

Mineral and Financial Investments Limited

Audited Full Year Financial Results and NAV for Period ended 30 June 2022

HIGHLIGHTS

- Fiscal Year-end Net Asset Value £ 7.454M (FYE: June 30, 2022) up 16%, from £6.438M (FYE: 30 June 2021)
- Net Asset Value Per Share ("NAVPS") fully diluted (FD) 20.04p, up 10%, from 18.22p (FYE: 30 June 2021)
- NAVPS FD has increased at compound annual growth rate (CAGR) of 23.2% since 30 June 2017
- Net Asset Value has increased at CAGR of 24.1% since 30 June 2017
- Investment Portfolio now totals £7.183M up 23%, from £5.822M (FY: 30 June 2021).
- NAVPS growth has exceeded that of the FTSE 350 Mining index and of the S&P GSCI since 2017

Camana Bay, Cayman Island – 23 December 2022 - Mineral & Financial Investments ("M&FI" or the "Company"), the AIM quoted resources investment company, is very pleased to announce its Net Asset value and audited fiscal year update on its activities for the 12 months ended 30 June 2022

Net Asset Value Performance	30 June 2017	30 June 2018	30 June 2019	30 June 2020	June 30 2021	June 30 2022	CAGR (%)
Net Asset Value ('000)	£2,443	£2,623	£5,114	£5,474	£6,438	£7,454	24.1%
Fully diluted NAV per share	7.05p	7.49p	14.50p	15.50p	18.22p	20.04p	23.2%

CHAIRMAN'S STATEMENT:

Mineral & Financial Investments Limited ("M&FI") is an investing company that approaches its business as a mining finance house, which includes providing investment in and capital to finance mining and mineral exploration companies, and/or projects, while aiming to provide our M&FI shareholders with superior returns. We will seek to provide financing and act as a good partner in exchange for meaningful ownership levels, and board representation if needed and appropriate. We will provide advisory services when possible and will be willing to make follow-on investments in the investee companies if, and when, appropriate. The full details of our investing policy are set out in the Directors' Report on p.8 of the Company's Annual Report and Accounts which are available on the Company's website.

During the 12-month fiscal period ending 30 June 2022 your company generated net trading income of £1,297,000 which translated into a net profit of £899,000 or 2.5p per share on a Fully Diluted ("FD") basis for the period. At the period end of 30 June 2022, our Net Asset Value (NAV) was £7,454,000 an increase of 15.8% from 30 June 2021 NAV of £6,438,000. The Net Asset Value per share – fully diluted (NAVPS-FD) as of 30 June 2022 was 20.04p, up 10% from the 30 June 2021 NAVPS FD of 18.22p. Since 30 June 2016, our NAV FD has appreciated on average by 38.6% annually. We continue to be effectively debt free, with working capital of £7.55 million.

It is our view that the world recovered strongly from the economic effects of the Covid 19 Pandemic. Global economic output increased by 6.0% in calendar 2021¹, a turnaround from the 3.1% decline of output in 2020¹. We believe the recovery was driven by pent-up demand, low interest rates, fiscal support policies from virtually all governments and very loose monetary policies. We also observe that this economic broth when combined with logistic frictions generated a significant lift in global inflation from the 3.2% in 2020 to 8.8% estimated by the IMF in 2022. We note that the return of inflationary pressures has caused most central bankers to initiate rate increases to dampen inflationary pressures. Global Output for 2022 is estimated to have grown by 32%¹, half the growth rate of the previous year¹. Global economic growth is expected to slow even further in 2023 and only expand by 2.7%. Inflation's return has been a global phenomenon and is estimated to reach an average of 8.8% in 2022¹.

¹International Monetary Fund, "Countering the Cost of Living Crisis", October 11, 2022

In our last annual report, we included the Shiller S&P 500 Cyclically Adjusted Price Earning (CAPE) chart to underscore relatively high P/E valuation of the S&P 500 a year ago. We believe that the overvaluation extends to most major equity markets. There are a couple of major drivers for equity valuations – firstly and importantly, profits and their expected growth; the second, are the major valuation inputs: growth expectations, interest rates, and inflation. We believe that above average inflation and rising interest rates will prevail in 2023.

The US dollar, as measured by the DXY Index was up 13.7% during our fiscal year, appreciating versus virtually all currencies. The US dollar's strength during the past year had the single greatest impact on most aspects of our business. Virtually all global commodities are priced in US dollars. When the US dollar rises in value, the usual reaction is that the price of commodities is weighted downwards (*ceteris paribus*). We believe the US dollar's rise is in part because it has been the world's default currency. Further enhancing its natural appeal, US interest rates are higher than most advanced economies' interest rates for similar terms, and the US Fed have claimed an unshakeable resolve to address inflationary pressures. We consider that the direction of movement in money supply is consistent with the rhetoric, however, the amplitude of the moves is less dramatic. US M3² peaked at \$21.74 Trillion March 2022 and has been reduced to \$21.5 Trillion by September 2022². We believe that what has been significant has been the rise in interest rates – during our fiscal period (July 1, 2021, to June 30, 2022) US 10-year treasury yields rose 129%, from 1.46% to 3.02%. They currently are 3.81% as of November 15, 2022². We believe that in isolation this is meaningful. However, we have also observed that worldwide interest rates implicitly reference US rates, and this has impacted most national interest rates. Nevertheless, we believe that the inflationary pressures unleashed by monetary and fiscal policies to manage the devastating economic impact of the COVID 19 lockdowns in 2020 and 2021 will result in longer lasting inflation, though less acute than seen in 2022.

²US Federal Reserve Board – Economic Research, Federal Reserve Bank of St.Louis

We consider that the Fiscal and Monetary responses by most “advanced economy” governments and central banks to the rise in inflation have negatively impacted equity markets. As can be seen in Figure 3 all major equity markets declined, with the FTSE 100 being the positive exception recording a modest 1.9% appreciation. The Chinese markets were the weakest combined markets, which we believe should be a source of global concern.

Global Stock Index performance (Fig.3)

June 30, 2021, to June 30, 2022	30/06/2021	30/06/2022	% Ch.
Shanghai Shenzhen CSI 300	5224	4485	-14.1%
Standard & Poor 500	4292	3785	-11.8%
Euro Stoxx 50	4064	3455	-15.0%
Hang Seng	28994	21870	-24.6%
FTSE 100	7037	7169	1.9%
Nikkei 225	28791	26393	-8.3%

The US Equity market valuation, as measured by the S&P 500 P/E Index, is declining both absolutely and relatively from its peak at the beginning of 2022. As can be seen in the Shiller S&P 500 index, as composed by Prof. Robert Shiller of Yale University, shows that the S&P 500's Index current level for Price/Earnings (P/E) is 27.4x, which is down from the 39.6x p/e which we pointed to in last year's M&FI annual report, and which we believe was priced for a flawless exit from the economic life support offered by governments around the world during the Covid Pandemic economic crisis. We remain cautious and, although optimistic for metal prices, we believe that markets remain richly priced relative to the historical valuations, as shown by Prof. Shiller. We also see that interest rates are beginning to rise from the lows reached after a 40-year decline from the 1981 highs. Rising interest rates are an unfamiliar market feature for a generation of market participants. We believe the financial turmoil that rising rates can create should be a cause of concern.

M&FI continues to seek suitable strategic investment opportunities that we believe will generate above average returns while adhering to our standards of prudence. We thank you for your support and we will continue to work diligently and thoroughly to advance your company's assets and market position.

CHIEF EXECUTIVE'S REPORT:

Your company generated gross profit of £1,297,000 during the year, a slight decline from the previous year's gross profit of £1,362,000. The operating profit for the full year, ending 30 June 2022, was £899,000 versus last year's operating profit of £998,000. The decline is linked to slightly lower yr./yr. gross profits and higher administrative costs. Specifically, the issuance of equity incentives, higher legal fees and an increase to the CEO's salary, these represent 94.6% of the SG&A variance from FY 2021. The post-tax income for the year was £899,000 vs. £964,000 achieved last year. M&FI's NAVPS (basic) increased 15.8% year over year to 20.04p. The overall cash and investment portfolios increased by 14.8% year over year to £7,664,000.

The key to creating shareholder value for Mineral & Financial Investments is attempting to achieve positive risk adjusted investment returns while keeping operating costs low. More specifically, operating costs which grow at a slower rate than the accretion in the Net Asset Value. Our full year administrative costs totalled £439,000, 5.88% of net assets, an increase over the previous year's costs of £341,000 (5.33% of net assets). General & Administrative ("G&A") costs were higher.. The increase was partly due to "Legal and Professional fees" increasing by £51,000 year over year in the period due to some extraordinary legal costs associated with a unsuccessful financing attempt by an investee company (financing was secured later from a different source). Excluding that increase in legal fees our G&A would have been within our expectations rising by 13.6%. Also, there was a £92,000 charge to the income statement in respect of the grant of options and Restricted Share Units. M&FI's policy is that management and directors will benefit and prosper along with shareholders, not despite shareholder performance.

World commodity price performances were broadly negative in FY 2022 due to rise of the US dollar vs. most world currencies and a recognition that global economic growth has slowed from the post Pandemic demand spurt. Uranium was a strong performer, rising 52.6% during our fiscal year. Energy insecurity led to a renewed optimism for Uranium (U₃O₈), as its principal use is for nuclear power generation. Additionally, there were several new uranium ETF funds created which amplifies demand. The Nickel (Ni) price was up 27.8% during our fiscal year and is benefitting from LME inventories being at 5-year lows (c. 49,470t in Nov 2022 vs 380,000t in November of 2017) due to slowing supply growth. Nickel now, in addition to its historic dominant use in combination with iron to create stainless steel, which still represent 69% of global Ni demand, is part of the revolution in battery technologies. Battery production currently represents 11% of Ni global demand. Zinc (Zn) was also one of the few metals which ended the period with year over year gains, rising 8.6% during our fiscal period. Several years ago, we recognized that Zn was being supplied by several large-scale mines which were approaching the end of their mine life. Like Ni, Zn LME inventories are at 5-year lows of 40,800t, which represent less than 2 days of global demand (in 2021: 14,047,000t). Our investments in Zinc via Ascendant and more importantly our investment in Redcorp, benefitted slightly from Zinc's outperformance versus other metals.

Price Performance of Various Commodities & Indices (Fig.5)

Commodity	2018 (June 30)	2019 (June 30)	2020 (June 30)	2021 (June 30)	2022 (June 30)	% Ch. 2022 vs. 2021	CAGR 2018 to 2022
Gold (US\$/oz)	1,187	1,389	1,784	1,784	1,809	-1.3%	+11.1%
Silver (US\$/oz)	14.30	15.30	18.30	26.15	19.80	-24.3%	+8.5%
Platinum (US\$/oz)	824	837	828	1083	881	-18.8%	+1.7%
Copper (US\$/t)	6,171	5,969	6,120	9,279	7,901	-14.9%	+6.4%
Nickel (US\$/t)	12,540	12,670	13,240	18,172	23,229	+27.8%	+16.7%
Aluminium (US\$/t)	2,024	1,779	1,598	2,514	2,659	+5.8%	+7.1%
Zinc (US\$/t)	2,612	2,575	2,043	2,899	3,147	+8.6%	+4.8%
Lead (US\$/t)	2,017	1,913	1,770	2,301	1,899	-17.5%	-1.5%
Uranium (US\$/t)	60,250	54,454	71,871	70,768	108,027	+52.6%	+15.7
WTI (US\$/Bbl.)	73.25	60.06	40.39	75.25	107.86	+43.3%	+10.2%
DX	95.13	96.56	96.68	92.66	105.09	+13.7%	+2.7%
FTSE 350 Mining Index	18,877	20,688	17,714	22,585	9,810	-55.6%	-15.1%

We made a conscious decision to be overweight in precious metals, notably gold and to a lesser extent silver. This has been a very difficult year for gold, which was down 1.3%, while silver was down 24.3% during our fiscal year. We remain confident that our allocation will bear fruit. We consider that inflation is once again a global concern, central bankers are tightening monetary policies, economic growth has slowed and we believe that the most recent fashionable alternative to gold as a defensive store of value, crypto currencies, are suffering yet another existential crisis with the bankruptcy of FTX.

We believe the equity markets are afflicted by a disconnect between metal prices and the performance of the shares of the companies that explore and produce these metals. We believe the market is, understandably, plagued with anxiety about the weak metal price performances and the increases in production costs, led upwards by energy costs and soon to be followed by labour costs. We also believe that inflation above Central banks' inflation targets will be a fact of life for a few more years. The US dollar's out-performance is, we believe, unlikely to continue as it did in 2022. Lastly, operating costs will have to rise, or capacity will have to close, which will lead to metal price rises. Although not the most robust setting for mining companies, there is, we believe, good cause for bullishness that more broadly based

metal price rises will define 2023 and that the inflationary pressures of 2022 will moderate, but not return to 2019 levels for some time.

INVESTMENT PORTFOLIOS

We have high expectations. Our performance in 2022 was relatively strong, but below our expectations for the year. Our NAVPS by 10% during 2022 but was significantly better than the yardsticks by which we measure our performance. The broader equity markets were down during our fiscal year, the S&P 500 was down 11.8%, the CSI 300 (Shanghai) was down 14.1%, while the FTSE 100 did manage a gain of 1.9%. The more specific comparables, such as - the S&P/TSX Global Mining Index was down 11.5% during our fiscal period, while FTSE 350 Mining Index, was down 55.2% – although it must be noted that the FTSE 350 Mining Index was dragged down by the Ukrainian conflict and the sanctions imposed on Russian companies, which are part of the Index.

Portfolio Performance 2017 – 2022 (Fig.6)

(£,000)	2017	2018	2019	2020	2021	2022	2022 vs. 2021	CAGR '17 to 2022
Strategic	£746.0	£766.9	£3,655.3	£3,909.7	£4,110.3	£4,946.5	20.3%	46.0%
Tactical	£983.6	£1,319.2	£226.3	£430.4	£1,711.9	£2,237.0	30.7%	17.9%
Cash	£273.5	£422.3	£224.4	£274.6	£854.7	£481.4	-43.7%	12.0%
Total	£2,003.2	£2,508.3	£4,106.0	£4,614.8	£6,677.0	£7,664.9	14.8%	30.8%

CASH

Our liquidity as of 30 June 2022, was £481,000 a decline of 43.7% from the £855,000 as at the end of fiscal 2021. In 2021 we had received the funds from Ascendant on 22 June 2021 and had not fully deployed the funds. In 2022 we received a US\$1.0M payment from Ascendant, as part of their earn-in on the Lagoa Salgada Project, earlier in the period, and some of the funds were invested in what we felt were attractive values. The intention is to keep the cash and tactical holdings' combined value to be between 25 and 60 percent. For the past 2 years we have been at 38.4% as of the end of 2021 and ended 2022 at 35.5% of NAV. As this mining cycle moves ahead, we would like to gradually evolve to a higher cash & tactical holding, to allow us to exploit strategic investment opportunities along the economic cycle.

TACTICAL HOLDINGS

The Tactical portfolios grew by 30.7% to end the year at £2,237,004. As we advance through the mining cycle the tactical portfolio should grow more quickly than the strategic portfolio, as we monetize the some of our strategic investments and convert them into either cash or tactical investments. The tactical portfolio now comprises 22 distinct investments, the following are some of the most noteworthy.

Cerrado Gold: We initiated an investment in common shares of Cerrado Gold in 2019. It now represents 5.4% in the allocated investments. Cerrado is a South American gold producer with a mine, Minera Don Nicolas, in Argentina. Which mined 44,000 oz in 2021 and should mine 50,000 oz of gold. Based comparable valuations presented by Cerrado trades at around US\$26 of EV per oz of Au equivalent resource, the comparable producers trade at approximately US\$99 p/Oz of Au equivalent resource. Production is expected to grow by 322% over the next 4 years. In the second half of 2022 Cerrado has funded and begun development of a heap leach operation which should amplify its production and lower its all-in sustaining costs (AISC). Additionally, it is infill drilling with an aim of expanding the resource base, defining underground mining potential, while continuously working on optimizing production levels. Cerrado's second, and perhaps more exciting asset is the Monte do Carmo exploration asset located in the state of Tocantins in Brazil. The current project economic indicate, using a US\$1,600/oz gold price, an after-tax NPV^{@5% DR} of US\$617M, and IRR of 99% while requiring US\$126M of CAPEX. The resulting project is estimated to produce gold an average of 131,000 oz per year of gold with an all-in sustaining cost (AISC) life of mine of US\$612/oz. Whilst these numbers are providing for guidance only and there is no guarantee that either these production levels or the valuations will be achieved, the Directors consider this is an exciting opportunity that they will continue to provide updates on as it progresses. Most independent analysts covering the stock have a share price target of between \$2.50 and \$5.50 per share.

Ascendant Resources Inc.: We have held our position in Ascendant for several years. The holding, despite its performance represent 4.3% of our investment portfolios; and is held by one of our subsidiaries. It was part of the payment made by Ascendant for its original acquisition of a 25% interest in Redcorp from TH Crestgate; and part of the earn-in agreement with Ascendant for the Lagoa Salgada Project located on the well-known Iberian Pyrite Belt

(IPB) in South Central Portugal. The IPB is home to several of the world's largest zinc mines and hosts the original mine that became the cornerstone of Rio Tinto Mines. We consider Ascendant suffered significantly during the early stages as the price of Zinc plummeted. In 2019 Zinc was as high as US\$2,950/t and by March of 2020 Zinc had fallen to US\$1750/t, a 40% decline that pushed its El Mochito Mine, located in Honduras into significant monthly losses, forcing Ascendant to dispose of the operations at the cycle bottom. We consider that Ascendant have rebounded by advancing the Lagoa Salgada Project, meeting all earn-in obligations and being a good partner. They are currently advancing a Feasibility Study which it is hoped will meet, or exceed, the results in the Preliminary Economic Assessment (PEA) which indicated an after-tax NPV^{@8%DR} of US\$246.7M, an IRR of 55% and a payback period of 1.5 years – all based on lower than current metals price assumptions. Whilst there can be no guarantee that any of these results can be achieved and acknowledging this is no-longer a core holding, we remain optimistic that this investment will outperform from the current levels.

UBS Gold ETF (CHF): Our investments in precious metal bullion is 2.66% of total investments. We will almost always have some physical gold holdings as an “insurance policy”, the size of the holding will fluctuate as our investment outlook evolves. We maintained the core of this holding, although took some profits when bullion exceeded US\$2,000/oz. We expect that gold will perform its historical role of providing protection against weakening currencies and economic turmoil. In the third quarter of 2022 global gold mine production (i.e. supply) was up 2% year/year and recycling was down 6% y/y.

The World Gold Council announced that Q3-2022 gold demand trends were up 28% year on year, reaching 1,181 tonnes. Retail investors demand increased by 36% y/y as they sought to purchase bullion and coins as inflation hedges. Jewellery demand was also up in 10% y/y the third quarter. Central Banks purchased a record 400 tonnes in the quarter. In a survey of Central banks, 25% of the respondents stated that they expected to increase their holdings further in the next 12 months. These positives outweighed the Q3 47% y/y decline in demand from ETF, in large part due to the strength of the US dollar.

Zuercher KTBK Silver ETF (CHF): We consider that silver is occasionally, and unfairly, described as the “poor man's” gold. Physical Silver holdings represent 2.31% of our investment holdings. Silver is a precious metal with dominant and growing industrial applications. Silver plays a critical role in the advancement of electronics. In the past century silver demand was initially dominated by jewellery and silverware demand, then photographic and X-ray usage were its key users³. It is now a metal used primarily in various technologies that will be critical in the world's advancement. Industrial and electronic applications represent 81.0% of total demand, giving it distinctly different fundamental drivers than other precious metals³. Silver is now used in solar technology, medical applications (e.g. coating body implants made of polymers), automotive and electric vehicles, 5G devices, water purification. Silver demand in 2021 was up 19% to 1.05B/oz. Mine production grew by 5.3% in 2021 to 822.6m/oz. Scrap supply rose 173m/oz. Considering all sources of supply, the industry was in a deficit of 71.5M/ oz in 2021³. Much like gold, we believe that for the foreseeable future a silver holding is a sensible default investment in a commodity that has strong demand fundamentals and supply which is struggling to keep pace at current prices.

³The Silver Institute

Agnico Eagle Mines: Agnico is a Canadian Gold mining company founded by a colourful industry legend, Paul Penna, in 1957. Agnico represents 2.3% of our portfolio's holdings. Agnico has evolved from its original Joutel Mine in Quebec, to now being an international mining organisation ranking as the third largest, by gold production, gold mining company in the world. We believe that Agnico is an exemplary operator and has developed a reputation of swimming against conventions. As a testimony to the wisdom of its strategy - it now has more than 50M oz of gold reserves and is expected to produce 3.3 million ounces in 2022. We consider its mines are well run and note that its total cash costs are US\$769/oz and AISC is US\$1,067/oz. and it pays a US\$0.40 per share quarterly dividend. In addition, we note that these operations are underpinned by strong financial footings and US\$2.0B of liquidity. We believe that the shares were depressed by the share acquisition of Kirkland Lake Gold, which we used as an opportunity to initiate a position

STRATEGIC PORTFOLIO

Our Strategic Portfolio are longer term holdings, that we strongly believe will outperform. At the bottom of the cycle, we made investments in out-of-favour assets that we considered had high potential but were, we acknowledge, higher risk and less liquid. We believe our competitive advantage was that we were capable and willing to invest when others would, or could, not invest. We believe that the best return to risk ratio is to invest in good assets when these are out of favour. The next phase of our strategy is to gradually monetize these investments when and where it makes sense and redeploy these funds into more liquid investments that are out of favour but have strong long term investment merits.

Redcorp Empreendimentos Mineiros Lda.: Redcorp is a Portuguese company whose main asset is 85% ownership of the Lagoa Salgada project. Our investment in Redcorp, held through our subsidiary, represents 47% of our investment portfolios. In 2018 our subsidiary entered into a sale and earn-in option agreement with a Canadian listed company, Ascendant Resources. Ascendant has met all its financial and operational obligations to date. We consider they have been good partners, running the exploration program for which, we are appreciative. On May 25, 2022, Ascendant increased its ownership of Redcorp to 50% by completing US\$9,000,000 of exploration work on the project and making a US\$1.0M payment to M&FI's subsidiary (in accordance with the terms of the agreement between the parties). Ascendant can now earn up to 80% of the overall project by completing a Definitive Feasibility Study and making a final US\$2.5M payment to M&FI. The payment has been made, and the Feasibility Study must be completed on, or before June 22, 2023.

The project has advanced from an initial resource of approximately 4.4Mt with Zinc Equivalent grade of 6.0% to a resource totalling 27.5Mt with a $\geq 7.5\%$ Zinc Equivalent grade. Redcorp and Ascendant have recently announced that they have secured a mine development licence from the Portuguese government. Redcorp and Ascendant have also completed a second a PEA that indicating that the Lagoa Salgada Project has, based on 100% ownership, a pre-tax NPV^{@8%} of US\$341.6M resulting in a pre-tax IRR of 68.2%, with a 1.3-year pre-tax payback based on its planned 14-year life of mine.

Ideon Technologies Inc.: Ideon Technologies Inc. is Canadian based company which is a world pioneer in the application of cosmic-ray muon tomography. Ideon now represents 11.64% of our investment portfolios. M&FI made its initial investment in 2019 and since then has participated in three follow-on investments. The initial equity investment was priced at C\$0.37 per share. This spring a term sheet and pricing was tabled by Ideon with a Silicon Valley VC called Playground LLC with an exciting track record committed to investing in Ideon. Their investment was made at a higher price than our average investment cost. The revaluation to the latest financing price has resulted in an uplift to Ideon's value in our portfolio.

Ideon's discovery platform provides x-ray-like visibility up to 1 km beneath the Earth's surface, much like medical tomography images the interior of the body using x-rays. Using proprietary detectors, imaging systems, inversion technologies, and artificial intelligence, we map the intensity of cosmic-ray muons underground and construct detailed 3D density profiles of subsurface anomalies. Ideon's discovery platform can identify and image anomalies such as mineral and metal deposits, air voids, caves, and other structures with density properties that contrast with the surrounding earth. The potential result is a new exploration paradigm that could result in a 90% reduction in core drilling, while increasing exploration certainty by 95% in the geological settings suited by tomography. The environmental impact from such a technological change would be meaningful. Since last year Ideon's commercial advances have continued and now they have several of the world's largest mining companies as revenue generating clients.

Golden Sun Resources: In 2019, MAFL participated in a round of financing of Golden Sun Resources (GSR) by acquiring convertible notes of GSR. As of the date of writing GSR represents 9.6% of the investment portfolios. The GSR notes represent a 5.5% net ownership in Golden Sun. Our increased investment is largely due to acquisition of a fractional ownership of a 2% Net Smelter Royalty on the BellaVista Mine as well as on the other exploration projects in Costa Rica and a bridge loan to advance the engineering work to build the mill. The GSR notes mature on 30 April 2024, interest is charged and accrues at the rate of 20% per annum, calculated monthly in arrears on the outstanding Loan Amount and shall become payable upon maturity. GSR brought the Bellavista project back into production. Its business plan is to expand the project in small, financially self-sustaining phases. The next phase is to progress from small leach pad production to a 450 tonnes per day CIL plant, which could result in production exceeding 35,000/oz of gold per year. We believe that GSR could receive the project expansion funding via a streaming agreement with a well-known North American mining financier in the near term, although there is no guarantee this will occur. Additionally, GSR has applied for and secured several other Costa Rican exploration project licenses from the Costa Rican government, many with historical resources. We believe GSR is evolving to become a leading and respected mining company in Costa Rica. We believe it has done so by exhibiting market leading Environmental and Social practices. GSR is progressing more slowly than planned but has not deviated from the agreed principal course and we believe it continues to offer a distinctive investment opportunity and should over the next 24 months. We believe that GSR is progressing towards a monetization event.

Cap Energy PLC: CAP Energy PLC (CAP) is an offshore oil and gas exploration company focused on West Africa. We have decided to write-down our investment in CAP to nil due to unresolved liquidity issues. We proposed to CAP several financial solutions, which were declined. During a period, that was establishing the foundations for an explosion in oil prices due to insufficient exploration, CAP's management was unable to secure funding. Although there may be an opportunity to recover some value, at this juncture we believe it more prudent to take this action. Moreover, we are considering our next steps with the Company and management to seek a solution to the situation.

Notice of AGM and Dispatch of Report and Accounts

Mineral & Financial's Audited Financial Statements for the year ended 30 June 2022 will be available on the Company's website (<http://www.mineralandfinancial.com/>) on 30 December 2022 and will be posted to shareholders together with the notice of the AGM on or before 30 December 2022. A further announcement confirming the dispatch and providing the details of the AGM will be made at that time.

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Consolidated Income Statement

	Notes	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Investment income		128	96
Fee revenue		–	3
Net gains on disposal of investments		861	1,244
Net change in fair value of investments		308	19
		1,297	1,362
Operating expenses	3	(439)	(341)
Share based payment expense		(92)	
Other gains and losses	5	133	(24)
Profit before taxation		899	997
Taxation expense	6	–	(33)
Profit for the year from continuing operations and total comprehensive income, attributable to owners of the Company		899	964
Profit per share attributable to owners of the Company during the year from continuing and total operations:	7	Pence	Pence
Basic (pence per share)		2.5	2.7
Fully diluted (pence per share)		2.5	2.7

Consolidated Statement of Financial Position

	Notes	2022 £'000	2021 £'000
CURRENT ASSETS			
Financial assets held at fair value through profit or loss	8	7,183	5,822
Trade and other receivables	10	17	27
Cash and cash equivalents		481	855
		7,682	6,704
CURRENT LIABILITIES			
Trade and other payables	11	125	163
Convertible unsecured loan notes	12	10	10
		135	173
NET CURRENT ASSETS		7,547	6,531
NON-CURRENT LIABILITIES			
Deferred tax provision	13	(93)	(93)
NET ASSETS		7,454	6,438

EQUITY			
Share capital	15	3,099	3,096
Share premium	15	5,914	5,892
Loan note equity reserve	16	6	6
Reserve for employee share schemes	17	92	23
Capital reserve		15,736	15,736
Retained earnings		(17,393)	(18,315)
Equity attributable to owners of the Company and total equity		7,454	6,438

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Reserve for employee share schemes £'000	Loan note reserve £'000	Capital reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 July 2020	3,096	5,892	23	6	15,736	(19,279)	5,474
Total comprehensive income for the year	–	–	–	–	–	964	964
At 30 June 2021	3,096	5,892	23	6	15,736	(18,315)	6,438
Total comprehensive income for the year	–	–	–	–	–	899	899
Share based payment expense	–	–	92	–	–	–	92
Exercise of options	3	22	(23)	–	–	23	25
At 30 June 2022	3,099	5,914	92	6	15,736	(17,393)	7,454

Consolidated Statement of Cash Flows

	Notes	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
OPERATING ACTIVITIES			
Profit before taxation		899	997
Adjustments for:			
Profit on disposal of trading investments		(861)	(1,244)
Fair value gain on trading investments		(308)	(19)
Investment income		(128)	(96)
Share based payment expense		92	–
Operating cash flow before working capital changes		(306)	(362)
Decrease in trade and other receivables		9	54
(Decrease)/increase in trade and other payables		(52)	36
Net cash outflow from operating activities		(348)	(272)
INVESTING ACTIVITIES			
Purchase of financial assets		(2,177)	(2,269)
Disposal of financial assets		2,098	3,116
Investment income		29	5

Net cash (outflow)/inflow from investing activities	(50)	852
FINANCING ACTIVITIES		
Proceeds of share issues	25	–
Net cash inflow from financing activities	25	–
Net (decrease)/increase in cash and cash equivalents	(374)	580
Cash and cash equivalents as at 1 July	855	275
Cash and cash equivalents as at 30 June	481	855

Notes to the Financial Statements

1. Operating Profit

	2022 £'000	2021 £'000
Profit from operations is arrived at after charging:		
Directors fees	104	67
Other salary costs	20	19
Share based payment expense	92	–
Registrars fees	31	31
Corporate adviser and broking fees	39	42
Other professional fees	180	124
Foreign exchange differences	(133)	24
Other administrative expenses	45	39
Fees payable to the Group's auditor:		
For the audit of the Group's consolidated financial statements	20	19
	398	365

2. Other Gains and Losses

	2022 £'000	2021 £'000
Foreign currency exchange differences	133	(24)
	133	(24)

3. Income Tax Expenses

	2022 £'000	2021 £'000
Deferred tax charge relating to unrealised gains on investments	–	33
Other tax payable	–	–
	–	33

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to the results of the Consolidated entities as follows:

	2022 £'000	2021 £'000
Profit before tax from continuing operations	899	1,004
Profit before tax multiplied by rate of federal and cantonal tax in Switzerland of 14.6% (2021: 14.6%)	131	146
Less abatement in respect of long term investment holdings	(118)	(131)
Unrelieved tax losses	–	18

Overprovided in previous period	(13)	
Total tax	–	33

4. Earnings Per Share

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

	2022 £'000	2021 £'000
Profit attributable to owners of the Company		
- Continuing and total operations	899	964
	2022	2021
Weighted average number of shares for calculating basic earnings per share	35,271,011	35,135,395
Weighted average number of shares for calculating fully diluted earnings per share	35,271,011	35,204,897
Earnings per share from continuing and total operations		
- Basic (pence per share)	2.5	2.7
- Fully diluted (pence per share)	2.5	2.7

5. Investments Held at Fair Value Through Profit or Loss

	2021 £'000	2020 £'000
1 July – Investments at fair value	5,315	4,952
Cost of investment purchases	2,269	1,279
Proceeds of investment disposals	(3,116)	(1,639)
Profit on disposal of investments	1,244	497
Fair value adjustment	19	226
Accrued interest on loan notes	91	–
30 June – Investments at fair value	5,822	5,315
Categorised as:		
Level 1 - Quoted investments	1,712	1,001
Level 3 - Unquoted investments	4,110	4,314
	5,822	5,315

The Group has adopted fair value measurements using the IFRS 7 fair value hierarchy

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market criteria.

LEVEL 3 investments

Reconciliation of Level 3 fair value measurement of investments

	2021 £'000	2020 £'000
Brought forward	4,314	3,835
Reclassified to Level 1	(404)	–
Purchases	207	122
Disposals	–	(16)

Fair value adjustment	(7)	373
Carried forward	4,110	4,314

INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

LEVEL 3 investments

Reconciliation of Level 3 fair value measurement of investments

	2022 £'000	2021 £'000
Brought forward	4,110	4,314
Reclassified to Level 1	—	(404)
Purchases	152	207
Fair value adjustment	684	(7)
Carried forward	4,946	4,110

Level 3 valuation techniques used by the Group are explained on page 32 (Fair value of financial instruments)

The Group's largest Level 3 investment is Redcorp Empreendimentos Mineiros LDA ("Redcorp").

REDCORP EMPREENDIMENTOS MINEIROS LDA

Redcorp is a Portuguese company whose main asset is the Lagoa Salgada Project, which has resources of zinc, lead and copper.

In June 2018, TH Crestgate entered into an agreement with Ascendant Resources Inc ("Ascendant") under which Ascendant initially acquired 25% of the equity in Redcorp for a consideration of US\$2.45 million, composed of US\$1.65 million in Ascendant shares and US\$800,000 in cash.

The second part of the Agreement is an Earn-in Option under which Ascendant has the right to earn a further effective 25% interest via staged payments and funding obligations as outlined below:

Ascendant is required to spend a minimum of US\$9.0 million directly on the Lagoa Salgada Project within 48 months of the closing date, to fund exploration drilling, metallurgical test work, economic studies and other customary activities for exploration and development, and to make stage payments totalling US\$3.5 million to TH Crestgate according to the following schedule or earlier:

22 Dec 2018	US\$250,000 (<i>Received</i>)
22 Jun 2019	US\$250,000 (<i>Received</i>)
22 Dec 2019	US\$500,000 (<i>Received</i>)
22 Jun 2020	US\$500,000 (<i>Received</i>)
22 Jun 2021	US\$1,000,000 (<i>Received</i>)
22 Jun 2022	US\$1,000,000 (<i>Received</i>)

Under the last part of the agreement Ascendant can acquire an additional 30% taking its total interest to 80% by the payment of US\$2,500,000 on or before 22 Dec 2022.

To date the payments due by Ascendant under the agreement have been paid on time and the Group's investment in Redcorp has been valued on a discounted cash flow basis of the remaining payments due under the agreement plus an additional amount for the discounted value of the Group's residual investment in the project. As at 30 June 2022, Mineral and Financial Investments AG owns 50% of Redcorp (2021: 75%). Ascendant increased its ownership of Redcorp from 25% to 50% as a result of making the payments on time under the agreement

Redcorp currently owns 85% of the Lagoa Salgada project and signed an agreement in June 2017 with Empresa Desenvolvimento Mineiro SA (EDM), a Portuguese State-owned company to re-purchase the remaining 15% of the project resulting in a 100% ownership of the project. The 2017 agreement was subject to the Portuguese Secretary of State's approval which has not yet been received. Redcorp and Mineral & Financial continue to explore ways and means to complete the purchase. M&FI has granted Ascendant conditional options that would enable Ascendant to have a net 80% interest in the Project if the company is unsuccessful in re-acquiring EDM's interest within a still to be determined period after the completion of the Feasibility Study.

6. Subsidiary Companies

The Group's subsidiary companies are as follows:

<u>Name</u>	<u>Principal activity</u>	<u>Country of incorporation and principal place of business</u>	<u>Proportion of ownership interest and voting rights held by the Group</u>
Mineral & Financial Investments AG (Formerly TH Crestgate GmbH)	Investment company	Steinengraben 18 4051 Basel, Switzerland	100%
M&FI Services Ltd	Service company	5 Bath Road, London, United Kingdom, W4 1LL	100%

All intergroup transactions and balances are eliminated on consolidation.

7. Trade and Other Payables

	2022 £'000	2021 £'000
Other receivables	11	9
Prepayments	6	18
Total	17	27

The fair value of trade and other receivables is considered by the Directors not to be materially different to the carrying amounts.

At the balance sheet date in 2022 and 2021 there were no trade and other receivables past due

8. Convertible Unsecured Loan Notes

The outstanding convertible loan notes are zero coupon, unsecured and unless previously purchased or converted they are redeemable at their principal amount at any time on or after 31 December 2014.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

	2022 £'000	2021 £'000
Liability component at beginning and end of period	10	10

The Directors estimate the fair value of the liability component of the loan notes at 30 June 2022 to be approximately £10,000 (2021: £10,000)

9. Deferred Tax Provisions

	2022 £'000	2021 £'000
As at 1 July	93	60
Provision relating to unrealised gains on investments	–	33
As at 30 June	93	93

10. Employee Share Schemes

SHARE OPTIONS

On 10 June 2022 the Company granted 2,350,000 options to directors, advisers and consultants, exercisable at 13.5p per share, representing a 15% premium to the closing mid-market price on 9 June 2022. The options vest in three tranches, one third on the date of grant, one third on the anniversary of the date of grant, and one third on the second anniversary of the date of grant. The options can be exercised at any time from the date of vesting for a period of 5 years whilst the recipient is employed or engaged by the Company.

The fair value of the options granted during the year was determined using the Black-Scholes pricing model. The significant inputs to the model in respect of the options were as follows:

Date of grant	10 June 2022
Share price at date of grant	11.75p
Exercise price per share	13.50p
No. of options	2,350,000
Risk free rate	1.0%
Expected volatility	50%
Life of option	5 years
Calculated fair value per share	4.6797p

The share-based payment charge for the year was £41,000 (2021: £Nil).

The share options movements and their weighted average exercise price are as follows:

	2022		2021	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 July	330,000	7.50	330,000	7.50
Granted	2,350,000	13.50	—	—
Exercised	(330,000)	7.50	—	—
Lapsed	—	—	—	—
Outstanding at 30 June	2,350,000	13.50	330,000	7.50

RESTRICTED SHARE UNITS ("RSUs")

On 10 June 2022 the Company granted 1,150,000 RSUs to directors. The RSUs vest in three tranches, one third on the date of grant, one third on the anniversary of the date of grant, and one third on the second anniversary of the date of grant. They can be exercised at any time from the date of vesting for a period of 5 years whilst the recipient is employed or engaged by the Company, with a reference price of 11.75p being the closing mid-market price on 9 June 2022.

The fair value of the RSUs granted during the year was determined to be the reference price of 11.75p per share, and the share-based payment charge for the year in respect of the RSUs was £51,000 (2021: £Nil).

The RSU movements and their weighted average reference price are as follows:

	2022		2021	
	Number	Weighted average Reference price (pence)	Number	Weighted average Reference price (pence)
Outstanding at 1 July	—	—	—	—
Granted	1,150,000	11.75	—	—
Exercised	—	—	—	—
Lapsed	—	—	—	—

RESTRICTED SHARE UNITS ("RSUs")

On 10 June 2022 the Company granted 1,150,000 RSUs to directors. The RSUs vest in three tranches, one third on the date of grant, one third on the anniversary of the date of grant, and one third on the second anniversary of the date of grant. They can be exercised at any time from the date of vesting for a period of 5 years whilst the recipient is employed or engaged by the Company, with a reference price of 11.75p being the closing mid-market price on 9 June 2022.

The fair value of the RSUs granted during the year was determined to be the reference price of 11.75p per share, and the share-based payment charge for the year in respect of the RSUs was £51,000 (2021: £Nil).

The RSU movements and their weighted average reference price are as follows:

	2022	Weighted average Reference price	2021	Weighted average Reference price
	Number	(pence)	Number	(pence)
Outstanding at 30 June	1,150,000	11.75	–	–

11. Share Capital

	Number of shares	Nominal Value £'000	Share premium £'000
AUTHORISED			
At 30 June 2021 and 30 June 2022			
Ordinary shares of 1p each	160,000,000	1,600	
Deferred shares of 24p each	35,000,000	8,400	
		10,000	
ISSUED AND FULLY PAID			
At 30 June 2021			
Ordinary shares of 1p each	35,135,395	351	
Deferred shares of 24p each	11,435,062	2,745	
		3,096	5,892
Ordinary shares issued in year to 30 June 2022	330,000	3	22
At 30 June 2022			
Ordinary shares of 1p each	35,465,395	354	
Deferred shares of 24p each	11,435,062	2,745	
		3,099	5,914

The ordinary shares carry no rights to fixed income but entitle the holders to participate in dividends and vote at Annual and General meetings of the Company.

The restricted rights of the deferred shares are such that they have no economic value.

12. Loan Note Equity Reserve

	2022 £'000	2021 £'000
Equity component of convertible loan notes at 1 July	6	6
Equity component of convertible loan notes at 30 June	6	6

13. Reserve For Employee Share Schemes

RESERVE FOR EMPLOYEE SHARE SCHEMES

	2022 £'000	2021 £'000
Brought forward at 1 July	23	23
Transfer to retained earnings on exercise of options	(23)	–
Share based payment charge	92	–
Carried forward at 30 June	92	23

14. Financial Instruments

FINANCIAL ASSETS BY CATEGORY

The IFRS 9 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	2022 £'000	2021 £'000
Financial assets:		
Cash and cash equivalents	481	855
Loans and receivables	11	9
Investments held at fair value through profit and loss	7,183	5,822
	7,675	6,686

FINANCIAL LIABILITIES BY CATEGORY

The IFRS 9 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

	2022 £'000	2021 £'000
Financial liabilities at amortised cost:		
Convertible unsecured loan notes	10	10
Trade and other payables	71	118
	81	128

15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 30 June 2022 or 30 June 2021.

16. POST YEAR END EVENTS

There have been no material post year end events.

17. RELATED PARTY TRANSACTIONS

Key management personnel, as defined by IAS 24 'Related Party Disclosures' have been identified as the Board of Directors, as the controls operated by the Group ensure that all key decisions are reserved for the Board of Directors. Details of the directors' remuneration and the options granted to directors are disclosed in the remuneration report.

18. ULTIMATE CONTROLLING PARTY

The Directors do not consider there to be a single ultimate controlling party.