (including goodwill) and liabilities, derecognizes the carrying amount of non-controlling interests, recognizes the fair value of the consideration received, and recognizes any resulting difference (surplus or deficit) as gain or loss.

c. Investments accounted for using the equity method:

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in the associate or in the joint venture is presented at cost with the addition of post-acquisition changes in the Group's share of net assets, including other comprehensive income of the associate or the joint venture. Gains and losses resulting from transactions between the Group and the associate, or the joint venture are eliminated to the extent of the interest in the associate or in the joint venture. The cost of the investment includes transaction costs.

Goodwill relating to the acquisition of an associate, or a joint venture is presented as part of the investment in the associate or the joint venture, measured at cost and not systematically amortized. Goodwill is evaluated for impairment as part of the investment in the associate or in the joint venture as a whole.

Losses of an associate in amounts which exceed its equity are recognized by the Company to the extent of its investment in the associate plus any losses that the Company may incur as a result of a guarantee or other financial support provided in respect of the associate. For this purpose, the investment includes long-term receivables (such as loans granted) for which settlement is neither planned nor likely to occur in the foreseeable future.

d. Functional and presentation currency:

The local currency used in Cote d'Ivoire is the West African CFA Franc ("FCFA"), which has a fixed exchange rate with the Euro (€1 = FCFA 655.957). A substantial portion of the Group's expenses and expenditures for acquisitions is incurred in or linked to the FCFA or the Euro. The Group obtains certain debt financing in FCFA, or Euro and the funds of the Group are held in FCFA. Therefore, the Company's management has determined that the Euro is the currency of the primary economic environment of the Company and its subsidiaries, and thus its functional currency. The presentation currency is Euro.

e. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of investment or with a maturity of more than three months, but which are redeemable on demand without penalty, and which form part of the Group's cash management.

f. Property, plant and equipment:

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and any related investment grants.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Computers	33
Plant and equipment	18
Motor vehicles	33

g. Impairment of non-financial assets:

The Group evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

h. Intangible assets:

The Group has adopted the provisions of IFRS 6 Exploration for and Evaluation of Mineral Resources.

The Group capitalizes expenditures incurred in exploration and evaluation activities as project costs, categorized as intangible assets (exploration and evaluation assets), when those costs are associated with finding specific mineral resources. The Group has a policy to expense to profit or loss all short term (i.e., less than 12 months) rental of tools and other equipment, in the same period in which the relevant equipment is used. Expenditure included in the initial measurement of project costs, and which are classified as intangible assets relate to the acquisition of rights to explore. Capitalization of pre-production expenditure ceases when the mining property is capable of commercial production. Project costs are recorded and held at cost and no amortization is recorded prior to commencement of production.

An annual review is undertaken of each area of interest to determine the appropriateness of continuing to capitalize and carry forward project costs in relation to that area of interest, in accordance with the indicators of impairment as set out in IFRS 6. Accumulated capitalized project costs in relation to (i) an expired permit (with no expectation of renewal), (ii) an abandoned area of interest and / or (iii) a joint venture over an area of interest which is now ceased, will be written off in full as an impairment to profit or loss in the year in which (i) the permit expired, (ii) the area of interest was abandoned and / or (iii) the joint venture ceased.

i. Financial instruments:

1. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Group classifies and measures debt instruments in the financial statements based on the following criteria:

- The Group's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

Debt instruments are measured at amortized cost when:

The Group's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

On the date of initial recognition, the Group may irrevocably designate a debt instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency, such as when a related financial liability is also measured at fair value through profit or loss.

2. Impairment of financial assets:

The Group evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss.

The Group has short-term financial assets such as trade receivables in respect of which the Group applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses. An impairment loss on debt instruments measured at amortized cost is recognized in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

3. Financial liabilities:

Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Group measures all financial liabilities at amortized cost using the effective interest rate method, except for financial liabilities measured at fair value through profit or loss.

j. Borrowing costs:

The capitalization of borrowing costs commences when expenditures for the asset are incurred, the activities to prepare the asset are in progress and borrowing costs are incurred and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. The amount of borrowing costs capitalized in a reporting period includes specific borrowing costs and general borrowing costs based on a weighted capitalization rate.

Exploration and evaluation assets can be qualifying assets. However, they generally do not meet the "probable economic benefits" test. Therefore, any related borrowing costs are generally recognized in profit or loss in the period incurred.

k. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1	- quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	- inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
Level 3	- inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

o. Share-based payment transactions:

Equity-settled transaction:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award ("the vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

p. Changes in accounting policies - initial application of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards:

1. Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates".

Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is applied prospectively for annual reporting periods beginning on January 1, 2023, and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The application of the Amendment did not have a material impact on the Company's consolidated financial statements.

2. Amendment to IAS 1, "Disclosure of Accounting Policies":

In February 2021, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("the Amendment"), which replaces the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. One of the main reasons for the Amendment is the absence of a definition of the term 'significant' in IFRS whereas the term 'material' is defined in several standards and particularly in IAS 1.

The Amendment is applicable for annual periods beginning on January 1, 2023.

The application of the above Amendment had **an effect on** the disclosures of the Company's accounting policies, but did not affect the measurement, recognition or presentation of any items in the Company's consolidated financial statements.

NOTE 3:- FINANCIAL RISK MANAGEMENT

a. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the management team under policies approved by the Board of Directors.

1. Market risk

The Group is exposed to market risk, primarily relating to foreign exchange. The Company does not hedge against market risks as the exposure is not deemed sufficient to enter into forward contracts. The Company has not disclosed a quantitative sensitivity analysis for fluctuations in foreign exchange rates as the Directors are of the opinion that these fluctuations would not have a significant impact on the consolidated financial statements of the Company at the present time. The Directors will continue to assess the effect of movements in market risks on the Group's financial operations and initiate suitable risk management measures where necessary.

2. Credit risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. To manage this risk, The Company periodically assesses the financial reliability of customers and counterparties.

The amount of exposure to any individual counterparty is subject to a limit, which is assessed by the Board of Directors.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

b. Capital risk management:

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Company to continue its material development activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the issue of shares or sell assets to reduce debts.

The Company defines capital based on the total equity of the Company. The Company monitors its level of cash resources available against future planned operational activities and may issue new shares in order to raise further funds from time to time.

NOTE 4:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

a. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

Significant items subject to such estimates and assumptions are as follows:

Intangible assets - exploration and evaluation assets:

An annual review is undertaken of each area of interest to determine the appropriateness of continuing to capitalize and carry forward project costs in relation to that area of interest in accordance with the indicators of impairment as set out in IFRS 6. The annual review includes an assessment of budgeted and planned expenditures and indications of whether sufficient data exist to determine recovery of accumulated capitalized project costs.

NOTE 5:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

a. Amendment to IAS 1, "Presentation of Financial Statements":

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" regarding the criteria for determining the classification of liabilities as current or non-current ("the Original Amendment"). In October 2022, the IASB issued a subsequent amendment ("the Subsequent Amendment").

According to the Subsequent Amendment:

- Only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.
- An entity should provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months from the reporting date. This disclosure is required to include information about the covenants and the related liabilities. The disclosures must include information about the nature of the future covenants and when compliance is applicable, as well as the carrying amount of the related liabilities. The purpose of this information is to allow users to understand the nature of the future covenants and to assess the risk that a liability classified as non-current could become repayable within twelve months. Furthermore, if facts and circumstances indicate that an entity may have difficulty in complying with such covenants, those facts and circumstances should be disclosed.

According to the Original Amendment, the conversion option of a liability affects the classification of the entire liability as current or non-current unless the conversion component is an equity instrument.

The Original Amendment and Subsequent Amendment are both effective for annual periods beginning on or after 1 January 2024 and must be applied retrospectively. Early application is permitted.

The Company is evaluating the possible impact of the Amendment on its current loan agreements.

b. IFRS 18, "Presentation and Disclosure in Financial Statements":

In April 2024, the International Accounting Standards Board ("the IASB") issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18") which replaces IAS 1, "Presentation of Financial Statements".

IFRS 18 is aimed at improving comparability and transparency of communication in financial statements.

IFRS 18 retains certain existing requirements of IAS 1 and introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

IFRS 18 does not modify the recognition and measurement provisions of items in the

financial statements. However, since items within the statement of profit or loss must be classified into one of five categories (operating, investing, financing, taxes on income and discontinued operations), it may change the entity's operating profit. Moreover, the publication of IFRS 18 resulted in consequential narrow scope amendments to other accounting standards, including IAS 7, "Statement of Cash Flows", and IAS 34, "Interim Financial Reporting".

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively. Early adoption is permitted but will need to be disclosed.

The Company is evaluating the effects of IFRS 18, including the effects of the consequential amendments to other accounting standards, on its consolidated financial statements.

NOTE 6:- ACQUISITION OF SUBSIDIARIES**a. Acquisition of Atex Mining Resources SARL:**

On 1 March 2021, the Company purchased 51% of the issued share capital of Atex Mining Resources SARL ("ATEX") for a total consideration of 40m FCFA (€61 thousand). Atex holds a license that covers exploration rights for lithium in a certain area in Cote d'Ivoire. The license which was granted in 2017 was renewed in 2021 for a period ending in 2024.

In addition, the Company was granted an option to acquire a further total 39% of the issued share capital of Atex in two stages. The first stage is an option to acquire a further 16% during the 12 months following the acquisition for a total consideration of 210m FCFA (€320 thousand). The second stage is an additional option to acquire a further 23% during the 24 months following the acquisition for a total consideration of 300m FCFA (€450 thousand).

Pursuant to the agreement, it has been agreed that the Company will procure that the Seller is paid a net smelter royalty equal to 0.5% of net smelter returns, such royalty to be paid each trimester.

These royalties will be recorded when production commences, and the project generates net smelter returns.

At the date of acquisition, the exploration license and related capitalized exploration costs were the sole asset of Atex. Atex had no employees. Accordingly, the purchase transaction was accounted for as an acquisition of an intangible asset.

The Company determined that as of the acquisition date the fair value of the options to acquire an additional 39% interest in Atex was immaterial and accordingly no portion of the consideration paid was attributed to these options.

Pursuant to IFRS 3, the Company records the intangible asset and liability at their fair value on date of acquisition. Details of the net assets acquired, and the non-controlling interests are as follows:

	Euro in thousands
Intangible asset	120
Liabilities acquired	(1)
Net assets acquired	119
Non-controlling interest (49%)	(58)
Total purchase cost and cash paid	61

On 4th July 2022 the Company purchased an additional 26% of the issued shares in Atex. 10% of the issued shares in Atex were purchased in exchange for 1,158,200 Ordinary shares of the Company (with a value of £76,441 at the closing share price on 4 July 2022 of 6.6p per share; €88,672 based on £1 = €1.16). The additional 16% of the issued shares in Atex were purchased by way of exercising the first option under the agreement between Firering and Atex dated 31 March 2021 for a total consideration of c.€320,000. Subsequent to this acquisition, the Company held a 77% interest in Atex - see Note 19 for details of the purchase of an additional 13% interest in March 2023.

As these acquisitions resulted in a change of ownership interests in a subsidiary that was already under the control of the Company, they were accounted for as a change in the equity of the Company. The difference between the total consideration and the carrying amount of the non-controlling interest attributed to the interest acquired, in the amount of €378 was charged to the Reserve for Transactions with Non-Controlling Interests in equity.

See Note 6c below regarding deconsolidation of Atex.

b. Acquisition of Alliance Minerals Corporation SARL:

On 22 November 2021, the Company purchased 51% of the issued share capital of Alliance Minerals Corporation SARL ("Alliance") for a total consideration of €228,000, executing the first stage of the purchase agreement with Alliance Minerals Corporation SARL ("Alliance") and setting out the Company's commitment to purchase a total of 80% of the entire issued share capital of Alliance. The payments for the acquisition of shares will take place in four stages as follows:

- 51% of the entire issued share capital of Alliance for a total consideration of 150 million FCFA (€228 thousand) to be paid within 10 days of Admission. As mentioned above, this stage was executed on 22 November 2021.
- 7.25% of the issued share capital of Alliance for 100 million FCFA (€152,000) following the analysis at least 1,000 tons of coltan, calculated based on the Auger drilling program.
- 7.25% of the issued share capital of Alliance for 100 million FCFA (€152,000) following the analysis at least 1,000 tons of coltan, calculated based on the RC drilling program.
- 14.5% of the issued share capital of Alliance for 200 million FCFA (€304,000) following a commercial reserve.

Pursuant to the agreement, it has been agreed that the Company will procure that the Seller is paid a net smelter royalty equal to 0.5% of net smelter returns, such royalty to be paid each trimester.

These royalties will be recorded when production commences, and the project generates net smelter returns.

Alliance has applied for an exploration license adjacent to the Atex project. At the date of acquisition, the license application was the sole asset of Alliance. Alliance has no employees. Accordingly, the purchase transaction is accounted for as an acquisition of an intangible asset. As of 31 December 2023, the application is still pending.

The Company is accounting for the commitment to purchase the additional 29% interest in Alliance as a forward purchase contract, and effectively for accounting purposes the Company has an 80% interest in Alliance. Accordingly, a liability in the amount of €130,000 has been recorded at the acquisition date based on the estimated timing of the future payments discounted at a rate of 24% (level 3 of the fair value hierarchy). The balance of the liability to the non-controlling interest in Alliance at 31 December 2023 is €200 thousand (2022 - €161 thousand). Subsequent to deconsolidation in 2022 (see below) this liability is included in the accounts of the joint venture -see Note 19. The interest (unwinding of the discount) in 2023 in the amount of €39 thousand was recorded as financial expense by the joint venture (2022 - €31,000 recorded as financial expense by the Company).

Pursuant to IFRS 3, the Company recorded the intangible asset at its fair value on date of acquisition as follows:

	Euro in thousands
Intangible asset	448
Non-controlling interests (20%)	(90)
Total purchase cost	358
Comprised of:	
Cash consideration	228
Liability for forward purchase	130
Total	358

See Note 6c below regarding deconsolidation of Alliance.

c. Deconsolidation of Atex and Alliance:

As described in Notes 1 and 19, in accordance with the earn-in agreement signed with Ricca in November 2022, the Company is to transfer its entire shareholdings in Atex and Alliance to a new entity (joint venture) in which Ricca and the Company will have joint control. Due to the loss of control, in

2022 the Company ceased to consolidate the accounts of Alex and Alliance and commenced recording its investment in these companies held by the joint venture based on the equity method.

As of the date of loss of control, following are the assets, liabilities and non-controlling interests that have been deconsolidated:

	Euro in thousands
Cash	33
Other current assets	143
Property, plant and equipment	112
Intangible assets	2,062
Liability to non-controlling interest in subsidiary	)161(
NCI	(116)
Net - investment in joint venture (see Note 19)	2,073

NOTE 7:- INTANGIBLE ASSETS

Intangible assets relate to project costs capitalized as of 31 December 2023 and 2022:

	2023	2022
	Euros in thousands	
As of 1 January	1,276	2,073
Deconsolidation (Note 6)	-	(2,062)
Additions	-	1,265
Impairment (*)	(1,276)	
As of 31 December	-	1,276

(*) The opening balance as of 1 January 2023 relates mainly to the Bri Coltan concession. Since the Company currently has no plans or budget for further exploration, an impairment loss for the entire balance was recorded.

NOTE 8:- PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Motor vehicles	Computers, peripheral equipment and furniture	Total
	Euros in thousands			
Cost:				

As of 1 January 2022	409	121	25	555
Addition	2	49	17	68
Deconsolidation (Note 6)	(2)	(141)	(19)	(162)
As of 31 December 2022 and 2023	<u>409</u>	<u>29</u>	<u>23</u>	<u>461</u>
Accumulated depreciation:				
As of 1 January 2022	223	23	4	250
Charge for the year	41	47	7	95
Deconsolidation (Note 6)	-	(47)	(3)	(50)
As of 31 December 2022	<u>264</u>	<u>23</u>	<u>8</u>	<u>295</u>
Charge for the year	<u>41</u>	<u>3</u>	<u>4</u>	<u>48</u>
As of 31 December 2023	<u>305</u>	<u>26</u>	<u>12</u>	<u>343</u>
Net carrying amount:				
As of 31 December 2023	<u>104</u>	<u>3</u>	<u>11</u>	<u>118</u>
As of 31 December 2022	<u>145</u>	<u>6</u>	<u>15</u>	<u>166</u>

NOTE 10:- CAPITAL NOTES

The capital notes are comprised of two notes in the face amounts of €393 thousand and €350 thousand, which do not bear interest and for which the repayment terms commencing from November 2021 are as follows:

Capital note of €393 thousand - (i) no repayment shall take place within two years of Admission (ii) repayment can only be made after the Company has achieved a market capitalization of £50 million (iii) the Company must have minimum cash on hand of 5x the outstanding debt, with sufficient funds for the Company to operate for a two-year period and (iv) any repayment will be subject to final approval of the Directors of the Company.

Capital note to shareholders and officers for services during the period from 1 June 2019 until 30 June 2021 totalling to €350 thousand (i) no repayment shall take place within two years of Admission (ii) the Company must have minimum cash on hand of 5x the outstanding debt, with sufficient funds for the Company to operate for a two-year period and (iii) any repayment will be subject to final approval of the Directors of the Company.

The combined carrying amount of the capital notes as of November 2021 is €507 thousand which amount reflects the estimated timing of the future repayments discounted at a rate of 10% (level 3 of the fair value hierarchy). The difference in the amount of €236 thousand between the face amount of the capital notes and the carrying amount as of November 2021 has been recorded as a contribution to equity. The balance of the capital notes at 31 December 2023 is €622 thousand (2022 - €565 thousand). In 2023 interest expense on the loan (unwinding of discount) amounted to €57 thousand (2022 - €51 thousand).

NOTE 11:- LOAN FROM NON-CONTROLLING INTERESTS

Loan in the face amount of €205 thousand from the minority interests of Bri Coltan upon acquisition of Bri Coltan. It was agreed that the loan will be repaid from up to 5% of the yearly net earnings of Bri Coltan following publication of its annual financial report. As of 31 December 2021, the carrying amount of the loan is €92 thousand which amount reflects the estimated timing of future repayments discounted at a rate of 12% (level 3 of the fair value hierarchy). The difference in the amount of €122 thousand between the face amount of the loan and the carrying amount on 1 January 2021 has been recorded as a contribution to equity. The balance of the loan (before derecognition - see below) at 31 December 2023 was €116 thousand (2022 - €103 thousand). In 2023 interest expense on the loan (unwinding of discount) amounted to €13 thousand (2022 - €11 thousand).

As described in Note 7, it was decided as of 31 December 2023 to record an impairment loss for the entire balance of the Bri Coltan concession. Accordingly, the liability to the non-controlling interests in the amount of

€116 thousand was derecognized against the negative balance of non-controlling interests in equity.

NOTE 12:- EQUITY

a. Composition of share capital:

	Authorized		Issued and outstanding	
	31 December		31 December	
	2023	2022	2023	2022
	Number of shares			
Ordinary shares of €0.001 par value each	100,000,000	100,000,000	99,913,262	88,043,560

On 4 July 2022 the Company purchased an additional 26% of the issued shares in Atex. 10% of the issued shares in Atex in exchange for 1,158,200 shares in the Company (with a value of £76,441 at the closing share price on 1 July 2022 of 6.6p per share; €88,672 based on £1 = €1.16). the additional 16% of the issued shares in Atex were purchased by way of exercising the first option under the agreement between Firering and Atex dated 31 March 2021 for a total cash consideration of c.€320,000.

In 2023, the Company issued 1,085,088 Ordinary shares to certain employees, consultants, and service providers for their services. The fair value of these shares on date of issuance amounted to €110 thousand, of which €20 was recorded in 2023 as share-based compensation in employee-related costs, contractors & service providers expenses, and €90 was recorded as a payment of liability from 2022 to employees and service providers.

In September 2023, the Company completed a placing on the AIM, a market operated by the London Stock Exchange ("the AIM"), by issuing 10,784,614 Ordinary shares at a price of £0.065 per share for a total consideration of c£812,000 (c.£701,000), net proceeds of €756,000 (c.£654,000).

b. Share option plan:

On admission, 12 November 2021, the Company adopted a share option plan under which it granted a total of 6,950,832 options to directors, employees and consultants of the Company.

Each option is exercisable to one Ordinary share at an exercise price of £0.13. The options vested immediately upon grant. The options expire 5 years after date of grant. As of 31 December 2023, all of the options are outstanding.

The fair value of the options granted calculated based on Black-Scholes option pricing model was approximately €61 thousand.

c. Warrants

On admission, 12 November 2021, the Company granted a total of 2,599,622 warrants to some service providers of the Company as part of their compensation for the services provided in the initial public offering process. Each warrant is exercisable to one Ordinary share at an exercise price of £0.13.

868,854 warrants expire 5 years after date of grant, and 1,538,461 warrants expire 3 years after date of grant.

The remaining 192,307 warrants expire 3 years after date of grant with 50% vesting once the 5-day volume-weighted average price ("VWAP") of the Company's shares has traded at a 100% premium to the Placing Price (£0.13) and 50% vesting once the 5-day VWAP of the Company's shares has traded at a 200% premium to the Placing Price. None of these warrants have vested as of 31 December 2023.

The fair value of the Warrants granted calculated based on Black-Scholes option pricing model was approximately €20 thousand.

The fair value of the warrants was recorded as part of the IPO fund-raising costs and deducted from share premium in equity.

On 21 September 2023, the Company granted a total of 581,538 warrants to some service providers of the Company as part of their compensation for the services provided in the fund-raising process. Each

warrant is exercisable to one Ordinary share at an exercise price of £0.065. the warrants will expire 3 years after date of grant.

The fair value of the Warrants granted calculated based on Black-Scholes option pricing model was approximately €19 thousand.

The following table lists the inputs used in the measurement of the fair value of the warrants, in accordance with the Black and Scholes pricing model:

	Warrants for 3 years
Risk-free interest rate (%)	4.42%
Dividend yield (%)	0%
Expected volatility (%)	58%
Expected term (in years)	3

The fair value of the warrants was recorded as part of the fund-raising costs and deducted from share premium in equity.

d. Capital reserves:

Capital reserves are comprised of the following:

	31 December	
	2023	2022
	Euros in thousands	
As of the beginning of the year	(51)	-
Reserve for transactions with non-controlling interests (Note 11)	-	91
Reserve for transactions with principal shareholders (Note 10)	-	236
Reserve for transactions with non-controlling interests (2023 - Note 19; 2022 - Note 6)	(243)	(378)
As of the end of the year	<u>(294)</u>	<u>(51)</u>

NOTE 13:- GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2023	2022

	Euros in thousands	
Salaries and employee related expenses	483	663
Contractors and service providers	196	333
Travel and transportation	46	12
Legal and professional	220	206
Office expenses	70	66
Nomad and broker fees	123	54
Public relations	52	45
Insurance	39	27
Depreciation	48	47
Exploration costs	60	25
Other costs	20	26
Total	1,357	1,504

NOTE 14:- FINANCIAL EXPENSES

	Year ended 31 December	
	2023	2022
	Euros in thousands	
Interest on capital notes and loan from non-controlling interest	57	64
Interest on liability to non-controlling interest	-	31
Bank fees	29	196
	86	290

NOTE 15:- TAXES ON INCOME

- a. Tax rates applicable to the income of the Company and its subsidiaries:

The Company and its subsidiary Firering Strategic Minerals PLC were incorporated in Cyprus and are taxed according to Cyprus tax laws. The statutory tax rate is 12.5%.

The carryforward losses of the Company are approximately €20 thousand. No other subsidiary has carryforward losses.

The subsidiary, FH Colton CI-II, was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. The statutory tax rate is 25%.

The subsidiary, Bri Coltan SARL, was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. The statutory tax rate is 25%.

Atex Mining Resources SARL, was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. The statutory tax rate is 25%.

Alliance Minerals Corporation SARL Ltd was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. The statutory tax rate is 25%.

- b. Tax assessments:

As of 31 December 2023, the Company and all its other subsidiaries had not yet received final tax

assessments.

NOTE 16:- EARNINGS PER SHARE

The calculation of the basic and fully diluted loss per share attributable to the equity shareholders is based on the following data:

	Year ended 31 December	
	2023	2022
	Euros in thousands	
Net loss attributable to equity shareholders	(2,413)	(84)
Average number of shares for the purpose of basic and diluted earnings per share	91,876,311	87,457,527

Share options and warrants are excluded from the calculation of diluted loss per share as their effect is antidilutive.

NOTE 17:- RELATED PARTIES

a. Balances:

	Year ended 31 December	
	2023	2022
	Euros in thousands	
Current liabilities:		
Other payables	79	54
Capital note (*)	174	214
Non-current liabilities:		
Capital note (Note 10)	293	266

*) The capital note bears no interest and is payable on demand.

b. Compensation of key management personnel of the Company:

	Year ended 31 December	
	2023	2022
	Euros in thousands	

Short-term employee benefits	309	535
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A Director and the CEO of the Company is entitled to salary of €120 thousand per annum and shall be entitled to certain bonuses upon the Company achieving certain milestones.

In addition, the CEO is entitled to additional benefits including medical insurance, school fees for his family (capped at €15 thousand per annum), accommodation (capped at €1.2 thousand per month) as well as travel costs for himself and his family to have home leave.

c. Interest on capital note (see also Note 10)	27	24
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NOTE 18:- FINANCIAL INSTRUMENTS

a. Foreign exchange risk:

The Company is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly, USD and GBP. Since the FCFA is fixed to the Euro, the Group is not exposed to foreign exchange risk in respect of the FCFA. As of 31 December 2023, the foreign exchange risk is immaterial.

b. Liquidity risk:

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

31 December 2023

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
Euros in thousands							
Trade payables	166	-	-	-	-	-	166
Other payables	320	-	-	-	-	-	320
Capital note	174	-	743	-	-	-	957
Loan from non- controlling interest in subsidiary	-	-	-	-	-	205	205
	660	-	743	-	-	205	1,608

31 December 2022

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	Euros in thousands						
Trade payables	61	-	-	-	-	-	61
Other payables	451	-	-	-	-	-	451
Capital note	214	-	743	-	-	-	957
Loan from non-controlling interest in subsidiary	-	-	-	-	-	205	205
	<u>726</u>	<u>-</u>	<u>743</u>	<u>-</u>	<u>-</u>	<u>205</u>	<u>1,674</u>

NOTE 19:- INVESTMENT IN JOINT VENTURE

On 2 November 2022 the Company signed an earn-in agreement (the Agreement") with Ricca Resources Pty Limited ("Ricca"), an Australian diversified minerals company to advance the Atex Lithium-Tantalum Project ("Atex") and the adjacent Alliance exploration licence (once granted).

According to the Agreement, Ricca will have the exclusive right to undertake and fund at Ricca's sole cost the exploration of the Atex Project and adjacent Alliance licence for up to US\$18.6 million (€17.4 million). The total amount of US\$18.6 million to be paid by Ricca pursuant to the Agreement includes:

- US\$1million (€977 thousand) cash consideration (received in November 2022); and
- issue of ordinary shares of Ricca to the value of AUD \$1million (€637 thousand) upon the earlier of: its planned IPO on the Australian Securities Exchange (ASX), or by 31 January 2024. The shares shall be issued at the completion price of the IPO or at a price per share equal to the latest price used in a fund raising carried out by Ricca prior to that date, by 31 January 2024. See also note 21.
- Funding and completing four stage earn-in of up to 50% equity interest in the Project through the funding of up to US\$14.7million (€13.8 million), with the aim of achieving a Definitive Feasibility Study ("DFS") on the Project. Beyond the US\$17 million expenditure to be spent to advance the Project, Ricca has agreed to fund a further US\$2 million (€1.9 million) (to take total expenditure to US\$19 million (€17.8 million) if the JORC inferred Mineral Resource Estimate ("MRE") surpasses 20m tones at the concentration of 1.0% of Li2O.

In order to undertake exploration of the Atex and Alliance Tenements, the Company has an SPV (FH Coltan CI-III SARL which changed its name to Marvella SA, hereafter "Marvella") to which the Company shall transfer its entire shareholdings in the Atex agreement and the Alliance agreement, including the forward purchase obligation (see Note 6).

As of the date of the financial statements the Company is in the process of implementing the above transfers.

The Company holds 100% of the equity interest of Marvella as of the date of the financial statements and will continue to hold the majority of the equity interest until the completion of stage 4 of the earn-in period. However, according to the shareholders' agreement signed with Ricca as of the date of the Agreement, the Company cannot unilaterally make decisions on the significant relevant activities of Marvella, as they are driven by the Board and the Joint operating committee of Marvella which consists of equal representation (joint control) of both the Company and Ricca.

Accordingly, the Company ceased to consolidate the financial statements of Atex and Alliance (which are being transferred to Marvella) as of the date of the Agreement - see Note 6.

The investment in Marvella is considered a joint venture. Accordingly, commencing from the date of the Agreement, the investment in the joint venture is accounted for using the equity method in accordance with IAS 28.

As described above, the consideration to which the Company is entitled upon signing the Agreement is comprised of €977 thousand in cash (received in November 2022) and shares of Ricca with a fair value of €637 thousand (to be received by 31 January 2024 -see Note 21) and presented as non-current receivable in the statement of financial position as of 31 December 2023 and 2022. Accordingly, the total initial consideration of €1614 thousand was recorded as a gain on the earn-in arrangement in the statement of comprehensive income for 2022.

Summarized financial data of the joint venture:

	Year ended 31 December	
	2023	2022
	Euros in thousands	
Statement of financial position of joint venture at reporting date:		
Current assets	203	178
Property, plant and equipment	82	112
Intangible assets	3,103	2,314
Current liabilities	(23)	)1(
Liability to non-controlling interest in subsidiary	(200)	(161)
Loan from Firering	(2,424)	(2,073)
Net Assets	<u>741</u>	<u>369</u>
Equity		
Non-controlling interests	1,023	369
Equity attributable to equity holders of the joint venture (1)	(243)	-
Accumulated deficit	(39)	-
Total equity	<u>741</u>	<u>369</u>
Investment in joint venture	<u>2,142</u>	<u>2,073</u>

(1) In March 2023 Marvella exercised the remaining existing option originally between Firering and Atex's shareholder and purchased an additional 13% of the issued shares in Atex and reached a total holding of 90% in Atex for a total consideration of €259 thousand. According to the agreement with Ricca Resources, Ricca paid €200 thousand and the balance of €59 thousand was funded by the Company. Marvella recorded the difference between the total consideration and the carrying amount of the non-controlling interest in the amount of € 243 as a charge to capital reserve in equity.

In 2023, the joint venture had no revenues and incurred financial expenses of €39 thousand in respect of the liability to non-controlling interest in subsidiary (see Note 6b). During the period from establishment of the joint venture in November 2022 through 31 December 2022, the joint venture had no revenues and no expenses.

For the year ending on 31 December 2023, Ricca funded exploration expenditures of the joint venture in the amount of US\$740 thousand (€681 thousand). (2022 - €253 thousand).

NOTE 20:- OTHER PAYABLES

	31 December	
	2023	2022
	Euros in thousands	
Accrued expenses	177	262
Employees and payroll accruals	96	152

Other accounts payable	47	37
	<u>320</u>	<u>451</u>

NOTE 21:- EVENTS AFTER THE REPORTING DATE

1. In March 2024, the Company received 20,000,000 shares in Ricca Resources Limited ("Ricca") at an issue price of AUD\$0.05 with a value of AUD\$1.0 million. The Shares have been issued pursuant to the Agreement following Ricca not having completed an IPO on the ASX by 31 December 2023 and in settlement of the non-current receivable in the amount of €637 thousand. The Ricca Shares were issued at a Ricca pre money valuation of c.AUD\$7.96 million, representing its value at its most recent funding round in May 2023. Following the settlement Firering holds 20,00,000 shares in Ricca which represents c.11.2% of Ricca's issued share capital.

2. In May 2024 the Company entered into a Share Purchase Agreement ("SPA") together with Clearglass, a related party, with the Vendor (Kai Group Ltd). The SPA replaces the option agreement entered into by the Company and Clearglass in respect of Limeco on 16 August 2023 - see Note 1. Pursuant to the SPA, the Company will acquire a 20.5% interest in Limeco for US\$3,550,000. The consideration shall be payable to the Vendor in 3 instalments over the next 12 months as follows:

1. US\$1,500,000 being payable no later than 30 June 2024 to acquire an initial 10% interest;
2. US\$1,016,667 payable no later than 31 December 2024 to acquire a further 6.7% interest; and
3. US\$1,033,333 payable no later than 30 April 2025 to acquire an additional 3.9% interest.

Clearglass will receive 2.5% of the issued shares of Limeco upon completion of the final payment due under the SPA as a result of the previous non-refundable US\$500 thousand fee paid under the prior option agreement.

The SPA includes the terms of the New Option, pursuant to which the Company will be granted an option to acquire up to 24.5% of Limeco for an aggregate consideration of US\$4,650,000 shall be exercisable in 5 tranches between July 2025 and July 2026 as follows:

- an option to acquire a 6.4% interest no later than 31 July 2025 for a consideration of US\$1,033,333;
- an option to acquire a 3.8% interest no later than 30 October 2025 for a consideration of US\$620,000;
- an option to acquire a 5.5% interest no later than 30 January 2026 for a consideration of US\$981,667;
- an option to acquire a 5.5% interest no later than 30 April 2026 for a consideration of US\$981,667; and
- an option to acquire a 3.3% interest no later than 31 July 2026 for a consideration of US\$1,033,333.

Clearglass will receive 2.5% of the issued shares of Limeco upon completion of the final payment due under the New Option as a result of the previous non-refundable US\$500 thousand fee paid under the prior option agreement.

The New Option shall not be exercisable prior to the date falling 12 months after the date of the SPA.

The Company shall be entitled to accelerate any payment/acquisition under the SPA and New Option, in which circumstance the applicable payment shall be reduced by reference to a discount rate of 10% per annum, calculated daily, up to a maximum discount equal to what would be applied if a payment is made 4 months early.

In the event that the Company does not complete any payment due under the SPA, or otherwise fails to exercise any tranche of the New Option, Clearglass has agreed that it shall be responsible for making the relevant payment due to the Vendor, or, if applicable, exercise the New Option, and acquire the applicable Limeco shares in respect of that payment.

The Vendor will make up to US\$4 million of the consideration paid to it under the SPA and New Option available to Limeco as a shareholder loan to renovate the kilns at the Project.

Upon completion of the SPA and New Option and assuming the Company settles all the consideration under the SPA and the New Option, the Company will hold a 45% interest in Limeco, Clearglass will hold a 5% interest and the Vendor will hold a 50% interest. However, if any payment is not paid when due under the SPA (or under the terms of the New Option for the latest date by which the various tranches are exercisable), there shall be a 21-day cure period to remedy the missed payment, or the Vendor shall be entitled to terminate the SPA and the New Option. Additionally, in such circumstances the Vendor shall have the option to buy Limeco shares from Clearglass, up to a limit of a 5% interest in Limeco (to the extent that such Limeco shares are held by Clearglass). Additionally, in the event of a change of control of both the Company and Clearglass, Clearglass will transfer 1 of the issued shares of the Company to the Vendor such that upon completion of the SPA and New Option, the Vendor holds a majority interest in Limeco.

3. On 19 June 2024 the Company completed a placing on the AIM, a market operated by the London Stock Exchange ("the AIM"), by issuing 72,037,449 Ordinary shares at a price of £0.029 per share for a total consideration of £2,465 thousands (£2,089 thousands), net proceeds of approximately £2,295 thousands

(£1,945 thousands).

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