Mila Resources Plc / Index: LSE / Epic: MILA / Sector: Natural Resources

31 October 2022

Mila Resources Plc
('Mila' or the 'Company')

Final Results

Mila Resources Plc (LSE:MILA), the post-discovery gold exploration accelerator, is pleased to present its final results for the year ended 30 June 2022.

Highlights

- Acquisition of a 30% interest in the Kathleen Valley Project, a proven gold asset located in a Tier One region in Western Australia
- Advancing a 13,500m drill campaign to deliver an enhanced resource.
- Focussed on the Coffey Deposit, one of three known deposits, with drilling delivering exceptional results including 6.6m @ 14.86 g/t Au and 21.79 g/t Ag from 209.40m
- Results to-date give strong indication of an extensive mineralised system with consistent commercial grades and widths
- Strong investor support: November 2021 raised £3.5m via capital raise (net of costs) and post-period end in October 2022 raised £696k via capital raise (net of costs).
- The Company made a loss for the financial year ended 30 June 2022 of £1,011,445 (2021: £382,387). This loss includes a non-cash accounting charge of £493,232 relating to the issuance of Warrants and Options as part of the capital raise in November 2021 and as per the prospectus issued in October 2021.

Statement from the Board

Dear Shareholder

We have pleasure in presenting the financial statements for the year ended 30 June 2022. Mila has been off to a flying start since our readmission to trading in November 2021, following the acquisition of an initial 30% interest in the Kathleen Valley Gold Project in Western Australia. For further details on the acquisition please see the sub-section titled "Acquisition of an initial 30% interest in the Kathleen Valley Project" within the Directors Report on page 15 of the annual report.

We wasted no time in getting on the ground and began a 13,500m drill campaign within a fortnight of completing the transaction. This commitment to rapidly turning initial discoveries into major new resources is at the core of our investment philosophy, and we are delighted with the exploration successes we have reported so far during our development.

The first hurdle to success is of course identifying the right asset. The Kathleen Valley Project came to our attention in 2020, shortly after ASX-listed Bellevue Gold made a discovery at its Government Well prospect, which is on the western boundary of the Kathleen Valley licence area. Further evidencing the prospectivity of the area, Kathleen Valley is located in a Tier One region with proven production, including BHP's Mount Keith nickel mine (~20km to the north), and Kathleen Valley Gold (to the north), which in 2015 extracted 65,900 oz gold over an 18-month period. Kathleen Valley certainly has the right geological postcode and the previous operator had undertaken limited drilling at one of the three known targets which resulted in a maiden JORC Inferred gold resource of 21,000oz @ 2.1g/t Au.

Given the calibre of the geological setting and the initial success from a fairly modest drill campaign, the Mila team were confident that Kathleen Valley had the potential to reveal a much larger resource.

The first phase of drilling commenced in December 2021, with first assays being returned later that month. Drilling has continued intermittently since December, and indeed, the newest phase of drilling commenced again in early September 2022. This very comprehensive and targeted drilling has returned some exceptional results and grades, but perhaps most importantly for investors, has provided substantial evidence of consistent commercial grades and widths at Kathleen Valley.

Drilling has also revealed quartz-sulphide veining, referred to now as "Bellevue Style" mineralisation, which is significant. The presence of the sulphides, particularly pyrrhotite, provides a strong geophysical response and therefore responds very well to Down Hole Electro-magnetic surveys ("DHEM"). DHEM has worked extremely well at Bellevue, greatly assisting with their discovery success rate. Mila will use the same DHEM geophysical methods to test for extensions and accumulations of the sulphide mineralisation. The drill holes have been polyvinyl chloride ("PVC") cased in preparation for the DHEM surveying, which will highlight sulphide rich zones to further assist in targeting and locating the mineralisation at depth.

Drilling to date has focussed on the Coffey Deposit, one of three identified prospects in Kathleen Valley. Coffey is the most advanced target so far and has returned some very significant intersections to date including 6.6m @ 14.86 g/t Au and 21.79 g/t Ag from 209.40m, 5m @ 4.26 g/t Au & 13.35 g/t Ag from 198m, 1m @ 13.45 g/t Au & 37.70 g/t Ag from 202m, and 10m @ 8.38 g/t Au & 13.96 g/t Ag, from 165m, 11.28 g/t Au & 33.48 g/t Ag from 173m.

Results from the Stage 1 drilling surpassed internal expectations and importantly, demonstrated that the mineralisation at Coffey has improved in grade and continuity down dip of the original pre-Mila resource zone, confirming commercial grades over mineable widths. Our drilling has substantially extended mineralisation, which is now defined over a zone 200m long and 220m down dip, with the higher grades and multiple lodes having the potential to add significant grade, tonnage and higher-grade ounces to the Coffey Deposit once we complete a new resource estimate at the end of the Stage 2 & 3 drilling campaigns. Notably, the potential silver credits provide Mila with additional optionality over processing routes given the economic advantage of silver as a co-product.

The next hole in the programme was stepped out 100m below the previous hole, KVDD0035, and has the potential to extend the mineralised zone to 300m in length down dip and to 300m below surface, presenting a significant expansion in the footprint and tonnage of the Coffey Deposit. This drilling is on-going, and we will report more intersections to the market as they become available.

As referred to above, Coffey is only one of three known identified prospects at Kathleen Valley, and drilling at two new major targets is expected when the Company is ready to take a break from drilling at Coffey and once the Heritage Surveys over these prospects are completed. The Sturrock Prospect is located ~3.5km to the NNW of Coffey, on a sheared contact between mafic and ultramafic rocks which hosts the historical Main Road Au Pit, 2km along strike to the NE. Auger soil sampling completed in 2019 highlighted a 700m x 250m zone of anomalous gold in soils and shallow historical aircore drilling returned zones of highly anomalous gold grades of between 0.1-1.1g/t Au. 12 Reverse Circulation ("RC") holes totalling 2,400m with downhole-electromagnetic surveying of the deeper holes are planned to test the anomaly to depth in an optimal direction to the shears.

The Powell Prospect is located 3.1km NNE of Coffey and 2km ESE of Sturrock in the northeast portion of the tenement. The auger soil sampling highlighted a 500m x 500m "X" shaped zone of anomalous gold in soils where it appears that two shear zones intersect. Field work located an historical shallow shaft and pit which has been dug in the area and further investigative work is required prior to drill testing.

Outlook

I am extremely optimistic about our ability to demonstrate Kathleen Valley's commercial value to the market as we look to materially expand our JORC Resource inventory over the coming months. With the injection of £696,000 new capital (before expenses) post period end, Mila is well positioned to move forward with confidence in its objective to rapidly transition gold discoveries into significant resources, with Kathleen Valley as our first success story. Further funding will be needed to ensure that the exploration and evaluation activities can continue, and the project continues towards reaching its ultimate potential.

I would like to take this opportunity to thank our exploration and technical team on the ground at Kathleen Valley, together with the wider Mila team, and of course I would like to extend my sincere thanks to our shareholders – both new and old – for their continued support and vision.

Fund Raise – post year end

Post year end, on 6 October 2022, the Company announced that it had raised £696,000 (before expenses) through a Placing of 23,199,984 New Ordinary Shares of GBP0.01 each ("Placing Shares") at a price of 3 pence per Placing Share (the "Placing"). Investors in the Placing will also receive one warrant per Placing Share to subscribe for one new ordinary share at a cost of 4.8p per share ("Investor Warrants"). The Company has also issued 524,000 broker warrants that are exercisable at 3p for a period of 3 years ("Broker Warrants").

The Investor Warrants and Broker Warrants are conditional on the publication of a Prospectus by the Company, which it anticipates filing as soon as practicable, and shareholder approval to increase the Company's share authorities.

Mark Stephenson

Executive Director
28 October 2022

Statement of Comprehensive Income
For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Administrative expenses	5	(518,213)	(421,440)
Share warrant and options expense	16	(493,232)	-
Operating loss		**(1,011,445)**	**(421,440)**
Other income	4	-	37,500
Interest receivable	8	-	1,553
Loss on ordinary activities before taxation	5	**(1,011,445)**	**(382,387)**
Income tax expense	9	-	-
Loss and total comprehensive income for the period attributable to the owners of the company		**(1,011,445)**	**(382,387)**
Earnings per share (basic and diluted) attributable to the equity holders (pence)	10	(0.52)	(1.65)

Statement of Financial Position
For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £	Year ended 30 June 2021 £
NON-CURRENT ASSETS			
Exploration and evaluation assets	11	4,698,625	-
		4,698,625	-
CURRENT ASSETS			
Trade and other receivables	12	22,568	24,185

Cash and cash equivalents	13	1,096,084	329,628
		1,118,652	353,813
TOTAL ASSETS		**5,817,277**	**353,813**
CURRENT LIABILITIES			
Trade and other payables	14	210,760	178,309
Convertible Loan Notes		-	348,692
TOTAL LIABILITIES		**210,760**	**527,001**
NET ASSETS		**5,606,517**	**(173,188)**
EQUITY			
Share capital	15	3,065,511	232,000
Share premium	15	4,267,846	849,300
Share based payment reserve	16	543,813	4,720
Retained loss		(2,270,653)	(1,259,208)
TOTAL EQUITY		**5,606,517**	**(173,188)**

Statement of Cashflows
For the year ended 30 June 2022

	12 months to 30 June 2022 £	12 months to 30 June 2021 £
Cash flows from operating activities		
Loss for the period	(1,011,445)	(382,387)
Adjustments for:		
Warrants / Options expense (non-cash)	493,232	-
Operating cashflow before working capital movements	(518,213)	(382,387)
Decrease / (Increase) in trade and other receivables	1,616	(480)
Increase in trade and other payables	4,427	91,638
Shares issued for services	30,000	-
Interest income	-	(1,553)
Interest expense	3,801	8,692
Net cash flow from operating activities	(478,369)	(284,090)

Cash flow from investing activities		
Acquisition of Kathleen Valley – cash component	(300,000)	-
Acquisition costs	(336,732)	-
Funds used for drilling and exploration	(1,408,108)	-
Repayment of loan from E-Tech	-	85,849
Interest Income received	-	1,553
Net cash (outflow) / inflow from investing activities	(2,044,840)	87,402
Cash flow from financing activities		
Proceeds from share issues	3,358,740	-
Issue costs paid in cash	(69,075)	-
Convertible Loan Notes	-	340,000
Net cash inflow from financing activities	3,289,665	340,000
Net Increase in cash and cash equivalents	766,456	143,312
Cash and cash equivalents at beginning of the period	329,628	186,316
Cash and cash equivalents at end of the period	1,096,084	329,628

Statement of Changes in Equity
For the year ended 30 June 2022

	Share Capital	Share Premium	Share Based Payment Reserve	Retained Loss	Total
	£	£	£	£	£
Balance at 1 July 2020	**232,000**	**849,300**	**4,720**	**(876,821)**	**209,199**
Total comprehensive income for the year	-	-	-	(382,387)	(382,387)
Balance at 30 June 2021	**232,000**	**849,300**	**4,720**	**(1,259,208)**	**(173,188)**
Total comprehensive income for the year	-	-	-	(1,011,445)	(1,011,445)
Capital Raising - Issue of shares	1,458,333	2,041,667	-	-	3,500,000

Capital Raising - Issue of shares in lieu of fees	59,792	83,708	-	-	143,500
Capital Raising - Issue Costs	-	(221,135)	-	-	(221,135)
Acquisition of Kathleen Valley	835,432	1,169,605	-	-	2,005,037
Conversion of convertible loan notes	477,754	382,203	-	-	859,957
Conversion of warrants	2,200	8,360	-	-	10,560
Share warrants and options expense	-	(45,861)	539,093	-	493,232
Balance at 30 June 2022	**3,065,511**	**4,267,846**	**543,813**	**(2,270,653)**	**5,606,517**

Notes to the Financial Statements
For the year ended 30 June 2022

1 GENERAL INFORMATION

Mila Resources Plc (the "Company'') was listed on the London Stock Exchange in 2016 with a view to acquiring projects in the natural resources sector that have a significant innate value that could be unlocked without excessive capital. In November 2021, the Company acquired an interest in a gold exploration project in Western Australia.

The Company is domiciled in the United Kingdom and incorporated and registered in England and Wales, with registration number 09620350.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on a going concern basis using the historical cost convention and in accordance with the UK-Adopted International Accounting Standards, and in accordance with the provisions of the Companies Act 2006.

The Company's financial statements for the year ended 30 June 2022 were authorised for issue by the Board of Directors on 28 October 2022 and were signed on the Board's behalf by Mr L Daniels.

The Company's financial statements are presented in pounds Sterling and presented to the nearest pound.

2.2 Business Combinations

Acquisitions of business are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value.

Consideration is also measured at fair value at the acquisition date. This is calculated as the sum of the fair values of assets transferred less the fair value of the liabilities incurred by the Company.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirers previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired, and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirers previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Acquisition-related costs are recognised in profit or loss as incurred.

2.3 Going concern

The Financial Statements have been prepared under the going concern assumption, which presumes that the Company will be able to meet its obligations as they fall due for at least the next 12 months from the date of the signing of the Financial Statements.

The Company had a net cash inflow for the year of £766,456(2021: £143,312) and at 30 June 2022 had cash and cash equivalents balance of £1,096,084 (2021: £329,628).

An operating loss of £1,011,445 has been made and although the Company was in a net current asset position of £907,892 at 30 June 2022 and has raised £696,000 (before expenses) post year-end, the directors are aware the Company's ability to fund its forecasted expenditure and thus remain a going concern for at least 12 months from the approval of these financial statements is dependent on the raising of further equity and/or debt finance. Whilst the directors acknowledge this is uncertain, they have a reasonable expectation that necessary funds will be raised as required over this period.

The Directors have made enquires and assessed the potential impact of the COVID-19 virus on the Company. As such, whilst they acknowledge that COVID-19 could continue to have long lasting and significant impacts on the global economy, the Directors believe that the Company has sufficient finance to meet their obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.

2.4 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

New standards, amendments to standards and interpretations:

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2021 have had a material impact on the Company.

Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Company and which have not been applied in these financial statements, were in issue but were not yet effective.

Standard	Impact on initial application	Effective date
IAS 1	Amendments – presentation and classification of liabilities as current or non current	TBC
IFRS 3 (amendments)	Business combinations	01 January 2022
IAS 37 (amendments)	Onerous contracts	01 January 2022
IAS 16 (amendments)	Proceeds before intended use	01 January 2022
IAS 8	Amendments – Definition e of accounting policies	01 January 2023
IAS 1	Amendments – Disclosure of accounting policies	01 January 2023
IFRS 17	Insurance Contracts	01 January 2023
IFRS 17 (amendments)	Insurance contracts	01 January 2023

The directors do not consider that these standards will impact the financial statements of the Company.

2.5 Business Combinations

Acquisitions of business are accounted for using the acquisition method.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value.

Consideration is also measured at fair value at the acquisition date. This is calculated as the sum of the fair values of assets transferred less the fair value of the liabilities incurred by the Company.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirers previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired, and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirers previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Acquisition-related costs are recognised in profit or loss as incurred.

2.6 Asset acquisition

Where an acquisition transaction constitutes the acquisition of an asset and not a business, the consideration paid is allocated to assets and liabilities acquired based on their relative fair values, with transaction costs capitalised. No gain or loss is recognised.

Consideration paid in the form of equity instruments is measured by reference to the fair value of the asset acquired. The fair value of the assets acquired would be measured at the point control is obtained. The Group recognises the fair value of contingent consideration in respect to an asset acquisition, where it is probable that a liability has been incurred, and the amount of that liability can be reasonably estimated. Such contingent consideration is recognized at the time control of the underlying asset is obtained, and such an amount is included in the initial measurement of the cost of the acquired assets. The Group recognises contingent consideration in the form of cash, and contingent consideration in the form of equity instruments. Contingent consideration in the form of cash is recognised as a liability, and contingent consideration in the form of equity instruments is recognised in the contingent share reserve.

For contingent cash consideration milestones, the Group estimates a probability for the likelihood of completion to estimate the total liability for the expected variable payments. The probability estimated for the likelihood of completion is considered at each reporting period. Movements in the fair value of contingent cash consideration payable is capitalised as part of the asset.

For contingent share consideration milestones, the Group estimates a probability for the likelihood of completion to estimate the total contingent share consideration payable. The probability estimated for the likelihood of completion is not reassessed in subsequent reporting periods.

Deferred tax is not recognised upon an asset acquisition.

2.7 Foreign currency translation

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

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

2.8 Financial instruments

Initial recognition

A financial asset or financial liability is recognised in the statement of financial position of the Company when it arises or when the Company becomes part of the contractual terms of the financial instrument.

Classification

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

(1) the asset is held within a business model whose objective is to collect contractual cash flows; and

(2) the contractual terms of the financial asset generating cash flows at specified dates only pertain to capital and interest payments on the balance of the initial capital.

Financial assets which are measured at amortised cost, are measured using the Effective Interest Rate Method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost using the effective interest rate method include current borrowings and trade and other payables that are short term in nature. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included as finance costs in profit or loss. Trade payables other payables are non-interest bearing and are stated at amortised cost using the effective interest method.

Derecognition

A financial asset is de-recognised when:

(1) the rights to receive cash flows from the asset have expired, or

(2) the Company has transferred its rights to receive cash flows from the asset or has undertaken the commitment to fully pay the cash flows received without significant delay to a third party under an arrangement and has either (a) transferred substantially all the risks and the assets of the asset or (b has neither transferred nor held substantially all the risks and estimates of the asset but has transferred the control of the asset.

Impairment

The Company recognises a provision for impairment for expected credit losses regarding all financial assets. Expected credit losses are based on the balance between all the payable contractual cash flows and all discounted cash flows that the Company expects to receive. Regarding trade receivables, the Company applies the IFRS 9 simplified approach in order to calculate expected credit losses. Therefore, at every reporting date, provision for losses regarding a financial instrument is measured at an amount equal to the expected credit losses over its lifetime without monitoring changes in credit risk. To measure expected credit losses, trade receivables and contract assets have been grouped based on shared risk characteristics.

Trade and other receivables

Trade and other receivables are initially recognised at fair value when related amounts are invoiced then carried at this amount less any allowances for doubtful debts or provision made for impairment of these receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

Trade payables

These financial liabilities are all non-interest bearing and are initially recognised at the fair value of the consideration payable.

2.9 Equity

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

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

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

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

2.10 Share-based payments

The Company records charges for share-based payments.

For warrant-based or option-based share-based payments, to determine the value of the warrants or options, management estimate certain factors used in the Black Scholes Pricing Model, including volatility, vesting date exercise date of the warrants or option and the number likely to vest. At each reporting date during the vesting period management estimate the number of shares that will vest after considering the vesting criteria. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in reserves.

2.11 Taxation

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.9 Intangible assets – Exploration and evaluation expenditures (E&E) Development expenditure

The Company applies the successful efforts method of accounting, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Statement of Comprehensive Income. Expenditure incurred on the acquisition of a licence interest is initially capitalised within intangible assets on a licence-by-licence basis. Costs are held, unamortised, until such time as the exploration phase of the field area is complete or commercial reserves have been discovered. The cost of the licence is subsequently transferred into property, plant and equipment and depreciated over its estimated useful economic life.

Exploration expenditure incurred in the process of determining exploration targets is capitalised initially within intangible assets as drilling costs. Drilling costs are initially capitalised on a licence-by-licence basis until the success or otherwise has been established. Drilling costs are written off unless the results indicate that reserves exist and there is a reasonable prospect that these reserves are commercially viable. Drilling costs are subsequently transferred into 'Drilling expenditure' within property, plant and equipment and depreciated over their estimated useful economic life.

2.10 Impairment of Exploration and Evaluation assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. This includes consideration of the IFRS 6 impairment indicators for any intangible exploration and evaluation expenditure capitalised as intangible assets. Examples of indicators of impairment include whether:

(a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Any impairment identified is recorded in the statement of comprehensive income.

2.11 Critical accounting judgements and key sources of uncertainty

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognised in the financial information. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Impairment of intangible assets

The first stage of the impairment process is the identification of an indication of impairment. Such indications can include significant geological or geophysical information which may negatively impact the existing assessment of a project's potential for recoverability, significant reductions in estimates of resources, significant falls in commodity prices, a significant revision of the Company Strategy, operational issues which may require significant capital expenditure, political or regulatory impacts and others. This list is not exhaustive and management judgement is required to decide if an indicator of impairment exists. The Company regularly assesses the non-tangible assets for indicators of impairment. When an impairment indicator exists an impairment test is performed; the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Share-based payments

When issuing warrant, options or other share based payment instruments that fall under the scope of IFRS 2, management are required to determine the value of the warrants or options. To calculate a fair value for such instrument, Management use the black scholes valuation model and must therefore estimate certain factors used in the option pricing model, including volatility, expected life of the option and the risk free rate. At each reporting date during the vesting period management estimate the number of shares that will vest after considering the vesting criteria. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in the reserves. For further detail see note 16, in the notes to the financial statements.

2.12 Earnings per share

Basic earnings per share is calculated as profit or loss attributable to equity holders of the Company for the period, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. The diluted profit per share has been is the same as the basic profit per share for 2022 because, although certain warrants and options in issue were in the money as at the year end, the Company reported a loss, hence including the additional dilution would have resulted in a reduction of the loss per share.

2.13 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board as a whole.

All operations and information are reviewed together therefore at present there is only one reportable operating segment.

3. SEGMENT REPORTING

The Companies strategy is to act as a post discovery accelerator, where the Company identifies target(s) that have already had an early-stage geological discovery. To date the Company has identified and invested on one target, namely the Kathleen Valley Project. Hence at the moment there is only one reportable operating segment. In the prior year the sole operating segment was that of searching for a potential acquisition target.

4. OTHER INCOME

For the year ending 30 June 2022 this was £nil (2021: £37,500).

5. OPERATING LOSS

This is stated after charging:

	2022	2021
	£	£
Auditor's remuneration		
Audit of the Company	30,000	16,500
Other services	2,000	-
Directors' remuneration	266,585	80,356
Stock exchange and regulatory expenses	47,486	55,597
Share warrant and options expense (1)	493,232	-

Other expenses	172,142	268,987
Operating expenses	1,011,445	421,440

(1) This is a non-cash accounting expense for the issue of share warrants and options.

6. AUDITOR'S REUMERATION

	2022	2021
	£	£
Fees payable to the Company's current auditor:		
- audit of the Company's financial statements	30,000	16,500
- other services	2,000	-

7. DIRECTORS AND STAFF COSTS

During the year the only staff of the Company were the Directors and as such key management personnel. Management remuneration, other benefits supplied and social security costs to the Directors during the year was as follows below. For Directors costs see the Directors remuneration report on page 27 of the annual report.

	2022	2021
	£	£
Salaries	266,585	80,356
Social security costs	29,016	2,901
Share based payments	59,658	-
	355,259	83,257

8. INTEREST RECEIVABLE

	2022	2021
	£	£
Interest due on Loans	-	1,553

9. TAXATION

	2022	2021
	£	£

The charge / credit for the year is made up as follows:

Current tax	-	-
Deferred tax	-	-
Taxation charge / credit for the year	-	-

A reconciliation of the tax charge / credit appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the year is:

Loss per accounts	(1,011,445)	(382,387)
Tax credit at the standard rate of corporation tax in the UK of 19% (2021: 19%)	(192,175)	(72,654)
Impact of costs disallowed for tax purposes	17,919	-
Deferred tax in respect of temporary differences	-	-
Impact of unrelieved tax losses carried forward	174,256	72,654
	-	-

Estimated tax losses of £2,116,641 (2021: £1,199,505) are available for relief against future profits and a deferred tax asset of £402,162 (2021: £227,906) has not been provided for in the accounts due to the uncertainty of future profits.

Factors affecting the future tax charge

The standard rate of corporation tax in the UK is 19%. Accordingly, the Company's effective tax rate for the period was 19% (2021: 19%). As announced post the unsuccessful Mini-budget in September 2022, the rate of corporation tax will increase to 25% from April 2023.

Deferred taxation

No deferred tax asset has been recognised by the Company due to the uncertainty of generating sufficient future profits and tax liability against which to offset the tax losses. Note 9 above sets out the estimated tax losses carried forward.

10. EARNINGS PER SHARE

The calculation of the earnings per share is based on the loss for the financial period after taxation of £1,011,445 (2021: loss £382,387) and on the weighted average of 193,873,021 (2021: 23,200,000) ordinary shares in issue during the period.

The diluted profit per share is the same as the basic profit per share because, although certain warrants and options in issue were in the money as at 30 June 2022, the Company reported a loss, hence including the additional dilution would have resulted in a reduction of the loss per share.

	Earnings	Weighted average number of shares	Per-share amount

	£	unit	pence
30 June 2022: Loss per share attributed to ordinary shareholders	(1,011,445)	193,873,021	(0.52)
30 June 2021: Loss per share attributed to ordinary shareholders	(382,387)	23,200,000	(1.65)

11. EXPLORATION AND EVALUATION ASSETS

	At 30 June 2022 £	At 30 June 2021 £
Opening balance	-	-
Cost of acquisition including transaction costs	3,290,517	-
Exploration costs capitalised in the year	1,408,108	-
Net book value	4,698,625	-

In November 2021, the Company acquired a 30% interest in the Kathleen Valley (Gold) Project for £2,812,500. The consideration was £300,000 in cash and the balance in new Mila shares. Transaction costs of £478,017 have also been capitalised. The principal assets are leases with rights to exploration of those leases in Western Australia. At the period end the capitalised exploration and evaluation assets totalled £4.7m (2021: £nil). All Exploration costs capitalised in the year relate to the Kathleen Valley Project.

Exploration and evaluation assets are regularly reviewed for indicators of impairment. If an indicator of impairment is found an impairment test is required, where the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. The Directors are satisfied that no impairments are required for the current year.

12. TRADE AND OTHER RECEIVABLES

	2022 £	2021 £
Prepayments and other receivables	22,568	24,185
	22,568	24,185

The Directors consider that the carrying value amount of trade and other receivables approximates to their fair value.

13. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank	1,096,084	329,628
	1,096,084	329,628

Cash at bank comprises balances held by the Company in current bank accounts. The carrying value of these approximates to their fair value.

14. TRADE AND OTHER PAYABLES

	2022 £	2021 £
Trade payables	36,722	43,038
Accruals and other payables	174,038	135,272
	210,760	178,309

15. SHARE CAPITAL / SHARE PREMIUM

	Number of shares on issue	Share capital £	Share premium £	Total £
Balance as at 1 July 2020	23,200,000	232,000	849,300	1,081,300
Balance as at 30 June 2021	23,200,000	232,000	849,300	1,081,300
Capital Raising	151,812,495	1,518,125	1,904,240	3,422,365
Acquisition of Kathleen Valley	83,543,197	835,432	1,169,605	2,005,037
Conversion of convertible loan notes	47,775,365	477,754	382,203	859,957
Conversion of warrants	220,000	2,200	8,360	10,560
Warrants issued in lieu of share issue costs	-	-	(45,861)	(45,861)
Balance as at 30 June 2022	306,551,057	3,065,511	4,267,846	7,333,357

The Company issued a total of 283,351,057 new fully paid ordinary shares during the year.

In November 2021, the Company completed a placing of 145,833,329 new fully paid ordinary shares with a nominal value of £0.01, raising gross proceeds of £3.5m before expenses. 5,979,166 ordinary shares were issued directors and certain advisors as set out in the Prospectus dated 29 October 2021.

In November 2021, the Company acquired an initial 30% interest in the Kathleen Valley Gold Project in Western Australia. As part of the purchase consideration the Company issued 83,543,197 ordinary shares.

In November 2021, the Company converted the outstanding convertible loan notes by issuing 47,775,365 ordinary shares in order to settle the outstanding loan notes.

In May 2022, the received a Warrant conversion request and subsequently converted 220,000 outstanding warrants to 220,000 new ordinary shares.

The Directors held the following warrants at the beginning and end of the year:

Director	At 30 June 2021	Granted during the year (1)	At 30 June 2022	Exercise price	Earliest date of exercise	Last date of exercise
M. Stephenson	-	7,500,000	7,500,000	£0.024	22 Nov 2021	31 Dec 2026
L. Daniels	-	7,500,000	7,500,000	£0.024	22 Nov 2021	31 Dec 2026
N. Hutchison	-	5,000,000	5,000,000	£0.024	22 Nov 2021	31 Dec 2026
L. Mair	-	2,000,000	2,000,000	£0.024	22 Nov 2021	31 Dec 2026
		22,000,000	22,000,000			

(1) as outlined in the prospectus dated 29 October 2021("Prospectus").

The Directors held the following EMI Options at the beginning and end of the year:

Director	At 30 June 2021	Granted during the year	At 30 June 2022	Exercise price	Earliest date of exercise	Last date of exercise
M. Stephenson	-	3,500,000	3,500,000	£0.024	10 Dec 2021	10 Dec 2026
L. Daniels	-	2,500,000	2,500,000	£0.024	10 Dec 2021	10 Dec 2026
		6,000,000	6,000,000			

16. SHARE BASED PAYMENT RESERVE AND SHARE BASED PAYMENTS

SHARE BASED PAYMENT RESERVE

	2022	2021
	£	£

At 1 July	4,720	4,720
Issue of Warrants per prospectus	479,435	-
Issue of EMI Options per prospectus	59,658	-
At 30 June	543,813	4,720

Warrants and Options in Issue	Number of Options in Issue	Number of Warrants in Issue	Weighted average exercise price	Expiry date
At 1 July 2020 (1)	-	15,825,000	£0.048	
Expired during the year	-	4,400,000		
Balance at 30 June 2021 (2)	-	11,425,000	£0.048	31 Dec 2022
Warrants issued during the year – per the prospectus	-	242,264,111	£0.0432	31 Dec 2026
EMI options scheme issued during the year – per the prospectus	6,000,000	-	£0.024	10 Dec 2026
Warrants exercised during the year	-	(220,000)		
At 30 June 2022	6,000,000	253,469,111	£0.0429	

1. On 4 December 2020 the expiration date of the Series 2 warrants (350,000 warrants) and the IPO Investor warrants (11,075,000 warrants) was extended to the 31st of December 2022. The 4,400,000 founder warrants expired on 31 December 2020
2. The strike price for all of the remaining warrants at 30 June 2021, namely the Series 2 warrants and the IPO Investor warrants, was reduced from 10 pence to 4.8 pence.

The market price of the shares at year end was £0.032 per share.

During the year, the minimum and maximum prices were £0.026 and £0.062 per share respectively.

SHARE BASED PAYMENTS – WARRANTS AND OPTIONS

The Warrants below were issued or amended during the period

Issued	Exercisable from	Expiry Date	Number outstanding	Exercise price	Share Based Payment Charge
Warrants - 12 September 2016(1)	From date of issue	31 December 2022	350,000	4.8 pence	£ 60

Warrants - 26 September 2016[2]	7 October 2016	31 December 2022	10,855,000	4.8 pence	-
Warrants - 22 November 2021	22 November 2021	31 December 2026	193,608,694	4.8 pence	-
Warrants - 22 November 2021[3]	22 November 2021	31 December 2026	48,655,417	2.4 pence	£ 433,514
			253,469,111		**£ 433,574**

1. The warrants were issued conditionally upon the Ordinary Shares being admitted to trading on the London Stock Exchange's main market for listed securities which occurred on 7 October 2016. On 23 November 2021 the strike price for these warrants was reduced from 10 pence to 4.8 pence. The warrants are fully vested and expire on the 31st of December 2022. The Share Warrant expense charge to the Statement of Comprehensive income for the year ending 30 June 2022 was £60; this was calculated using the Black Scholes model utilising the inputs listed below:
    i. Number of warrants amended 0.35m
    ii. Date of Amendment – 23 Nov 2021
    iii. Expected Date of Exercise – 31 Dec 2022
    iv. Exercise price 4.8 pence
    v. Expiry – 31 December 2022
    vi. Risk free rate .930%
    vii. Volatility 66.24% (Historical Annualised Volatility). As the entity has been suspended periodically throughout its life we have selected exploration companies in the similar space to obtain our annual sample volatility.
    viii. Share price at measurement date 2.4 pence. This is the fair value of shares based on initial re-listing price
    ix. Dividend Yield 0%
    x. Expected life 1.10 years

2. On 23 November 2021 the strike price for these warrants was reduced from 10 pence to 4.8 pence.
3. On 23 November 2021, the Company granted 48,655,417 warrants, on the terms and set out in the Prospectus dated 29 October 2021 to brokers, certain advisors, and directors. The warrants are fully vested and expire on the 31st of December 2026. The Share Warrant expense charge to the Statement of Comprehensive income for the year ending 30 June 2022 was £433,514; this was calculated using the Black Scholes model utilising the inputs listed below:
    i. Number of warrants issued 48.6m
    ii. Date of Grant – 23 Nov 2021
    iii. Expected Date of Exercise – 12 June 2024
    iv. Exercise price 2.4 pence
    v. Expiry – 31 December 2026
    vi. Risk free rate .930%

vii. Volatility 66.24% (Historical Annualised Volatility). As the entity has been suspended periodically throughout its life we have selected exploration companies in the similar space to obtain our annual sample volatility.
viii. Share price at measurement date 2.4 pence. This is the fair value of shares based on initial re-listing price
ix. Dividend Yield 0%
x. Expected life 2.55 years

The Options below were issued during the period

Issued	Exercisable from	Expiry Date	Number outstanding	Exercise price	Share Based Payment Charge
Options - 10 December 2021[4]	10 December 2021	10 December 2026	6,000,000	2.4 pence	£ 59,658
			6,000,000		£ 59,658

4. Issued under the Company's EMI Scheme established on the 10th of December 2021, as set out in the Prospectus dated 29 October 2021. The options are fully vested and expire on the 10th of December 2026. The options expense charge to the Statement of Comprehensive income for the year ending 30 June 2022 was £59,658; this was calculated using the Black Scholes model utilising the inputs listed below:
   i. Number of options issued 6m
   ii. Date of Grant – 9 Dec 2021
   iii. Expected Date of Exercise – 9 June 2024
   iv. Exercise price 2.4 pence
   v. Expiry – 10 December 2026
   vi. Risk free rate .810%
   vii. Volatility 65.12% (Historical Annualised Volatility). As the entity has been suspended periodically throughout its life we have selected exploration companies in the similar space to obtain our annual sample volatility.
   viii. Share price at measurement date 2.45 pence.
   ix. Dividend Yield 0%
   x. Expected life 2.50 years

17. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2021 and 30 June 2022.

18. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2021 and 30 June 2022.

19. COMMITMENTS UNDER LEASES

There were no commitments under operating leases at 30 June 2021 and 30 June 2022.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise primarily cash and various items such as trade debtors and trade payables which arise directly from operations. The main purpose of these financial instruments is to provide working capital for the Company's operations. The Company does not utilise complex financial instruments or hedging mechanisms.

Financial assets by category

	2022	2021
	£	£
Current Assets:		
Cash and cash equivalents	1,096,084	329,628
Trade and other receivables	11,520	9,297
Categorised as financial assets at amortised cost	1,107,604	338,925

Financial liabilities by category

	2022	2021
	£	£
Current Liabilities:		
Trade and other payables	210,760	166,355
Convertible Loan Notes	-	348,692
Categorised as financial liabilities measured at amortised cost	210,760	391,789

All amounts are short term and payable in 0 to 6 months.

Credit risk

The maximum exposure to credit risk at the reporting date by class of financial asset was:

	2022	2021
	£	£
Trade and other receivables	11,520	9,297
	-	-

Capital management

The Company considers its capital to be equal to the sum of its total equity. The Company monitors its capital using a number of key performance indicators including cash flow projections, working capital ratios, the cost to achieve development milestones and potential revenue from partnerships and ongoing licensing activities.

The Company's objective when managing its capital is to ensure it obtains sufficient funding for continuing as a going concern. The Company funds its capital requirements through the issue of new shares to investors.

Interest rate risk

The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

	2022	2021
	£	£
Bank balances	1,096,084	329,628

The Company is not financially dependent on the income earned on these resources and therefore the risk of interest rate fluctuations is not significant to the business and the Directors have not performed a detailed sensitivity analysis.

All deposits are placed with main clearing banks, with 'A' ratings, to restrict both credit risk and liquidity risk. The deposits are placed for the short term, between one and three months, to provide flexibility and access to the funds.

Credit and liquidity risk

Credit risk is managed on a Company basis. Funds are deposited with financial institutions with a credit rating equivalent to, or above, the main UK clearing banks. The Company's liquid resources are invested having regard to the timing of payment to be made in the ordinary course of the Company's activities. All financial liabilities are payable in the short term (between 0 to 3 months) and the Company maintains adequate bank balances to meet those liabilities.

Currency risk

The Company operates in a global market with income and costs possibly arising in a number of currencies. The Company's strategic aim of acquiring asset(s) or business(es) acting as a post discovery accelerator, is not limited to any specific geo-political area or jurisdiction. Currently the majority of the Company's overhead costs are incurred in £GBP. The Kathleen Valley Project is located in Western Australia, and hence the majority of the exploration and evaluation costs relating to this project are incurred in $AUD. The Company has not hedged against any currency depreciation but continues to keep the matter under review. The Company did not have foreign currency exposure at year end.

21. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The Directors are considered to be key management personnel. Detailed remuneration disclosures are provided in the remuneration report on pages 23 – 25 of the annual report.

Amounts due from/to related parties

There were no amounts due to directors as at 30 June 2022 (2021: £11,954). No amounts were due from directors as at 30 June 2022 (2021: £Nil).

In the prior year, Mark Stephenson, subscribed to £50,000 of the convertible loan notes disclosed in note 15. As at 30 June 2022 the balance due, to Mark Stephenson, in relation to this convertible loan note, including the accrued interest, was £Nil (2021: £51,192)

There were no other related party transactions.

22. EVENTS SUBESQUENT TO YEAR END

Fund Raise – post year end

Post year end, the Company announced on the 6th of October 2022 that it raised £696,000 (before expenses) through a Placing of 23,199,984 New Ordinary Shares of GBP0.01 each ("Placing Shares") at a price of 3 pence per Placing Share (the "Placing"). Investors in the Placing will also receive one three year warrant per Placing Share to subscribe for one new ordinary share at a cost of 4.8p per share ("Investor Warrants"). The Company has also issued 524,000 broker warrants that are exercisable at 3p for a period of 3 years ("Broker Warrants").

The Investor Warrants and Broker Warrants are conditional on the publication of a Prospectus by the Company, which it anticipates filing as soon as practicable, and shareholder approval to increase the Company's share authorities.

23. CONTROL

In the opinion of the Directors there is no single ultimate controlling party.

ENDS

For more information visit www.milaresources.com or contact:

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