

Registered number: 07353748

KERAS RESOURCES PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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Throughout this document 'Keras', 'Keras Resources' or 'the Company' means Keras Resources PLC, 'the Group' means the Company and its subsidiaries and '\$' or 'USD' means the United States dollar.

KERAS RESOURCES PLC

COMPANY INFORMATION

Directors:	R Lamming (Executive Chairman) B Moritz (Non-Executive Director) C Parry (Non-Executive Director)
Company secretary:	B Moritz
Company number:	07353748
Registered office:	Coveham House, Downside Bridge Road, Cobham, Surrey KT11 3EP
Nominated advisor and joint broker:	SP Angel Corporate Finance LLP 35-39 Maddox Street London W1S 2PP
Joint broker:	Shard Capital Partners LLP 25 Ecclestone Place, London, SW1W 9NF
Solicitor:	Howard Kennedy 1 London Bridge, London SE1 9BG
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Registrars:	Share Registrars Limited 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX

CHAIRMAN'S STATEMENT

I am pleased to provide an update on our progress since the last report and to set out our outlook for the business going forward.

2024 marked the start of the Company's transition into a fully focussed North American business targeting the robust organic fertiliser market. Post consolidating the Company's 100% interest in Falcon Isle Resources Corp ("FIR"), the PhoSul Utah LLC joint venture ("JV") was concluded in January 2024 between FIR and PhoSul LLC ("PhoSul"), a specialised organic soil enhancement fertilizer company with granulator operations in Idaho, United States ("US"). In tandem, FIR acquired an 8.4-acre property in Sutherland, 8 miles north of the town of Delta, Utah ("Delta Facility") which now houses the Company's 100% owned processing hub with the new Integrated Granulator Plant ("Granulator Plant"). The JV agreement comprises a five year 50:50 JV where PhoSul will provide a zero interest bearing loan for 50% of the construction and commissioning costs of the Granulator Plant which only be repaid at the end of the initial 5 year JV term, or at the end of the JV if renewed and FIR remains the owner of the Granulator Plant. All operating expenses for the JV are shared 50:50 and the PhoSul® granulate comprises 80% of FIR's high grade organic rock phosphate from its Diamond Creek mine.

Commissioning of the Granulator Plant commenced in June 2024 and commercial production was achieved in August 2024. Several upgrades and optimisations were implemented during the year and the plant producing at nameplate saleable product output of 5 tons per hour. Although continuous operations were forecast for Q1 2025, the JV continues to operate on a single shift basis. Increased production through an additional shift are expected be to implemented during Q4 2025 and will be dependent on sales forecasts for the 2026 planting season.

The 2024 mining campaign was completed in October 2024 Crushed run-of-mine ("ROM") ore was hauled to the Delta Facility prior to the onset of winter snowfall for milling to 10 mesh and 50 mesh for direct sales as well as feed for the Granulator Plant. This was the first winter that all ROM was stored in a dry, under-roof environment which will significantly benefit the beneficiation process.

Falcon Isle – Diamond Creek Phosphate Mine

Keras, through its wholly owned subsidiary, Falcon Isle Resources Corp ("FIR"), owns the Diamond Creek organic rock phosphate mine ("Diamond Creek") located approximately 80km south-east of Salt Lake City and the Integrated Granulator Plant ("Granulator Plant") in Delta, both in Utah, USA. Diamond Creek, located on an 840-acre Federal Lease is one of the highest-grade phosphate deposits in the US and is a fully integrated mine to market operation with in-house mining and processing facilities.

FIR's dry, sized rock phosphate products, sold under the PhosAgri organic banner have received organic certification by all three key certification agencies in the USA – California ("CDFA"), Washington State ("WSDA") and the federal Organic Materials Review Institute ("OMRI"). As a Direct Shipping Ore it requires no chemical or synthetic upgrade processes, contains low heavy metal impurities, available P₂O₅ of between 11%-15% which is 3x higher than any other organic phosphate produced North America, and a calcium content of >25%.

In addition to producing PhosAgri, FIR owns 50% of the PhoSul Utah LLC joint venture ("JV") with Phosul LLC which produces the PhoSul® granulate comprising 80% of FIR's high grade organic rock phosphate from its Diamond Creek mine. Phosul® is the 2024 Green Chemistry Challenge Award winner for making phosphate fertilizer that avoids hazardous chemicals and waste emissions associated with traditional phosphate fertilizer production, such as strong acids, heavy metals, and radioactive materials.

CHAIRMAN'S STATEMENT

Operations at the Delta Facility are progressing well where we are producing both Phosul® granulate and Falcon Isle's dry rock phosphate products, sold under the PhosAgri Organic banner. Sales of PhosAgri Organic for 2024 totalled 5,297 tons, an increase of 15% from the 4,606 tons sold in 2023. Sales of Phosul® from the JV only materially started in January of this year when the demand for Spring planting began.

The Company is focused on continuing to build market share through its traditional milled dry rock products as well as its joint venture with Phosul LLC in the fast-growing US organic fertiliser market and build Falcon Isle Resources into the premier organic phosphate producer in the US.

Nayéga Cooperation Agreement / Togo

Keras signed a Cooperation Agreement in 2023 with the Republic of Togo ("State") ("Cooperation Agreement") with regards the Nayéga manganese mine ("Nayéga") in northern Togo owned by Société Togolaise de Manganèse (STM), the States 100% owned investment company.

Keras will be paid an advisory fee of 1.5% of gross revenue generated from the Nayéga mine for the provision of advisory services for 3 years and 6.0% of gross revenue generated from the Nayéga mine for the provision of brokerage services for the lesser of 3.5 years or 900,000 tonnes of beneficiated manganese ore produced and sold from Nayéga.

On June 6 2025, Carrieres Mines Travaux Publics SA ("CMTP"), Nayéga's mining and logistics contractor, has completed the dry commissioning of the Nayéga processing plant and has mobilised its mining fleet to the Nayéga mine site with the aim of starting mining activities by the end of June 2025 and is expected to be processing ore at an initial rate of 4,000 tonnes of saleable manganese for the first 3 months starting July 2025 and thereafter at nameplate capacity of 8,000 tonnes per month of saleable ore.

The progress at Nayéga is very positive for Keras from an additional cashflow perspective and will underpin cashflows from the Company's flagship operation in Utah, USA. The Company continues to keep in close contact with the Togo Ministry of Mines in its advisory role with the State and we look forward to updating shareholders on progress in the near future.

Financial review

The Consolidated Statement of Comprehensive Income for the year shows a loss of £753,000 (2023 - loss £446,000).

In January 2024 and May 2024 the Company issued convertible loans of £300,000 (at a conversion price of £0.04) and £597,805 (at a conversion price £0.0275) respectively. On the same dates Falcon Isle issued Promissory Notes of \$350,000 (at a 7% per annum interest rate) and £597,805 (at an 8% per annum interest rate) respectively.

The cash for the January funding was from the Diane H. Grosso Credit Shelter Trust, an associate of Chris Grosso, a 17% shareholder at the time of the issue and the cash for the May funding was from the Diane H. Grosso Credit Shelter Trust, Chris Grosso and Joseph Carbonne. Graham Stacey and I capitalised US\$100,000 (GBP78,401) of outstanding fees each due from the Company on the same basis (50% in the form of Convertible Loans and 50% in the form of Promissory Notes).

On 25 June 2025 the Company issued zero coupon convertible loan notes for £750,000.

CHAIRMAN'S STATEMENT

The proceeds of the January funding were used to acquire the 8.4-acre Delta Facility, now the hub of the US operations and the proceeds of the May funding were used to pay the third tranche of US\$800,000 of the cost of acquiring the former minority interest in Falcon Isle plus \$100,000 of the final severance payment payable to the previous CEO of Falcon Isle, and for general working capital.

The restructuring of the Company's short-term liabilities reduced the impact of a pure equity raise and ensures that the Company can meet its current obligations without negatively impacting the long-term growth profile at the high-grade organic phosphate business in Utah, USA.

Outlook

Although sales of PhosAgri Organic increased to 5,297 tons in 2024, an increase of 15% from the 4,606 tons sold in 2023, the Company feels it should have achieved more. PhoSul® granulate sales were disappointing but were more due to upgrades and optimisations to the plant at important times in the planting season rather than the demand for the product which has been robust and continues to grow. We believe that the JV is now positioned to produce a consistent high grade product into that growing market. The Company believes that its high grade PhosAgri Organic rock phosphate and the JV's Phosul® granulates are both significantly higher quality products compared to their peers and believe that the significant inroads into their respective markets over the past 18 months will show dividends in the near term. This sector is underpinned by the macro-economic tailwinds of the global fertiliser markets, and we remain bullish on our premium phosphate products and our position as we continue to build market share.

In addition to the cashflow projected from the US business we believe that the Nayéga project will start to contribute from the beginning of Q4 2025. The Directors are confident that Falcon Isle will be an increasingly profitable and valuable asset for the Group, and we look forward to updating our shareholders on our progress as we continue to ramp up production and build our position and market share of the fast-growing US organic phosphate market.

Finally, I would like to take this opportunity to welcome Colton Hale who joined the Company as Managing Director of FIR in March 2025 and thank my colleagues on the Board, specifically Graham Stacey who resigned in January 2025 for their hard work, and shareholders for their continuing support.



Russell Lamming

Chairman

27 June 2025

STRATEGIC REPORT

Our stated objective is to become the premier producer of organic rock phosphate fertilizer products in the United States ("US"). This remains our firm objective having Increased our ownership of Falcon Isle to 100% on 30 March 2022, putting us in sole control of how we achieve our objective in the rock phosphate sector of the organic fertilizer market in the US. 2024 was a challenging year, with the purchase of a freehold factory at Delta, Utah, the removal of the equipment to that site and the implementation of new granulator plant to produce product for our 50% owned joint venture associated company, Phosul Utah LLC. Including a testing period for the new equipment this consumed materially the whole of 2024. Notwithstanding disruption caused by the plant move, we were able to record an increase in the volume of our own product.

FIR expects to supply Phosul Utah with a steadily increasing tonnage of Diamond Creek's high grade, 50 mesh organic PhosAgri product during the course of 2025 as we expand operations to an estimated 10,500 tons of PhosAgri annually when the JV is expected to be fully operational later in 2025. This will be priced at a marginal discount to FIR's normal selling price. In due course, sales to Phosul Utah are expected to more than double FIR's annual turnover at steady-state operations, and in addition FIR will be entitled to 50% of the profits of the Phosul Utah.

Our short- to medium-term strategy is therefore to continue milling our crushed ROM ore through the mobile Prosizer horizontal impact milling and screening unit, and more importantly to optimise the operation of the integrated plant at our Delta facility. Falcon Isle will retain the marketing & logistics functions of our own dry milled PhosAgri Organic products (10, 50, and 350 mesh), with marketing of the PhoSul® product being handled by PhoSul LLC with our assistance on the logistics fronts.

In addition, we will continue to pursue the potential presented by liquid products, through the solubilising and/or microbial/bacterial digestion of our finer 350 mesh products for use in liquid blends in fertigation (drip fed irrigation) and hydroponic applications. The application of liquid organic products at higher available phosphate (P₂O₅) ensures quicker absorption, provides for tighter quality control, reduces losses in the application processes and provides us with access to a rapidly growing indoor controlled environment agricultural ('CEA') sector.

Sustainability

Keras is committed to responsible mining and upholding ESG best practice across our business. We are similarly committed to our stakeholders and are focused on looking to create value and benefits for all whilst seeking to manage and mitigate the potential impacts that our operations may have. We are focussed on mining an essential resource that can contribute to a more sustainable future and importantly sustainable and regenerative agriculture. With the Diamond Creek mine, we are now moving towards running a more lucrative operation including production of granulated fertilizer through the PhoSul Utah JV. Our own business model involving only crushing & milling remains relatively straightforward and we remain focused on meeting our commitments across the ESG space and will continue to be proactive in this area as we look to develop and sustain a positive legacy.

Risk Management

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible. The principal risks and uncertainties facing the Group at this stage in its development are:

STRATEGIC REPORT

Market Risk

Unlike marketing globally traded, indexed commodities into international markets, growing market share within the niche organic fertiliser market within North America presents risk in terms of pricing and volume.

The business has a broad range of existing customers, three of which are anchor clients having provided commitments to purchase a pleasing base load of our planned annual production. Our marketing strategy rollout will include presence at industry trade exhibitions and conferences, as well as regular regional direct contact visits with a comprehensive schedule of contacts within the wholesale and distribution segments of the organic fertiliser market. Our business model will largely be driven by uptake from co-operative clients with wide distribution networks, rather than selling directly to farmers themselves.

Exploration Risk

The Group's business has included mineral exploration and evaluation which are speculative activities and there is no certainty that the Group will be successful in the definition of economic mineral resources, nor that it will proceed to the development of any of its projects or otherwise realise their value.

The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some reliable historical sampling, drilling or more detailed geological data available.

Resource Risk

All mineral projects carry risk associated with defined grade and continuity. Mineral resources and reserves are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and commodity price assumptions. The Group reports exploration targets, mineral resources and ore reserves in accordance with internationally approved codes where our operations/projects are located, which set minimum standards for public reporting of mineral exploration results, mineral resources and ore reserves.

Development Risk

Delays in permitting, financing and commissioning a project may result in delays to the Group meeting development and/or production targets. Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.

Mining and Processing Technical Risk

Notwithstanding the completion of metallurgical testwork, trial mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, ground water conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable. The Group has a small team of mining professionals experienced in geological evaluation, exploration, financing and development of mining projects. To mitigate development risk, the Group supplements this from time to time with engagement of external expert consultants and contractors.

Environmental Risk

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.

As Keras undertakes mining operations, any disturbance to the environment during this phase is required to be rehabilitated, with specific requirements for closure and closure funding in accordance with prevailing regulations of the countries in which we operate as well as to international best-practice. Given the Group's size and scale it is not considered practical or cost effective to collect and report data on carbon emissions.

Financing & Liquidity Risk

The Group has had an ongoing requirement to fund its activities through the equity markets and may in future need obtain finance for further project development. There is no certainty such funds will be available when needed. To date, Keras has managed to raise funds through both debt and equity placements despite the very difficult markets that currently exist for raising funding in the junior mining industry.

Political Risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

Partner Risk

Whilst there has been no past evidence of this, the Group can be adversely affected if joint venture or equity partners are unable or unwilling to perform their obligations or fund their share of future developments. Keras currently operates PhoSul Utah LLC as a 50/50 joint venture with PhoSul LLC which we regard as mutually beneficial.

Bribery Risk

The Group has adopted an anti-corruption and bribery policy and whistle blowing policy under the Bribery Act 2010. Notwithstanding this, the Group may be held liable for offences under that Act committed by its employees or subcontractors, whether or not the Group or the Directors had knowledge of the commission of such offences.

Financial Instruments

Details of risks associated with the Group's financial instruments are given in Note 28 to the financial statements. Keras does not utilise any complex or derivative financial instruments.

COVID-19

Travel and shipping restrictions in place globally during 2021 had a direct impact on timing and cost of delivery of plant and equipment to the USA. However, given recent developments the Directors do not believe that Covid 19 will have a material effect on the Company or its operations going forward.

STRATEGIC REPORT

Insurance Coverage

The Group maintains a suite of insurance coverage that is appropriate for the Group and Company. This is arranged via a specialist mining insurance broker and coverage includes public and products liability, travel, property and medical coverage and assistance while Group employees and consultants are travelling on Group business. This is reviewed at least annually and adapted as the Group's scale and nature of activities changes. Keras also has Directors and Officers insurance in place.

Internal Controls and Risk Management

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible. The Directors review the effectiveness of internal financial control at least annually.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

The Board takes account of the significance of social, environmental and ethical matters affecting the business of the Group. At this stage in the Group's development the Board has not adopted a specific policy on Corporate Social Responsibility as it has a limited pool of stakeholders other than its shareholders. Rather, the Board seeks to protect the interests of Keras' stakeholders through individual policies and through ethical and transparent actions. The Group has adopted an anti-corruption and bribery policy and a whistle blowing policy as stated previously.

Shareholders

The Directors are always prepared, where practicable and subject to confidentiality under the AIM Rules, to enter into dialogue with shareholders to promote a mutual understanding of objectives. The Annual General Meeting provides the Board with an opportunity to informally meet and communicate directly with investors.

Employees

The Group has recently employed a country manager based in Utah, USA, but it operates primarily through contractors. Notwithstanding this, the Group engages its contract employees to understand all aspects of the Group's business and seeks to remunerate them fairly, being flexible where practicable. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Group takes account of employees' interests when making decisions and welcomes suggestions from employees aimed at improving the Group's performance.

The Group currently operates exclusively in the USA but with agreements with the Togolese State to provide advisory and brokerage services in Togo. It recruits locally as many of its employees and contractors as practicable. The Company has three directors, two male and one female.

STRATEGIC REPORT

Suppliers and Contractors

The Group recognises that the goodwill of its contractors, consultants and suppliers is important to its business success and seeks to build and maintain this goodwill through fair dealings. The Group has a prompt payment policy and seeks to settle all agreed liabilities within the terms agreed with suppliers. Contractors are appointed based on a detailed assessment of their capabilities, capacity and track record. Over time, as the Company grows its understanding of the various aspects of its operations in-sourcing of certain operational components may be considered as a means to reduce costs.

Health and Safety

The Board recognises that it has a responsibility to provide strategic leadership and direction in the development of the Group's health and safety strategy in order to protect all of its stakeholders. The Group does not have a formal health and safety policy at this time. This is re-evaluated as and when the Group's nature and scale of activities expand.

Section 172 statement

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of S172 are for the Directors to:

- Consider the likely consequences of any decision in the long-term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and
- Consider the impact of the Company's operations on the community and the environment.

The Company's operations and strategic aims are set out throughout the Strategic Report and in the Chairman's Statement, and relationships with stakeholders are also dealt with in the Corporate Governance Statement.



Russell Lamming

Director

This Strategic Report was approved by the Board of Directors on 27 June 2025.

KERAS RESOURCES PLC

THE BOARD

RUSSELL LAMMING

Executive Chairman

Russell Lamming is a qualified geologist with an honours degree in geology from the University of the Witwatersrand and a Bachelor of Commerce in Economics from the University of Natal. Russell has a broad range of experience including directorship of a South African mining consultancy and precious metals analyst for a leading international broker and was the CEO of AIM listed Chromex Mining and Goldplat Plc. He has strong relationships in London and internationally and has raised considerable funds for resource companies over the years.

BRIAN MORITZ

Non-Executive Director

Brian is a Chartered Accountant and former Senior Partner of Grant Thornton, London. He formed Grant Thornton's Capital Markets Team which floated over 100 companies on AIM under his chairmanship. In 2004 he retired from Grant Thornton to concentrate on bringing new companies to the market as a director. He concentrates on mining companies, primarily in Africa, and was formerly chairman of African Platinum PLC ("Afplats") and Metal Bulletin PLC as well as currently being a director of several junior mining companies.

CLAIRE PARRY

Non-Executive Director

Claire is a Chartered Accountant and the senior partner in the Canterbury office of Azets, a top 10 UK accounting firm. With over 20 years in the accountancy profession, she specialises in audit services, and also has practical experience in the application of IFRS and accounting and financial control generally for smaller quoted companies, primarily in the natural resources sector.

CORPORATE GOVERNANCE STATEMENT

To the extent applicable, and to the extent able (given the current size and structure of the Company and the Board), the Company has adopted the Quoted Companies Alliance Corporate Governance Code. Details of how the Company complies with the principles contained in the Code are set out below. The Company intends to comply with the newly revised Code in due course.

No key governance matters have arisen since the publication of the last Annual Report.

Taking account of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed. Further disclosures under the Code are included on the Company's website.

Principle 1: Establish a strategy and business model which promote long term value for shareholders.

The Company's strategy is to identify mining projects which can be developed to create value and income for shareholders. In June 2017 this strategy was successfully demonstrated when the Company's Australian gold exploration assets were floated on the Australian Securities Exchange (ASX) with the name Calidus Resources Limited. In November 2019 the Company's shares in Calidus were demerged and transferred to the Company's shareholders by way of a capital reduction.

The demerger permitted the Board to examine other projects, and in particular the Diamond Creek phosphate mine in Utah, USA, where the Company completed the staged acquisition of 100% equity interest in March 2022. This is now the Group's main project. A joint venture with PhoSul LLC, a specialised organic soil enhancement fertilizer company with granulator operations in Idaho, United States, is expected to hasten expansion in the USA.

The Company had, for some years, been seeking to convert the Research Permits held by its 85% owned subsidiary, Société Générale de Mines SA, over the Nayéga manganese project in Togo, to an Exploitation Permit. The Company has sold its intellectual property and other assets relating to Nayéga to a newly formed parastatal company, so that it no longer operates in Togo, but will continue to provide advisory and brokerage services relating to the Nayéga Mine to the Togolese State.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The risks facing the Company are detailed in the Strategic Report. The Board seeks to mitigate such risks so far as it is able to do, but certain important risks cannot be controlled by the Board.

In particular, products the Company is seeking to identify and mine are traded globally at prices reflecting supply and demand rather than the cost of production. So far as the Company is concerned, the substantial decline in the price of iron ore rendered two previous projects non-viable, both of which had previously appeared to have substantial value on a discounted cash flow basis, and they were abandoned.

The Company will only invest in exploration projects where there is a legal right to convert an initial exploration licence to a mining licence.

CORPORATE GOVERNANCE STATEMENT

Principle 5: Maintain the Board as well-functioning, balanced team led by the chair.

Graham Stacey, the previous CEO, had with primary responsibility for the Diamond Creek phosphate mine in Utah, USA. His function in Utah has now devolved to a newly recruited full time country manager, Colton Hale. Russell Lamming has become executive Chairman on a temporary basis. The other directors, Brian Moritz and Claire Parry are non-executive directors, of whom Claire Parry is independent. Board meetings are normally conducted by video conference or by telephone, supplemented by physical meetings.

The Executive Chairman is in regular touch with the Directors, by email and telephone.

Non-executive directors are committed to devote 24 days per annum to the Company, but they are likely to exceed that required time commitment. Standard director's fees are currently £24,000 per annum for each non-executive director, below the median for AIM companies. Brian Moritz also acts as Company Secretary and has board responsibility for accounting matters and receives an extra £12,000 per annum in respect of those responsibilities. No further amounts are paid for serving on Board committees.

There were 11 board meetings held in 2024. With the exception of meetings solely to formally ratify agreed decisions, all directors were present at those meetings.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

Brief CVs of the directors are disclosed elsewhere in this Annual Report.

Each of the directors maintains up to date skills by a combination of technical journals, courses, conferences and trade shows.

As an exploration and mining Company the Board requires skills in the area of geology and mining. Russell Lamming is a qualified geologist with long experience in the management of junior mining companies. Importantly, he has previously been in charge of the construction and operation of mines.

Brian Moritz and Claire Parry are Chartered Accountants. In addition to his financial skills, Brian Moritz has previously been registered as a Nominated Adviser and has wide experience of corporate transactions.

The advice of Azets, a top 10 UK accounting firm in which Claire Parry is a partner, has been sought on technical accounting matters, in particular in relation to compliance with IFRS.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Board has successfully achieved a major objective by acquiring a phosphate mine in Utah, USA, acquiring freehold premises in which to construct a processing plant and commencing production. The next stage for this mine is to expand its product range and client base., which it expects to achieve through the joint venture. Phosul Utah LLC.

The Board will concentrate on achieving profitable production and positive cash flow from its existing project while continuing to seek other projects.

Given the current state of the Company's development the directors believe that the Board operates efficiently and cost effectively and that the cost of an external review process is not justified.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.

So far as possible the Company recruits locally for staff and sub-contractors.

CORPORATE GOVERNANCE STATEMENT

In Utah, the Group's product is a natural organic fertilizer which plays its part in reducing reliance on synthetically manufactured fertilizers, which have a high carbon footprint.

The Company has adopted a comprehensive anti-corruption and whistle blowing policy and an ethical policy which is strictly applied.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board communicates with its stakeholders through social media and webcasts, as well as by announcements on RNS. It welcomes the ability to meet and engage with shareholders at general meetings.

The audit committee normally meets twice per annum, on its own to consider and approve the interim results, and with the auditors to consider the annual report and matters raised by the auditors based on their audit. So far as possible recommendations by the auditors are immediately implemented. As the CEO is also present as an observer at such meetings, no further report is submitted to the Board.

The remuneration committee meets on an ad hoc basis when required. No meeting was required or held in 2024, and no formal report was issued. Fees paid to the non-executive directors are settled by the Chief Executive Officer, now by the Executive Chairman.



Russell Lamming

Chairman

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2024.

The Group's projects are set out in the Strategic Report.

Review of business and financial performance

Further details on the financial position and development of the Group are set out in the Chairman's Statement, the Strategic Report and the annexed financial statements.

Strategic Report

In accordance with Companies Act, s414C(11), the Company has chosen to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, s7, to be contained in the directors' report. It has done so in respect of the review and analysis of the business during the current year.

Results

The Group reports a loss for the year of £753,000 (2023 - loss £446,000).

Major events after the balance sheet date

Subsequent events are detailed in note 30.

Dividends

The Directors do not recommend payment of a dividend for the year ended 31 December 2024 (2023 - £nil).

Political donations

There were no political donations during the year (2023 - £nil).

Energy and carbon report

The Group is classified as "a low energy user" under these regulations therefore is exempt from reporting on its emissions, energy consumption or energy efficiency activities.

Going concern

The Directors continue to adopt the going concern basis in preparing the financial statements as further explained in Note 2 to the financial statements.

Directors' indemnities

The Group maintains Directors and Officers liability insurance providing appropriate cover for any legal action brought against its Directors and/or officers.

Audit Committee

The Audit Committee, which currently comprises B Moritz and C Parry, and is chaired by B Moritz, is responsible for ensuring the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls. Meetings of the Audit Committee are held at least twice a year, at appropriate times in the reporting and audit cycle. The Audit Committee reports to the Board on its proceedings after each meeting on all matters for which it has responsibility. The members of the Audit Committee are subject to annual re-election by the Board.

DIRECTORS' REPORT**Remuneration Committee**

The Remuneration Committee, which comprises B Moritz and C Parry and which is chaired by B Moritz, reviews the performance of the executive directors and sets their remuneration, determines the payment of bonuses to executive directors and considers the future allocation of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time to Directors and employees. Meetings of the Remuneration Committee are held on an ad hoc basis as required. The Remuneration Committee reports to the Board on its proceedings on all matters for which it has responsibility. The members of the Remuneration Committee are subject to annual re-election by the Board.

Directors

The following Directors held office throughout the year:

B Moritz
 R Lamming
 G Stacey (resigned 16 January 2025)
 C Parry

Directors' interests

The beneficial interests of the Directors holding office on 31 December 2024 in the issued share capital of the Company, including spouses of Directors, were as follows:

	2024		2023	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of issued ordinary share capital
R Lamming	4,611,845	4.83%	4,611,845	5.76%
G Stacey	437,390	0.46%	437,390	0.55%
B Moritz	2,125,821	2.23%	2,125,821	2.65%
C Parry	-	-	-	-

On 7 April 2025 Russell Lamming subscribed for 1,816,836 new ordinary shares and Brian Moritz subscribed for 523,383 new ordinary shares. Both subscriptions were at a price of 1.4861p per share.

Directors' remuneration and service contracts

Details of remuneration payable to Directors as disclosed in note 11 to these financial statements:

	Remuneration £'000	Share-based payments £'000	2024 Total £'000	2023 Total £'000
B Moritz	36	-	36	36
C Parry	24	-	24	24
R Lamming	48	-	48	127
G Stacey	147	6	153	142
	<u>255</u>	<u>6</u>	<u>261</u>	<u>329</u>

DIRECTORS' REPORT

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS") in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the consolidated financial statements comply with UK-adopted IAS and the parent company financial statements are prepared in accordance with UK GAAP/FRS 101 in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Statement of disclosure to auditor

Each Director at the date of approval of this report confirms that;

So far as they are aware,

- there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution proposing the re-appointment of MAH, Chartered Accountants, as auditor of the Company will be proposed at the Annual General Meeting.

By order of the Board



Brian Moritz
Director

27 June 2025

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KERAS RESOURCES PLC**

Opinion

We have audited the financial statements of Keras Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice) and as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing cashflow forecasts covering a period of 12 months from the date of approval of these financial statements, considering the levels of discretionary and non-discretionary expenditure forecasted, challenging and conducting sensitivity analysis using the key inputs and assumptions underpinning said forecasts, ascertaining the group and parent company's current cash position and reviewing the group and parent company's performance since the period end.

KERAS RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERAS RESOURCES PLC

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed, or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Materiality for the group financial statements as a whole was set as £123,000. This was calculated based upon 2% of gross assets due to the group's significant capitalised exploration costs being key balances of interest within the financial statements and the fact that though generating revenues, the group is not yet profit generating.

Materiality for the parent company financial statements as a whole was set as £118,000.

We also agreed to report to the audit committee any other audit misstatements below the triviality thresholds established above which we believe warranted reporting on qualitative grounds.

Our approach to the audit

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing, and extent of our audit procedures.

In designing our audit, we considered areas involving significant accounting estimates and judgements by the directors as well as future events that are inherently uncertain. These included the recoverable value of the group's capitalise exploration expenditure, the recoverable value of the parent company's investment in its subsidiary and the amounts due to the parent company by its subsidiaries. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We performed full scope audits of the financial information of the components within the Group which were individually financially significant and material. We also performed specified audit procedures over certain account balances and transaction classes that we regarded as material to the Group, as well as analytical procedures, for components which were not significant and not material. The audit work and specified audit procedures covered the whole of the Group.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KERAS RESOURCES PLC**
Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Going Concern	
The group made a loss for the year and it had low cash reserves and net current liabilities at the year end. There is a risk that the group may have uncertainty over going concern.	We obtained and reviewed Management's latest group and parent company cashflow forecasts covering the going concern period; challenging the key assumptions, reviewing the mathematical accuracy of the forecast and conducting sensitivity analysis. We ascertained the latest group cash position and performance post period end and we also reviewed the post year end loan agreements. Based on our procedures we concluded that the going concern basis of preparation is appropriate and that there is no materiality uncertainty relating to going concern.
Carrying value of intangible assets	
As at 31 December 2024 the Group has intangible assets with a carrying value of £3,574,000 which represents capitalised exploration and evaluation costs. Given the value of the balance and the significant estimates and judgements required to be made by management when conducting their impairment assessments, there is a risk that the exploration costs capitalised may be materially misstated as they are impaired and/or costs capitalised in the year have been inappropriately capitalised in accordance with the eligibility requirements of IFRS 6.	Our work in this area included but was not limited to: • Confirming that the group held good title to the underlying licenses and assessing whether any indicators of impairment exists. • Obtaining Management's impairment assessments in relation to intangible assets and supporting discounted cashflow forecasts. Reviewing their assessment and their supporting value in use calculates for reasonableness; considering whether any of the IAS 36 impairment indicators have been met and considering if the recoverable value exceeds the carrying value. We consider Management's assessment of impairment is reasonable in concluding that no impairment is required to be recognised at the year end.

KERAS RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERAS RESOURCES PLC

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KERAS RESOURCES PLC**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and our cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from UK Company Law, rules applicable to issuers on AIM, UK and US employment law and local mining, environmental and health and safety laws in the US.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Discussions with management regarding compliance with laws and regulations by the parent company and the components;
 - Review of board minutes; and
 - Review of regulatory news announcements made throughout and post period-end.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KERAS RESOURCES PLC**

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, we identified the potential for management bias was identified in relation to the impairment of capitalised exploration expenditure I and we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimates and judgements.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; discussing with management as to whether there were any instances or suspicions of fraud since 1 January 2024 within the parent company or components and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mohammed Haque (Senior Statutory Auditor)

For and on behalf of
MAH, Chartered Accountants (Statutory Auditor)
2nd Floor, 154 Bishopsgate,
London, EC2M 4LN

27 June 2025

KERAS RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Continuing operations 2024 £'000	Discontinued operations 2024 £'000	Total 2024 £'000	Continuing operations 2023 £'000	Discontinued operations 2023 £'000	Total 2023 £'000
Revenue	7	1,119	-	1,119	916	-	916
Cost of sales		(825)	-	(825)	(386)	-	(386)
Gross profit		294	-	294	530	-	530
Profit on sale of intellectual property relating to Togo	21	-	-	-	-	121	121
Loss on disposal of a subsidiary	21	-	-	-	-	(76)	(76)
Administrative expenses		(832)	-	(832)	(826)	(16)	(842)
Share of losses of associated company		(132)	-	(132)	-	-	-
(Loss)/profit from operating activities		(670)	-	(670)	(296)	29	(267)
Finance costs	12	(208)	-	(208)	(173)	-	(173)
Rent income		125	-	125	-	-	-
Net finance costs		(83)	-	(83)	(173)	-	(173)
(Loss)/profit before taxation		(753)	-	(753)	(469)	29	(440)
Tax	13	-	-	-	(6)	-	(6)
(Loss)/profit for the year		(753)	-	(753)	(475)	29	(446)
Other comprehensive income – items that may be subsequently reclassified to profit or loss							
Exchange translation on foreign operations		16	-	16	(245)	-	(245)
Total comprehensive (loss)/profit for the year		(737)	-	(737)	(720)	29	(691)

KERAS RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(Loss)/profit attributable to:

Owners of the Company	(753)	-	(753)	(475)	-	(475)
Non-controlling interests	-	-	-	-	29	29
(Loss)/profit for the year	(753)	-	(753)	(475)	29	(446)

Total comprehensive loss attributable to:

Owners of the Company	(737)	-	(737)	(720)	-	(720)
Non-controlling interests	-	-	-	-	29	29
Total comprehensive loss for the year	(737)	-	(737)	(720)	29	(691)

Earnings per share

Basic and diluted loss per share (pence)	24		(0.888)			(0.863)
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The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

KERAS RESOURCES PLC
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

		2024	2023
		£'000	£'000
	Notes		
Assets			
Property, plant and equipment	14	1,422	346
Right of use asset	15	-	-
Intangible assets	16	3,574	3,404
Investment in associated company	17	57	-
Non-current assets		<u>5,053</u>	<u>3,750</u>
Inventory	19	532	621
Trade and other receivables	20	319	171
Cash and cash equivalents		249	185
Current assets		<u>1,100</u>	<u>977</u>
Total assets		<u><u>6,153</u></u>	<u><u>4,727</u></u>
Equity			
Share capital	23	954	801
Share premium	23	6,073	5,849
Share option reserve	23, 25	116	104
Exchange reserve		(90)	(106)
Convertible loan note reserve	23	116	-
Retained (deficit)/earnings		(4,218)	(3,465)
Total equity		<u>2,951</u>	<u>3,183</u>
Liabilities			
Trade and other payables	26	1,205	1,013
Current liabilities		<u>1,205</u>	<u>1,013</u>
Loans and other borrowings	27	1,997	-
Other long term liabilities	26	-	531
Non-current liabilities		<u>1,997</u>	<u>531</u>
Total liabilities		<u>3,202</u>	<u>1,544</u>
Total equity and liabilities		<u><u>6,153</u></u>	<u><u>4,727</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 June 2025. They were signed on its behalf by:



Russell Lamming

Director

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

KERAS RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Share capital	Share premium	Attributable to owners of the Company			Retained earnings /(deficit)	Total
				Share option /warrant reserve	Exchange reserve	Convertible loan notes reserve		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2024		801	5,849	104	(106)	-	(3,465)	3,183
Loss for the year		-	-	-	-	-	(753)	(753)
Other comprehensive income		-	-	-	16	-	-	16
Total comprehensive (loss)/profit for the year		-	-	-	16	-	(753)	(737)
Issue of ordinary shares	23	153	224	-	-	-	-	377
Issue of convertible loan notes		-	-	-	-	116	-	116
Share option expense	25	-	-	12	-	-	-	12
Transactions with owners, recognised directly in equity		153	224	12	-	116	-	505
Balance at 31 December 2024		<u>954</u>	<u>6,073</u>	<u>116</u>	<u>(90)</u>	<u>116</u>	<u>(4,218)</u>	<u>2,951</u>

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

Notes	Attributable to owners of the Company				Retained earnings/ (deficit)	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Share option /warrant reserve	Exchange reserve				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	797	5,838	102	180	(2,990)	3,927	(146)	3,781
(Loss)/profit for the year	-	-	-	-	(475)	(475)	29	(446)
Other comprehensive income/(loss)	-	-	-	(245)	-	(245)	-	(245)
Total comprehensive income/(loss) for the year	-	-	-	(245)	(475)	(720)	29	(691)
Issue of ordinary shares	23 4	11	-	-	-	15	-	15
Share option expense	25 -	-	2	-	-	2	-	2
Disposal of a subsidiary	21 -	-	-	(41)	-	(41)	117	76
Transactions with owners, recognised directly in equity	4	11	2	(41)	-	(24)	117	93
Balance at 31 December 2023	<u>801</u>	<u>5,849</u>	<u>104</u>	<u>(106)</u>	<u>(3,465)</u>	<u>3,183</u>	<u>-</u>	<u>3,183</u>

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

		2024	2023
		£'000	£'000
	Notes		
Cash flows from operating activities			
Loss from operating activities		(753)	(446)
Adjustments for:			
Depreciation and amortisation	14,15,16	86	139
Gain on sale of discontinued operations	21	-	(121)
Loss on disposal of subsidiary	21	-	76
Expenses settled in shares		-	-
Finance costs recognised	12	-	173
Share of losses of associated company		132	
Equity-settled share-based payments	25	-	2
		<u>(535)</u>	<u>(177)</u>
Changes in:			
- inventory		90	9
- trade and other receivables		(147)	10
- trade and other payables		<u>414</u>	<u>(392)</u>
Cash generated by/(used in) operating activities		<u>(178)</u>	<u>(550)</u>
Finance costs		(208)	(17)
Finance income		125	-
Net cash generated by/(used in) operating activities		<u>(261)</u>	<u>(567)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,133)	-
Acquisition of intangible fixed assets		(146)	-
Investment in associated company		(191)	-
Proceeds on disposal of discontinued operations		-	1,279
Settlement of deferred consideration for purchase of minority interest in subsidiary*	17	(639)	(272)
Net cash used in investing activities		<u>(2,109)</u>	<u>1,007</u>
Cash flows from financing activities			
Net proceeds from issue of share capital	23	377	15
Issue of promissory and convertible loan notes		2,081	-
Repayment of loans*	17	-	(357)
Payment of lease obligations		-	(126)
Net cash flows from financing activities		<u>2,458</u>	<u>(468)</u>
Net (decrease)/increase in cash and cash equivalents		88	(28)
Cash and cash equivalents at beginning of year		185	207
Foreign exchange differences etc		<u>(24)</u>	<u>6</u>
Cash and cash equivalents at 31 December		<u>249</u>	<u>185</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**
Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Statement of Cash Flows as cash flows from financing activities.

	At 1 January 2024	Cashflows	Acquired	Non-cash movements	At 31 December 2024
Lease liabilities	-	-	-	-	-

	At 1 January 2023	Cashflows	Acquired	Non-cash movements	At 31 December 2023
Lease liabilities	126	(126)	-	-	-

*The deferred consideration payment is split between two lines being the element for the share investment and the element for the loans novated as detailed in note 17.

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

KERAS RESOURCES PLC

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		2024 £'000	2023 £'000
	Notes		
Assets			
Investments	17	2,761	2,594
Non-current assets		<u>2,761</u>	<u>2,594</u>
Loans	18	2,814	2,781
Trade and other receivables	20	261	102
Cash and cash equivalents		67	73
Current assets		<u>3,142</u>	<u>2,956</u>
Total assets		<u>5,903</u>	<u>5,550</u>
Equity			
Share capital	23	954	801
Share premium	23	6,073	5,849
Other reserves	23	116	104
Convertible loan reserve	23	116	-
Retained earnings		(3,012)	(2,553)
Total equity attributable to owners of the Company		<u>4,247</u>	<u>4,201</u>
Liabilities			
Trade and other payables	26	843	818
Current liabilities		<u>843</u>	<u>818</u>
Trade and other payables	26	-	531
Loans and other borrowings	27	813	-
Non-current liabilities		<u>813</u>	<u>531</u>
Total liabilities		<u>1,656</u>	<u>1,349</u>
Total equity and liabilities		<u>5,903</u>	<u>5,550</u>

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company profit and loss account. The Parent Company loss for the year was £459,000 (2023: loss of £363,000).

The financial statements of Keras Resources PLC, company number 07353748, were approved by the Board of Directors and authorised for issue on 27 June 2025. They were signed on its behalf by:



Russell Lamming

Director

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

KERAS RESOURCES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Share premium	Share option /warrant reserve	Convertible loan notes reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	797	5,838	102	-	(2,190)	4,547
Loss for the year	-	-	-	-	(363)	(363)
Total comprehensive loss for the year	-	-	-	-	(363)	(363)
Issue of ordinary shares	4	11	-	-	-	15
Share option expense	-	-	2	-	-	2
Transactions with owners, recognised directly in equity	4	11	2	-	-	17
Balance at 31 December 2023	<u>801</u>	<u>5,849</u>	<u>104</u>	<u>-</u>	<u>(2,553)</u>	<u>4,201</u>
Balance at 1 January 2024	801	5,849	104	-	(2,553)	4,201
Loss for the year	-	-	-	-	(459)	(459)
Total comprehensive loss for the year	-	-	-	-	(459)	(459)
Issue of ordinary shares	153	224	-	-	-	377
Issue of convertible loan notes	-	-	-	116	-	116
Share option expense	-	-	12	-	-	12
Transactions with owners, recognised directly in equity	153	224	12	116	-	505
Balance at 31 December 2024	<u>954</u>	<u>6,073</u>	<u>116</u>	<u>116</u>	<u>(3,012)</u>	<u>4,247</u>

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

1. Reporting entity

Keras Resources PLC is a company domiciled in England and Wales. The address of the Company's registered office is Coveham House, Downside Bridge Road, Cobham KT11 3EP. The Group currently operates as a miner of and explorer for mineral resources.

The Group consists of Keras Resources Plc and all of its subsidiaries.

2. Going concern

The Directors have adopted the going concern basis in preparing the Group and Company financial statements. The Group's and Company's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Strategic Report. In addition, note 28 to the Financial Statements includes the Group's policies and processes for managing its financial risk management objectives.

Falcon Isle is currently generating positive cash flow, having completed its planned investments in property and equipment. This cash flow is forecast to increase materially as a result of the Joint Venture through Phosul Utah LLC, which company incurred start-up losses in 2024, but is forecasting positive results for 2025. In addition, the agreement for the provision of advisory and brokerage services in the Republic of Togo is expected to generate positive cash flow for Keras over the next three years.

Notwithstanding this, in order to meet the payment of \$800,000 due on 1 July 2025 to the vendor of Falcon Isle, and to provide additional working capital, on 25 June 2025 the Company announced that it had raised a further £750,000 by the issue of convertible loan notes.

On this basis, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future. As such, the Directors continue to adopt the going concern basis of accounting.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the Companies Act 2006 ("UK-adopted IAS"), and the Companies Act 2006 as applicable to entities reporting in accordance with IFRS.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis unless otherwise stated.

(c) Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling ('GBP' or '£'), which is the Group's functional currency and is considered by the Directors to be the most appropriate presentation currency to assist the users of the financial statements. All financial information presented in GBP has been rounded to the nearest thousand, except when otherwise indicated.

(d) Basis of parent company preparation

The parent company meets the definition of a qualifying entity under FRS 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosure';
- (b) the requirements within IAS 1 relating to the presentation of certain comparative information;
- (c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

(d) Basis of parent company preparation (continued)

(d) paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but it not yet effective); and

(e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a Group.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods of the revision if it affects both current and future periods.

Critical estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Deferred consideration and the loan payable to previous minority shareholder in subsidiary company

The deferred consideration due in respect of the acquisition of the remaining 49% of Falcon Isle Resources LLC was discounted at a rate of 12% being the rate at which interest will accrue in the event of a default. This discount has been fully unwound at 31 December 2024. Further details can be found in Note 17.

Carrying value of intangible assets

Intangible assets consists of prospecting and exploration rights. Those acquired with subsidiaries are recognised at fair value at the date of acquisition. Other rights acquired and evaluation expenditure are recognised at cost. The directors assess the recoverable value at each year end and review for any signs of impairment.

Impairment of intangible assets

Intangible assets have been assessed during the current year for any impairment and it was concluded that they are fairly valued. The recoverable amount from the cash generating unit (CGU), in the USA, was assessed by performing a 10-year discounted cashflow (DCF) model and it was concluded that the recoverable amounts exceeded the intangible asset value indicating no impairment.

Key assumptions

The recoverable amount for the CGU is based on value-in-use which is derived from discounted cash flow calculations. The key assumptions applied in value-in-use calculations are those regarding forecast mine production, sales per production, sales per product type, operating profit, phosphate prices and discount rates.

Forecast operating profits

For the CGU, the Group prepared cash flow projections derived from the most recent forecast for the year ending 31 December 2025. Forecast revenue, fixed and variable costs are based on recent performance and expectations of future changes in the market, operating model and cost base.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3. Basis of preparation (continued)

Growth rates

For the short term, sales are forecast to grow by approximately \$1.5m in each of 2025 and 2026, primarily due to the PhoSul Utah LLC JV as explained in the Chairman's Statement and the Strategic Report. For the medium term, the forecasts have taken a conservative approach and assumed that sales will not grow any further and will remain at the same level from 2027 onwards.

Discount rates

A post-tax real discount rate used to assess the forecast free cashflows from the CGU was derived from its weighted average cost of capital, taking into account specific factors relating to the country it operates in. These rates are reviewed annually and adjusted for the risks specific to the business being assessed and the market in which the CGU operates. The real post-tax discount rate used during the year for the USA was 10%.

Sensitivity analysis

A sensitivity analysis on the key model parameters has been performed and management has concluded that no reasonably foreseeable change in the key assumptions would result in an impairment of the intangible assets of the Group's CGU.

Assets held for sale

On classification as held-for-sale, assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell, with any adjustments taken to profit or loss (or other comprehensive income in the case of a revalued asset).

Intercompany receivables (Company only)

All loans to subsidiaries are currently unsecured and interest free and repayable on demand.

Fair value of share options and warrants

The determination of the fair values of the schemes issued have been made with reference to the Black-Scholes model with the inputs set out in Note 25.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On disposal of subsidiaries, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

(i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and the fair value adjustments arising on acquisition, are translated to GBP at exchange rates at the reporting date. The income and expenses of foreign operations are translated to GBP at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve except to the extent that the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Financial assets

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and financial assets at fair value through other comprehensive income in the consolidated statement of financial position.

Trade receivables and intra group balances are initially recognised at fair value. New impairment requirements use an expected credit loss model to recognise an allowance. For receivables a simplified approach to measure expected credit losses during a lifetime expected loss allowance is available and has been adopted by the Group. During this process the probability of non-payment of the receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being reported within the consolidated statement of comprehensive income. On confirmation that the trade and intra group receivable will not be collectable, the gross carrying value of the asset is written off against the provision.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in the statement of comprehensive income over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives of significant items of property, plant and equipment are as follows:

• Freehold property	50 years
• plant and equipment	20 years
• office equipment	2 years
• computer equipment	2 years
• motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

(e) Intangible assets

(i) Prospecting and exploration rights

Rights acquired with subsidiaries are recognised at fair value at the date of acquisition. Other rights acquired and evaluation expenditure are recognised at cost.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets are amortised in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

- Life of mine based on units of production

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Amortisation is included within administrative expenses in the statement of comprehensive income.

(f) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and had an impact on the estimated future cash flows from that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. Significant accounting policies (continued)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Financial assets at fair value through other comprehensive income

Impairment losses on financial assets at FVOCI are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as FVOCI are not reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment or when there is an indication of impairment. An impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit ('CGU') exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

(h) Retirement benefits

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

(i) Revenue

Turnover represents the amounts (net of VAT and trade discounts) receivable from the provisions of goods and services to the customer during the period.

The Group applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the Group applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

Revenue from the sale of processed products is recognised when ownership of the product passes to the purchaser in accordance with the relevant sales contract. Ownership passes either upon delivery or once the product is collected where customers arrange delivery.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive '5 step' framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Under IFRS 15, sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion of the usage of the projects, and there are no unfulfilled obligation which could affect the customers' acceptance of the products and when the entity has a present right to payment for the asset. Delivery occurs when the products are delivered to a specific location and erected at that location, the risks have been transferred and the customer has accepted the products in accordance with the sales agreement.

A receivable is recognised when control transfers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

No element of financing is deemed present as the sales are typically made with a credit term of 30 days from invoice date, which is consistent with market practice.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

(j) Finance income and finance costs

Finance income comprises interest income on bank funds. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

In addition, finance income includes rent receivable in respect of the lease of property and equipment in Utah, USA. The lease is with the associated company, Phosul Utah LLC, and the income is recognised on an accruals basis.

Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable

in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

(l) Inventories

Inventories for processed material and ore stockpiles are valued at the lower of cost and net realisable value. Costs allocated to processed material are based on average costs and include all costs of purchase, conversion and other costs in bringing these inventories to their existing location and condition. Costs allocated to ore stockpiles are based on average costs, which include an appropriate share of direct mining costs, direct labour and material costs, mine site overhead, depreciation and amortisation. If carrying value exceeds net realisable amount, a write down is

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

recognised. The write down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

(m) Segment reporting

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(n) Equity reserves

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issue of shares are deducted from share premium.

The share option/warrant reserve is used to recognise the fair value of equity-settled share based payment transactions.

The exchange reserve is used to record exchange differences arising from the translation of foreign subsidiaries into the presentation currency.

The financial assets at FVOCI reserve is used to record unrealised accumulated changes in fair value on financial assets.

(o) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. New standards and interpretations

The current standards, amendments and interpretations have been adopted in the year and have not had a material impact on the reported results in the Company's financial statements:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Agreements

The adoption of the following mentioned standards, amendments and interpretations in future years:

Effective date – period beginning on or after

<i>Lack of Exchangeability (Amendments to IAS 1)</i>	<i>1 January 2025</i>
<i>IFRS 18 Presentation and disclosure in Financial Statements</i>	<i>1 January 2027</i>
<i>IAS 7 Statement of Cash Flows</i>	<i>1 January 2027</i>

The directors have undertaken a project to review the above standards, amendments and interpretations. Management do not expect these standards to materially impact the financial statements.

6. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Intangible assets

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(iv) Share-based payments

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**
(v) Investments – other

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. A discount is applied to the value of any Performance shares to reflect the possibility that the milestones for conversion into ordinary shares may not be met.

7. Revenue

Revenue comprises:

Group:

	2024	2023
	£'000	£'000
Sale of phosphate (USA)	1,119	916
	<u>1,119</u>	<u>916</u>

8. Operating segments

The Group considers that it operated during the year in a single business area, being that of phosphate mining in Utah, USA. In the previous year the Group also operated in manganese exploration and development in West Africa. These business areas formed the basis of the Group's operating segments. For each segment, the Group's CEO (the chief operating decision maker) reviewed internal management reports on at least a quarterly basis.

Other operations relate to the Group's administrative functions conducted at its head office and by its intermediate holding company together with consolidation adjustments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment result before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within the exploration industry.

Information about reportable segments**31 December 2024**

	Phosphate	Other	Total
	£'000	operations	£'000
		£'000	
External revenue	1,119	-	1,119
Cost of sales	826	-	826
Depreciation, amortisation and impairment	85	-	85
(Loss)/profit before Tax	(104)	(649)	(753)
Gross assets including non- current and current assets	5,317	836	6,153
Capital expenditure	4,996	-	4,996
Liabilities	1,748	1,454	3,202

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

8. Operating segments (continued)

31 December 2023

	Manganese £'000	Phosphate £'000	Other operations £'000	Total £'000
External revenue	-	916	-	916
Cost of Sales	-	386	-	386
Depreciation, amortisation and impairment	-	139	-	139
(Loss)/profit before tax	29	(3)	(466)	(440)
Gross assets including non- current and current assets	-	4,646	81	4,727
Capital expenditure	-	3,404	-	3,404
Liabilities	-	290	1,254	1,544

Information about geographical segments

31 December 2024

	US £'000	Other £'000	Total £'000
External revenue	1,119	-	1,119
Cost of sales	826	-	826
Depreciation, amortisation and impairment	85	-	85
(Loss)/profit before tax	(104)	(649)	(753)
Gross assets including non-current and current assets	5317	836	6,153
Capital expenditure	4,996	-	4,996
Liabilities	1,748	1,454	3,202

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

8. Operating segments (continued)

31 December 2023

	West Africa £'000	US £'000	Other £'000	Total £'000
External revenue	-	916	-	916
Cost of Sales	-	386	-	386
Depreciation, amortisation and impairment	-	139	-	139
(Loss)/profit before tax	29	(3)	(466)	(440)
Gross assets including non-current and current assets	-	4,646	81	4,727
Capital expenditure	-	3,404	-	3,404
Liabilities	-	290	1,254	1,544

9. Expenses

	2024 £'000	2023 £'000
Expenses include:		
Depreciation and amortisation expense	85	139
(Profit) on sale of intellectual property relating to Togo	-	(121)
Loss on disposal of subsidiary	-	76
Auditor's remuneration		
- Audit fee	28	25
Foreign exchange differences	<u>(42)</u>	<u>(135)</u>

Auditor's remuneration for the year in respect of the Company amounted to £15,000 (2023: £15,000).

10. Personnel expenses

	2024 £'000	2023 £'000
Wages and salaries	165	193
Social security costs	11	12
Pension costs	-	2
Fees	153	142
Equity-settled share-based payments (see note 26)	<u>11</u>	<u>2</u>
	<u>340</u>	<u>351</u>

The average number of employees (including directors) during the year was:

	2024	2023
Directors	4	4
Administrative staff	<u>1</u>	<u>1</u>
	<u>5</u>	<u>5</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

11. Directors' emoluments

Year ended 31 December 2024

	Executive directors	Non- executive directors	Total
	£'000	£'000	£'000
Wages and salaries (incl. fees)	153	108	261
	<u>153</u>	<u>108</u>	<u>261</u>

Year ended 31 December 2023

	Executive directors	Non- executive directors	Total
	£'000	£'000	£'000
Wages and salaries (incl. fees)	269	60	329
	<u>269</u>	<u>60</u>	<u>329</u>

These amounts are disclosed by director in the Directors' report.

Emoluments disclosed above include the following amounts payable to the highest paid director:

	2024 £'000	2023 £'000
Emoluments for qualifying services	<u>153</u>	<u>142</u>

12. Finance costs

Recognised in loss for year

	2024 £'000	2023 £'000
Discount unwinding on deferred consideration and loan payable to previous minority shareholder	133	156
Interest on convertible loans	74	
Other	1	17
	<u>208</u>	<u>173</u>

The Discount unwinding disclosed above relates to the deferred consideration explained in note 17.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

13. Taxation**Current tax**

	2024	2023
	£'000	£'000
Tax recognised in profit or loss		
Current tax		
Current period	<u>-</u>	<u>6</u>
Deferred tax		
Origination and reversal of temporary differences	<u>-</u>	<u>-</u>
Total tax	<u><u>-</u></u>	<u><u>6</u></u>

Reconciliation of effective tax rate

	2024	2023
	£'000	£'000
Loss before tax (continuing operations)	<u>(753)</u>	<u>(446)</u>
Tax using the Company's domestic tax rate of 19.0% (2023: 19.0%)	(143)	(85)
Effects of:		
Expenses not deductible for tax purposes	1	32
Overseas (profits)/losses	20	6
Equity-settled share-based payments	2	-
Tax losses carried forward not recognised as a deferred tax asset	<u>120</u>	<u>53</u>
	<u><u>-</u></u>	<u><u>6</u></u>

The UK corporation tax rate was 19.00% until April 2023 when it increased to 25% for groups with taxable profits of over £250,000.

None of the components of other comprehensive income have a tax impact.

Factors that may affect future tax charges

At the year end, the Group had unused tax losses available for offset against suitable future profits of approximately £8,818,000 (2023: £8,186,000). A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

14. Property, plant and equipment

Group

	Freehold Property	Plant and equipment	Office and computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 January 2023	-	397	12	409
Effect of movements in exchange rates	-	(22)	-	(22)
Balance at 31 December 2023	-	375	12	387
Balance at 1 January 2024	-	375	12	387
Purchases	559	574	-	1,133
Effect of movements in exchange rates	-	11	-	11
Balance at 31 December 2024	559	960	12	1,531
Depreciation and impairment provisions				
Balance at 1 January 2023	-	17	11	28
Depreciation for the year	-	13	1	14
Effect of movements in exchange rates	-	(1)	-	(1)
Balance at 31 December 2023	-	29	12	41
Balance at 1 January 2024	-	29	12	41
Depreciation for the year	11	52	-	63
Effect of movements in exchange rates	-	5	-	5
Balance at 31 December 2024	11	86	12	109
Carrying amounts				
At 31 December 2022	-	380	1	381
At 31 December 2023	-	346	-	346
At 31 December 2024	548	874	-	1,422

Depreciation is recognised within administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

14. Property, plant and equipment (continued)

Company

	Computer equipment £'000
Cost	
Balance at 1 January 2023	8
Transfers	-
Balance at 31 December 2023	<u>8</u>
Balance at 1 January 2024	8
Additions	-
Balance at 31 December 2024	<u>8</u>
Depreciation and impairment provisions	
Balance at 1 January 2023	8
Depreciation for the year	-
Balance at 31 December 2023	<u>8</u>
Balance at 1 January 2024	8
Depreciation for the year	-
Balance at 31 December 2024	<u>8</u>
Carrying amounts	
At 31 December 2023	<u>-</u>
At 31 December 2024	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

15. Right of use assets

Group

	Land and buildings £'000
Cost	
Balance at 1 January 2023	353
Effects of movements in exchange rates	(11)
Balance at 31 December 2023	<u>342</u>
Balance at 1 January 2024	342
Disposal	(342)
Balance at 31 December 2024	<u>-</u>
Depreciation and impairment provisions	
Balance at 1 January 2023	232
Depreciation for the year	117
Effects of movements in exchange rates	(7)
Balance at 31 December 2023	<u>342</u>
Balance at 1 January 2024	342
Depreciation for the year	(342)
Effect of movements in exchange rates	-
Balance at 31 December 2024	<u>-</u>
Carrying amounts	
At 31 December 2022	<u>121</u>
At 31 December 2023	<u>-</u>
At 31 December 2024	<u>-</u>

Depreciation is recognised within administrative expenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

16. Intangible assets – Group

	Prospecting and exploration rights £'000
Cost	
Balance at 1 January 2023	3,613
Effect of movement in exchange rates	<u>(149)</u>
Balance at 31 December 2023	<u>3,464</u>
Balance at 1 January 2024	3,464
Purchases	146
Effect of movements in exchange rates	<u>47</u>
Balance at 31 December 2024	<u>3,657</u>
Amortisation and impairment losses	
Balance at 1 January 2023	55
Amortisation charge	8
Effect of movements in exchange rates	<u>(3)</u>
Balance at 31 December 2023	<u>60</u>
Balance at 1 January 2024	60
Amortisation charge	22
Effect of movements in exchange rates	<u>1</u>
Balance at 31 December 2024	<u>83</u>
Carrying amounts	
At 31 December 2022	<u>3,558</u>
At 31 December 2023	<u>3,404</u>
At 31 December 2024	<u>3,574</u>

The carrying value of the prospecting and exploration rights is supported by the estimated resource and current market values. The Group tests intangible assets for impairment annually. There were no indicators of impairment at 31 December 2024.

Amortisation is recognised within administrative expenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

17. Investments in subsidiaries and associates

Company – subsidiaries

	2024 £'000	2023 £'000
Equity investments		
Balance at beginning of year	2,594	2,594
Additions – Increased investment in Falcon Isle Resources LLC	167	-
Balance at 31 December:	2,761	2,594

	Activity	Country of incorporation	Ownership interest	
Directly			2024	2023
Southern Iron Limited	Investment	Guernsey	100%	100%
Falcon Isle Resources LLC	Mining	USA	100%	100%
Keras US LLC	Holding company	USA	100%	100%
Indirectly				
Falcon Isle Holdings LLC	Holding company	USA	100%	100%

Registered offices of subsidiary companies are:

- Southern Iron Limited, 1st Floor, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey
- Falcon Isle Resources Corp, Falcon Isle Holdings LLC and Keras US LLC, 50 West Broadway Suite 300, Salt Lake City, Utah 84101, USA

The interest in Falcon Isle was acquired for nominal consideration under a binding heads of terms dated 28 July 2020. Under this agreement the Company agreed to provide US\$2.5m in loans to Falcon Isle payable in agreed tranches. Falcon Isle is the 100% owner of the Diamond Creek phosphate mine located in Utah (USA) which is a fully permitted, high grade direct shipping ore organic phosphate operating mine.

At 30 September 2020 the Company had advanced US\$ 1.9m to Falcon Isle, resulting in an equity interest of 40% and bringing the cost of the investment in the associate to £1,626,000.

On 31 December 2020 the Company advanced the balance of \$0.6m and its equity interest has increased to a controlling interest of 51%.

The initial acquisitions were accounted for under the equity method of accounting but upon achieving control on 31 December 2020, the acquisition method of accounting has been applied.

The investment in associate was revalued prior to acquisition to fair value based on the price paid to acquire the additional 11% shareholding. Under IFRS 3, on acquisition of the controlling stake, the Group remeasured its original 40% investment in Falcon Isle. This led to a loss on change of ownership of £363,000 being recognised in the Consolidated Statement of Comprehensive Income.

On acquisition the non-controlling interest, valued based upon net assets at acquisition, was valued at £645,000. No goodwill has arisen from the acquisition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

17. Investments in subsidiaries and associates (continued)

On 29 March 2022, the Company agreed to acquire the outstanding 49% equity interest in Falcon Isle for consideration of \$1,383,473 and loans totalling \$1,816,527 made by the vendor to Falcon Isle, for total consideration of \$3.2 million, payable in four annual tranches of \$800,000 commencing on 1 July 2022 and as such the deferred consideration and loan due to the vendor has been discounted at 12% with the discount being applied against the investment in full. This discount had been fully unwound at 31 December 2024. The non-controlling interest was eliminated against the consideration with the remaining balance of £199,311 transferred to retained earnings.

The cashflow impact of this acquisition for year ended 31 December 2024, is the third instalment of \$800,000. The final instalment of \$800,000 is payable on 1 July 2025.

On 29 December 2023, the group disposed of all its 85% shareholding in Société Générale des Mines, as detailed in note 21.

Group - Associated Company

50% interest in Phosul Utah LLC, incorporated in Utah, USA.

	2024	2023
	£'000	£'000
50% equity interest at cost	191	-
Share of post-acquisition losses	(132)	-
Exchange translation	(2)	-
	<u>57</u>	<u>-</u>

The registered address of Phosul Utah LLC is 3701 West 6500 North, Delta, UT 84624. On 22 January 2024 Keras Resources plc announced the signature of a five year 50:50 Joint Venture Agreement ("JV") between its wholly owned subsidiary, Falcon Isle Resources Corp ("FIR") and Phosul LLC ("Phosul"), a specialised organic soil enhancement fertilizer company with granulator operations in Idaho, United States ("US"). FIR holds 50% of the membership interest in Phosul Utah LLC. The investment gives FIR significant influence but not control; it is therefore accounted for using the equity method.

18. Loans

Company - current

	2024	2023
	£'000	£'000
Balance at beginning of year	2,781	3,686
Net funds advanced to subsidiaries	33	195
Impairment of loans	-	(1,100)
Balance at 31 December	<u>2,814</u>	<u>2,781</u>

All loans to subsidiaries are currently unsecured and interest free and repayable on demand.

19. Inventories

	2024	2023
	£'000	£'000
Phosphate, including processed material held for sale	532	621

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

20. Trade and other receivables

Group

	2024	2023
	£'000	£'000
Trade receivables	237	91
Other receivables	74	71
Prepayments	8	9
	<u>319</u>	<u>171</u>

Company

	2024	2023
	£'000	£'000
Trade receivables	251	95
Other receivables	2	-
Prepayments	8	7
	<u>261</u>	<u>102</u>

Other receivables are stated at their nominal value less allowances for non-recoverability.

The Group and Company's exposure to credit and currency risk is disclosed in note 28. Trade receivables are net of a provision for bad debts of £nil (2023: £nil). No bad debt expense has been recognised in the current or prior years.

21. Discontinued operations

Through its 100% owned, Guernsey incorporated subsidiary, Southern Iron Ltd, Keras held an 85% interest in Société Générale des Mines SA ("SGM") which holds research permits for the Nayéga manganese project in northern Togo ("Nayéga"). The research permits are effectively the equivalent of a mining exploration licences and cover a 19,903 ha area in northern Togo.

During the previous year, Keras sold all the Group's intellectual property relating to Nayéga, comprising reports, feasibility studies etc, to a newly formed mining company set up by the Republic of Togo, for cash consideration of \$1.7m, generating a profit on disposal of follows:

	2023
	£'000
Proceeds (\$1.7m)	1,339
Less: Commission	(132)
Less: Carrying value of assets held for sale	(1,086)
	<u>121</u>

Subsequent to the sale of intellectual property, on 29 December 2023, the group disposed of all its 85% shareholding in Société Générale des Mines for a cash proceeds of £1. Accordingly, non-controlling interests and cumulative translation reserves related to subsidiary were derecognised on disposal.

	2023
	£'000
Proceeds (£1)	-
Net assets at disposal	-
Non-controlling interest at disposal	(117)
Cumulative translation reserve	41
Loss on disposal of subsidiary	<u>(76)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

22. Retirement benefit schemes

	2024	2023
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	-	2

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

At the year end, an amount of £1,919 (2023 - £1,919) was held in trade and other payables in respect of accrued unpaid pension contributions.

23. Capital and reserves

Share capital

	Number of ordinary shares	
	2024	2023
	Shares of 1p each	Shares of 1p each
In issue at beginning of year	80,097,177	79,735,731
Issued to settle payables/for cash	15,300,000	361,446
In issue at 31 December - fully paid	95,397,177	80,097,177

All ordinary shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

Issues of ordinary shares

On 06 July 2024 400,000 ordinary shares of 1p each were issued at 3.75p per share to settle a payable of £15,000.

On 29 October 2024 14,900,000 ordinary shares of 1p each were issued via subscription at 2.5p per share to raise working capital.

Subsequent to the year end, on 7 April 2025, 1,278,515 ordinary shares were issued at 1.4681 pence per share to settle payables of £19k, 1,816,836 ordinary shares were issued at the same rate to R Lamming to settle outstanding fees of £27k and 523,383 ordinary shares were issued at the same rate to B Moritz in respect of Company liabilities settled personally by him of £7,728.

Warrants

	2024		2023	
	Average	Number	Average	Number
	exercise price		exercise price	
In issue at beginning of year	18p	16,775,000	18p	16,775,000
Lapsed	18p	(16,775,000)	18p	-
In issue at 31 December	18p	-	18p	16,775,000

On 16 April 2022 1,000,000,000 warrants were agreed to be issued to subscribers for the Ordinary Shares agreed to be issued for cash on 16 April 2022 on the basis of 1 warrant for every 2 shares subscribed. The warrants are exercisable at price of 0.18p at any time up to 31 May 2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

23. Capital and reserves (continued)

On 18 May 2022 677,500,000 warrants were agreed to be issued to subscribers for the Ordinary Shares agreed to be issued for cash on 18 May 2022 on the basis of 1 warrant for every 2 shares subscribed. The warrants are exercisable at price of 0.18p at any time up to 31 May 2024.

The issues set out above were amended following the 1 for 100 consolidation of the Company's ordinary shares.

No warrants remained outstanding at 31 December 2024.

Other reserves

Share option/warrant reserve

The share option/warrant reserve comprises the cumulative entries made to the consolidated statement of comprehensive income in respect of equity-settled share-based payments as adjusted for share options cancelled.

Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Convertible loan note reserve

The convertible loan reserve comprises the part of the Convertible Loan Notes in issue at 31 December 2024, which is calculated to be equity, as set out in Note 27.

24. Earnings per share

Basic and diluted earnings/(loss) per share

The calculation of basic earnings/(loss) per share at 31 December 2024 is based on the following (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue.

Loss attributable to ordinary shareholders (£)

	2024	2023
Continuing operations	(737,000)	(720,000)
Discontinued operations	-	29,000
Loss attributable to ordinary shareholders	<u>(737,000)</u>	<u>(691,000)</u>

Basic weighted average number of ordinary shares

	2024	2023
Issued ordinary shares at beginning of year	80,097,177	73,768,128
Effect of shares issued	2,936,712	6,143,869
Weighted average number of ordinary shares	<u>83,033,889</u>	<u>79,911,997</u>

Diluted weighted average number of shares

	2023
Basic weighted average number	79,911,997
Effect of share options in issue	1,245,174
Effect of warrants in issue	15,980,395
Weighted average number of ordinary shares	<u>97,137,566</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

24. Earnings per share (continued)

In the year ended 31 December 2024 the dilutive effect of outstanding warrants and share options is not material.

As a result of the group being loss making the earning per share is presented on a basic weighted average number of shares basis and not diluted.

25. Share-based payments

	Number of share options		Average exercise price	
	2024	2023	2024 Pence	2023 Pence
Outstanding at 1 January 2024	1,300,000	1,300,000	16	16
Issued in year	600,000			
Forfeited in the year	-	-	16	16
Outstanding at 31 December 2024	1,900,000	1,300,000	16	16
Exercisable at 31 December 2024	1,900,000	1,266,667	16	16

The Company established an Enterprise Management Incentive Scheme to incentivise Directors and senior executives. On 17 January 2020, 1,200,000 options were granted at £0.1639 with 100,000 vesting immediately, 300,000 vesting on 9 March 2020, 300,000 vesting on 17 January 2021, 300,000 vesting on 17 January 2022 and 200,000 vesting on 17 January 2023. The options lapse if not exercised within 5 years. Of the total, 900,000 options were granted to R Lamming, a Director.

The Black Scholes pricing model was used to calculate the share based payment charge incorporating an annual volatility rate of 55%, expected life of between 2 and 5 years and risk free investment rate of between 0.23% and 0.39%. The charge for the year ended 31 December 2024 for these rights which was included in administrative and exploration expenses amounted to £nil (2023 – £186).

On 7 April 2021, 100,000 options were granted at £0.1183 with 33,333 vesting on 1 April 2022, 33,333 vesting on 1 April 2023 and 33,334 vesting on 1 April 2024. The options lapse if not exercised within 5 years. The Black Scholes pricing model was used to calculate the share based payment charge incorporating an annual volatility rate of 57%, expected life of between 4 and 6 years and risk free investment rate of between 0.6% and 0.93%. The charge for the year ended 31 December 2024 for these rights which was included in administrative and exploration expenses amounted to £339 (2023 - £1,841).

On 23 February 2024, 600,000 options were granted with 200,000 granted at 4p vesting on 21 February 2025, 200,000 granted at 5p vesting on 21 February 2026 and 200,000 granted at 6p vesting on 21 February 2027. The options lapse if not exercised within 3 years. The Black Scholes pricing model was used to calculate the share based payment charge incorporating an annual volatility rate of 53%, expected life of between 4 and 6 years and risk free investment rate of between 3.88% and 3.9%. The charge for the year ended 31 December 2024 for these rights which was included in administrative and exploration expenses amounted to £11,017 (2023 - £nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

26. Trade and other payables
Group - Current

	2024	2023
	£'000	£'000
Trade payables	404	238
Accrued expenses	118	176
Other payables	44	6
Deferred consideration to previous minority shareholder in subsidiary company	639	593
	<u>1,205</u>	<u>1,013</u>

Group – Non-Current

	2024	2023
	£'000	£'000
Deferred consideration to previous minority shareholder in subsidiary company	-	531
Promissory notes repayable 2028 (see Note 27)	1,997	-
	<u>1,997</u>	<u>531</u>

Company - Current

	2024	2023
	£'000	£'000
Trade payables	98	43
Accrued expenses	76	176
Other payables	30	6
Deferred consideration to previous minority shareholder in subsidiary company	639	593
	<u>843</u>	<u>818</u>

Company – Non-Current

	2024	2023
	£'000	£'000
Deferred consideration and loans to previous minority shareholders	-	531
Convertible loan notes repayable 2028 (see note 27)	813	-
	<u>813</u>	<u>531</u>

There is no material difference between the fair value of trade and other payables and accruals and their book value. The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28.

Deferred consideration and loans to previous minority shareholders relates to the acquisition of the outstanding 49% equity interest in Falcon Isle and loans totalling \$1,816,527 made by the vendor to Falcon Isle, for total consideration of \$3.2 million, payable in four annual tranches of \$800,000 commencing on 1 July 2022 and as such the deferred consideration and loans to previous minority shareholders has been discounted at 12%. During the prior year, unwinding of £156,000 was recognised as a finance cost in the statement of profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

27. Loans and borrowings

Group – Non-Current

		2024 £'000	2023 £'000
Promissory notes, repayable 2028			
\$350,000 7% secured notes	i	280	-
\$762,500 8% unsecured notes	ii	609	-
Interest free loan repayable 2029		295	-
Convertible loan notes, repayable 2028			
£300,000 7% notes	iii	281	-
£597,500 4% notes	iv	501	-
Rolled up interest		31	-
		<u>1,997</u>	<u>-</u>

Company – Non-Current

		2024 £'000	2023 £'000
Convertible loan notes, repayable 2028			
£300,000 7% notes	iii	281	-
£597,500 4% notes	iv	501	-
Rolled up interest		31	-
		<u>813</u>	<u>-</u>

- i. On 22 January 2024, a secured 4-year promissory note of \$350,000 was issued by Falcon Isle. The note carries 7% interest and is repayable after 4 years. Falcon Isle has the right to repay it, without penalty, after 2 years. Interest is payable annually.
- ii. On 28 May 2024, unsecured 4-year promissory notes totalling US\$762,500 were issued by Falcon Isle. The notes carry 8% interest and are repayable after 4 years. Falcon Isle has the right to repay them, without penalty, after 2 years. Interest is payable annually.
- iii. On 22 January 2024, a 4-year convertible loan of £300,000 was issued by the Company. It carries interest at 7% per annum and is convertible into ordinary shares of £0.01p at a conversion price of £0.04 per share. The loan note may be converted at any time by notice given by the holder, interest will be rolled up and included with the amount being converted or paid at the end of the 4-year loan period if not converted. The equity portion of the loan is computed as £19,439 using market interest rate of 9.0%, recorded within statement of changes in equity. Notwithstanding this, if not converted the loan note is repayable at its nominal value of £300,000 if not converted.
- iv. On 28 May 2024, 4-year convertible loan notes totalling £597,805 were issued by the Company. They carry interest at 4% per annum and are convertible into ordinary shares of £0.01p at a conversion price of £0.0275 per share. The loan notes may be converted at any time by notice given by the holders; interest will be compounded annually and included with the amount being converted or paid at the end of the 4-year loan period if not converted. The equity portion of the loan is computed as £96,836 using market interest rate of 9.0%, recorded within statement of changes in equity. Notwithstanding this, if not converted the loan note is repayable at its nominal value of £597,805 if not converted.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28. Financial instruments

Financial risk management

The Group's operations expose it to a variety of financial risks that include liquidity risk. The Group has in place a risk management programme that seeks to limit the adverse effect of such risks on its financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

Group

	Financial assets at amortised cost	
	Carrying amount	
Credit risk	2024	2023
	£'000	£'000
Trade and other receivables	319	171
Cash and cash equivalents	249	185
	<u>568</u>	<u>356</u>

Expected credit loss assessment

	Balance	Expected loss rate %	Loss allowance
	£'000		£'000
Trade receivables			
Current	171	-	-
1-30 days overdue	55	-	-
31-60 days overdue	44	-	-
61-90 days overdue	47	-	-
Over 90 days overdue	15	-	-
	<u>332</u>		<u>-</u>

The director considers that the carrying amount of trade and other receivables is approximately equal to their fair value.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group reviews its facilities regularly to ensure it has adequate funds for operations and expansion plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28. Financial instruments (continued)

**Group
2024**

	Carrying amount £'000	Contractual cash flows £'000	3 months or less £'000	3-12 months £'000	2-5 years £'000
Non-derivative financial assets					
Inventory	532	532	532	-	-
Trade and other receivables	319	319	319	-	-
Cash and cash equivalents	249	249	249	-	-
	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>-</u>	<u>-</u>
Non-derivative financial liabilities					
Trade and other payables	3,202	3,478	873	1,302	1,302
	<u>3,202</u>	<u>3,478</u>	<u>873</u>	<u>1,302</u>	<u>1,302</u>
Liquidity gap	<u>(2,102)</u>	<u>(2,378)</u>	<u>227</u>	<u>(1,302)</u>	<u>(1,302)</u>

**Group
2023**

	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000	2-5 years £'000
Non-derivative financial assets					
Inventory	621	621	621	-	-
Trade and other receivables	163	163	163	-	-
Cash and cash equivalents	185	185	185	-	-
	<u>969</u>	<u>969</u>	<u>969</u>	<u>-</u>	<u>-</u>
Non-derivative financial liabilities					
Trade and other payables	1,544	1,677	421	628	628
	<u>1,544</u>	<u>1,677</u>	<u>421</u>	<u>628</u>	<u>628</u>
Liquidity gap	<u>(575)</u>	<u>(708)</u>	<u>548</u>	<u>(628)</u>	<u>(628)</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**
28. Financial instruments (continued)
Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than GBP. The currencies giving rise to this risk are primarily the US dollar.

The carrying amounts of the group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	GBP £'000	USD £'000
Cash and cash equivalents	68	181
Trade and other receivables	10	309
Trade and other payables	(599)	(606)
Loans	(813)	(1,184)
	<u>(1,334)</u>	<u>(1,300)</u>

Fair values

The fair values of financial instruments such as trade and other receivables/payables are substantially equivalent to carrying amounts reflected in the balance sheet.

Capital management

The Group's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations.

The Group considers its capital to be total shareholders' equity which at 31 December 2024 for the Group totalled £2,951,000 (2023: £3,183,000) and for the Company totalled £4,247,000 (2023: £4,201,000).

29. Related parties

The Group's related parties include its key management personnel and others as described below.

With the exception of \$650,000, all the subscriptions for Promissory Notes (\$1,012,500) and Convertible Loan Notes (£897,805) as set out in Note 27 were made by related parties. Each of Russell Lamming and Graham Stacey, directors of the Company, subscribed \$100,000, divided equally between Unsecured Promissory Notes and 4% Convertible Loan Notes. The balance was subscribed by Christopher Grosso, a substantial Shareholder, and the Diane H. Grosso Credit Shelter Trust, an associated party of Christopher Grosso.

With the exception of \$350,000 secured promissory notes no guarantees have been given or received. Subject to the exercise of the conversion rights attached to the Convertible Loan Notes all outstanding balances are expected to be settled in cash.

Briam Moritz personally settled £7,728 of liabilities of the Company. This amount was owed to him at 31 December 2024, and was capitalised subsequently as set out in Note 23.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

29. Related parties (continued)

Other related party transactions

Transactions with Group companies

The Company had the following related party balances from financing activities:

	2024 £'000	2023 £'000
Southern Iron Limited		
- Loans and receivables (interest free)	20	11
Falcon Isle Resources LLC		
- Loans and receivables (interest free)	2,794	2,769

30. Subsequent events

On 7 April 2025 new Ordinary Shares were issued as set out in note 24 above.

On 25 June 2025 the Company issued zero coupon convertible loan notes for £750,000.