

Anglesey Mining plc

Half yearly report

for the six months to 30 September 2013

Anglesey Mining plc

Chairman's Statement and Management Report

The half year to the end of September 2013 has been difficult for the group and particularly for the investment in Labrador Iron Mines ("LIM").

For the six months ended 30 September 2013, LIM sold six shipments of iron ore totalling 980,000 dry tonnes and expects to achieve its target for the production and sale of 1.7 million wet tonnes for the year. However the quality of that product was below expectations, largely because of lower grade encountered in the deeper part of the James mine, and the net revenue received was negatively impacted, despite the improvement in iron ore prices. At the same time LIM's operating costs continued at higher levels than anticipated. The result was a very large loss reported by LIM. Now that LIM is treated as an investment this loss does not directly impact the group's accounts. However the LIM share price had declined at the period end and that fall in price is now reflected as a loss in our income statement. The increase in value of sterling against the Canadian dollar over the period has added further to this loss.

At the same time Parys Mountain has been maintained on a low activity level with only a limited amount of geological review being conducted. This has ensured that costs have been kept to a minimum and cash conserved. A number of cost limitation matters have been completed and these should lead to a reduction of operating expenses in future periods.

We continue to monitor the markets for the various metals that comprise the Parys Mountain project with the expectation that we will be able to move the project forward, with its relatively short lead time, to production once we sense the future upturn in these metal prices is well founded. We also continue to monitor other potential projects in suitable commodities in politically stable environments.

Labrador Iron

LIM detailed the following highlights for the three and six month periods ended 30 September 2013:

- During the quarter, LIM sold four shipments of iron ore totalling 652,000 dry tonnes, and reported revenue of C\$40.3 million. For the six months ended September 30, 2013, LIM has completed the sale of six shipments of iron ore totalling 980,000 dry tonnes.
- Revenues were impacted by value-in-use deductions arising primarily from the lower grade of ore mined.
- With a number of cost reduction measures implemented and higher production volumes achieved, operating unit costs were lower quarter over quarter.

- For the half year ended 30 September 2013, LIM reported a net loss of C\$53.4 million, which included a non-cash depletion and depreciation charge of C\$26.3 million.
- During the period, LIM completed the Joint Venture Agreement with Tata Steel Minerals Canada (“TSMC”) for the exploration and development of LIM’s Howse Deposit and received a cash consideration of C\$30 million.

Mining, Processing and Rail

During the first half of the 2013 operating season, LIM mined a total of 1.33 million tonnes of ore from the James Mine, Redmond Mine and Ferriman stockpiles. At James, approximately 1.12 million tonnes of ore were mined during the period. Mining activity took place deeper in the pit and the ore exhibited a lower in-situ iron grade and contained a greater fines component than previously experienced.

Initial mining of the Redmond Mine commenced in July 2013 and 190,000 tonnes of ore was extracted during the period. Waste removal from Redmond was minimal, partially offsetting the additional costs of hauling the material approximately 12 kilometres to Silver Yards. High clay content in the Redmond material caused difficulties in the wet processing plant, resulting in poor recovery levels.

Bulk sampling of ore from the Ferriman stockpiles commenced in September 2013 and 18,500 tonnes of ore was reclaimed from Ferriman. The Ferriman material has responded well to wet processing.

Processing activities at Silver Yards increased significantly in the second quarter, with full operations from both the wet processing and dry screening facilities. A total of 1.8 million tonnes of plant feed were processed and screened during the period, producing an aggregate of 1.1 million tonnes of lump and sinter iron ore product. Product recovery rate was low at 61%, which was attributable to a higher amount of fines in the James plant feed extracted from deep in the pit, the high clay content of the Redmond plant feed and underperformance of the newly installed wet high intensity magnetic separator.

LIM railed a record of approximately 1.05 million tonnes of iron ore to the Port of Sept-Îles. By the end of July, a fourth train set was operating and rail operations averaged approximately five trains per week.

Iron Ore Sales

LIM completed six shipments of iron ore totalling 980,000 dry tonnes during the period. These shipments were sold to the Iron Ore Company of Canada. LIM recognized net revenue of C\$58.2 million after netting shipping costs and IOC’s participation from the CFR China actual realized price for these shipments.

LIM's product sales during the period experienced value-in-use deductions related to the silica, iron content and sizing specifications, which deviated from benchmark standards.

Parys Mountain

There has been a limited amount of work carried out on the Parys Mountain site. Geological data compilation, assessment and review have continued and this will increase in the coming months. The group continues to monitor the markets for its major metals and in particular the medium term prospects for zinc on which the immediate future development of mining and treatment operations is highly dependent. The lead time to move Parys Mountain into production, subject to financing, is relatively short. In the meantime expenditure will be kept to a minimum consistent with sufficient geological review being maintained.

Financial Results

There was a net loss for the period of £3.2 million (2012 loss - £7.4 million); almost £3 million of this loss was in respect of the holding in LIM. Administration expenses were slightly reduced. The group has no revenues from the operation of its properties. At the period end the cash resources of the group were £0.4 million (31 March 2013 - £0.7 million).

Outlook

The iron ore price has firmed during the half year and has maintained some stability for a couple of months. Recent political signals from China suggest that infrastructure investment will continue and this should continue to support the price around current levels. LIM has to maintain its programme of cost reductions and couple this with detailed planning for the next stage of development at Houston. Together all these should, subject to additional financing, provide a solid basis for future operations.

Base metal prices, particularly of lead and zinc, have still to respond to any Chinese stimulus and to the perceived reduction in global production levels in the next few years. The group is of the view that sustained upward movements will occur in the near future.

John F Kearney

Chairman

25 November 2013

Anglesey Mining plc - Group

Condensed consolidated income statement

	Notes	Unaudited six months ended 30 September 2013	Unaudited six months ended 30 September 2012
		£	£
All operations are continuing			
Revenue		-	-
Expenses		(196,480)	(201,885)
Share of loss of associate		-	(7,039,697)
Losses on deemed disposals in associate		-	(133,913)
Loss on fair value of investment	10	(2,440,187)	-
Exchange difference on loss above	10	(527,771)	-
Investment income		14,267	27,075
Finance costs		(57,149)	(57,456)
Foreign exchange (loss)/profit		(1,566)	8,887
Loss before tax		(3,208,886)	(7,396,989)
Tax	8	-	-
Loss for the period		(3,208,886)	(7,396,989)
Loss per share			
Basic - pence per share		(2.0)p	(4.6)p
Diluted - pence per share		(2.0)p	(4.6)p

Condensed consolidated statement of comprehensive income

Loss for the period	(3,208,886)	(7,396,989)
Other comprehensive income:		
Exchange difference on translation of foreign holding	-	42,465
Total comprehensive loss for the period	(3,208,886)	(7,354,524)

All attributable to equity holders of the company

Condensed consolidated statement of financial position

	Notes	Unaudited 30 September 2013 £	Audited 31 March 2013 £
Assets			
Non-current assets			
Mineral property development	9	14,787,943	14,753,566
Property, plant and equipment		204,687	204,687
Investment	10	4,996,574	7,964,532
Deposit		122,454	122,204
		20,111,658	23,044,989
Current assets			
Other receivables		38,071	40,239
Cash and cash equivalents		431,793	670,345
		469,864	710,584
Total assets		20,581,522	23,755,573
Liabilities			
Current liabilities			
Trade and other payables		(78,363)	(100,677)
		(78,363)	(100,677)
Net current assets		391,501	609,907
Non-current liabilities			
Loan		(2,363,432)	(2,306,283)
Long term provision		(42,000)	(42,000)
		(2,405,432)	(2,348,283)
Total liabilities		(2,483,795)	(2,448,960)
Net assets		18,097,727	21,306,613
Equity			
Share capital	11	7,116,914	7,116,914
Share premium		9,848,949	9,848,949
Retained earnings		1,131,864	4,340,750
Total shareholders' equity		18,097,727	21,306,613

All attributable to equity holders of the company

Condensed consolidated statement of cash flows

	Notes	Unaudited six months ended 30 September 2013 £	Unaudited six months ended 30 September 2012 £
Operating activities			
Loss for the period		(3,208,886)	(7,396,989)
Adjustments for non-cash items:			
Investment revenue		(14,267)	(27,075)
Finance costs		57,149	57,456
Share of loss of associate		-	7,039,697
Losses on deemed disposals in associate		-	133,913
Loss on fair value of investment	10	2,440,187	-
Exchange difference on loss above	10	527,771	-
Foreign exchange movement		1,566	(8,887)
		(196,480)	(201,885)
Movements in working capital			
Decrease in receivables		2,168	2,221
Decrease in payables		(10,123)	(50,682)
Net cash used in operating activities		(204,435)	(250,346)
Investing activities			
Investment revenue		14,017	26,825
Mineral property development		(46,568)	(1,280,091)
Net cash used in investing activities		(32,551)	(1,253,266)
Financing activities			
Proceeds from issue of shares		-	234,718
Net cash generated from financing activities		-	234,718
Net decrease in cash and cash equivalents		(236,986)	(1,268,894)
Cash and cash equivalents at start of period		670,345	3,150,644
Foreign exchange movement		(1,566)	8,887
Cash and cash equivalents at end of period		431,793	1,890,637

All attributable to equity holders of the company

Condensed consolidated statement of changes in group equity

	Share capital £	Share premium £	Currency translation reserve £	Retained earnings £	Total £
Equity at 1 April 2013 - audited	7,116,914	9,848,949	-	4,340,750	21,306,613
Total comprehensive income for the period:					
Loss for the period	-	-	-	(3,208,886)	(3,208,886)
Total comprehensive income for the period:	-	-	-	(3,208,886)	(3,208,886)
Equity at 30 September 2013 - unaudited	7,116,914	9,848,949	-	1,131,864	18,097,727
Comparative period					
Equity at 1 April 2012 - audited	7,096,914	9,634,231	3,241,170	35,792,148	55,764,463
Total comprehensive income for the period:					
(Loss) for the period	-	-	-	(7,396,989)	(7,396,989)
Exchange difference on translation of foreign holdings	-	-	42,465	-	42,465
Total comprehensive income for the period:	-	-	42,465	(7,396,989)	(7,354,524)
Shares issued to discharge a liability	20,000	220,000	-	-	240,000
Share issue costs	-	(5,282)	-	-	(5,282)
Equity-settled benefits credit: - associate	-	-	-	284,991	284,991
Equity at 30 September 2012 - unaudited	7,116,914	9,848,949	3,283,635	28,680,150	48,929,648

All attributable to equity holders of the company

Notes to the accounts

1. Basis of preparation

This half-yearly financial report comprises the condensed consolidated financial statements of the group for the six months ended 30 September 2013. It has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority, the requirements of IAS 34 - Interim financial reporting (as adopted by the European Union) and using the going concern basis (and the directors are not aware of any events or circumstances which would make this inappropriate). It was approved by the board of directors on 25 November 2013. It does not constitute financial statements within the meaning of section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for annual financial statements. It should be read in conjunction with the annual report and financial statements for the year ended 31 March 2013 which is available on request from the company or may be viewed at www.angleseymining.co.uk.

The financial information contained in this report in respect of the year ended 31 March 2013 has been extracted from the report and financial statements for that year which have been filed with the Registrar of Companies. The report of the auditors on those accounts did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and was not qualified. The half-yearly results for the current and comparative periods are unaudited.

2. Significant accounting policies

The accounting policies applied in these condensed consolidated financial statements are consistent with those set out in the annual report and financial statements for the year ended 31 March 2013. The following amendments to interpretations were effective in the current period and have been adopted:

IAS 1 Presentation of Financial Statements: Amendments to revise the way other comprehensive income is presented; Issued – June 2011; Effective – Annual periods beginning on or after 1 July 2012. The amendments to IAS 1 require items of other comprehensive income to be grouped into those that will be subsequently reclassified to profit or loss and those that will not. The disclosures will be made in the group's financial statements for the year ended 31 March 2014.

IFRS 13 Fair Value Measurement: Original issue; Issued – May 2011; Effective – Annual periods beginning on or after 1 January 2013. The application of IFRS 13 has not significantly impacted the fair value measurement of any financial assets or liabilities held by the group. IFRS 13 also requires additional disclosures at the interim period which have been incorporated into IAS 34 These disclosures are given in note 12.

The adoption of the following amendments and new interpretations has not resulted in a change to the accounting policies nor had a material effect on the financial performance and position of the group. In preparing these financial statements any accounting assumptions and estimates made by management were consistent with those applied to the aforesaid annual report and financial statements.

IFRS 11 Joint Arrangements: Original issue; Issued – May 2011; Effective – Annual periods beginning on or after 1 January 2013.

IAS 19 Employee Benefits: Original issue; Issued - Amended June 2011; Effective - Annual periods on or after 1 January 2013.

IAS 27 Separate Financial Statements (as amended in 2011): Original issue; Issued – May 2011; Effective – Annual periods beginning on or after 1 January 2013

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IAS 28 Investments in Associated and Joint Ventures: Original issue; Issued – May 2011; Effective – Annual periods beginning on or after 1 January 2013

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine; Effective – Annual periods beginning on or after 1 January 2013

Annual improvements 2009-2011: these amendments to IAS 1, IAS 16 and IAS 32 are effective for accounting periods beginning on or after 1 January 2013.

3. Risks and uncertainties

The principal risks and uncertainties set out in the group's annual report and financial statements for the year ended 31 March 2013 remain the same for this half-yearly financial report and can be summarised as: development risks in respect of mineral properties, especially in respect of permitting and metal prices; liquidity risks during development; and foreign exchange risks. More information is to be found in the 2013 annual report – see note 1 above.

4. Statement of directors' responsibilities

The directors confirm to the best of their knowledge that: (a) the condensed consolidated financial statements have been prepared in accordance the requirements of IAS 34 Interim financial reporting (as adopted by the European Union); and (b) the interim management report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R). This report and financial statements were approved by the board on 25 November 2013 and authorised for issue on behalf of the board by Bill Hooley, Chief Executive Officer and Danesh Varma, Finance Director.

5. Activities

The group is engaged in mineral property development and currently has no turnover. There are no minority interests or exceptional items.

6. Earnings per share

The loss per share is computed by dividing the loss attributable to ordinary shareholders of £3.2 million (2012 loss £7.4m), by 160,608,051 (2012 - 159,328,270) - the weighted average number of ordinary shares in issue during the period. Where there are losses the effect of outstanding share options is not dilutive.

7. Business and geographical segments

There are no revenues. The cost of all activities charged in the income statement relates to exploration and development of mining properties. The group's income statement and assets and liabilities are analysed as follows by geographical segments, which is the basis on which information is reported to the board.

	Unaudited six months ended 30 September 2013			Unaudited six months ended 30 September 2012		
	UK £	Canada - investment £	Total £	UK £	Canada - associate £	Total £
Expenses	(196,480)	-	(196,480)	(201,885)	-	(201,885)
Loss on fair value of investment	-	(2,440,187)	(2,440,187)	-	-	-
Exchange difference on loss above	-	(527,771)	(527,771)	-	-	-
Share of loss in associate	-	-	-	-	(7,039,697)	(7,039,697)
Loss on deemed disposals	-	-	-	-	(133,913)	(133,913)
Investment income	14,267	-	14,267	27,075	-	27,075
Finance costs	(57,149)	-	(57,149)	(57,456)	-	(57,456)
Exchange rate movements	(1,566)	-	(1,566)	8,887	-	8,887
Loss for the period	(240,928)	(2,967,958)	(3,208,886)	(223,379)	(7,173,610)	(7,396,989)

	Unaudited 30 September 2013			Audited 31 March 2013		
	UK £	Canada - investment £	Total £	UK £	Canada - associate £	Total £
Assets	15,584,948	4,996,574	20,581,522	15,791,041	7,964,532	23,755,573
Liabilities	(2,483,795)	-	(2,483,795)	(2,448,960)	-	(2,448,960)
Net assets	13,101,153	4,996,574	18,097,727	13,342,081	7,964,532	21,306,613

8. Deferred tax

There is an unrecognised deferred tax asset of £1.2 million (31 March 2013 - £1.2m) which, in view of the group's results, is not considered to be recoverable in the short term. There are also capital allowances, including mineral extraction allowances, exceeding £11 million (unchanged from 31 March 2013) unclaimed and available. No deferred tax asset is recognised in the condensed financial statements.

9. Mineral property development

Mineral development costs incurred by the group are carried in the condensed consolidated financial statements at cost, less an impairment provision if appropriate. The recovery of mineral development costs is dependent upon the successful development and operation of the Parys Mountain project which is itself conditional on finance being available to fund such development. During the period expenditure of £34,377 was incurred (six months to 30 September 2012 - £370,623). The 2012 expenditure included more drilling costs and the cost of terminating a net profits royalty agreement in respect of Parys Mountain. There have been no indicators of impairment during the period.

10. Investment – formerly interest in an associate

Labrador Iron Mines Holdings Limited (LIM) is the 100% owner and operator of a series of iron ore properties in Labrador and Quebec, many of which were formerly held and initially explored by the group. On 6 November 2012 the group's holding in LIM was diluted from 26% to 15% as a result of LIM share issues to third party interests. From that date its accounting treatment has changed and LIM is now held as an investment.

	Unaudited 30	
	September 2013	31 March 2013
	£	£
Value of investment upon recognition as a financial investment	-	10,483,858
Value brought forward	7,964,532	-
Addition to investment	-	950,927
Loss on adjustment to fair value	(2,440,187)	(3,791,439)
Exchange difference arising on adjustment above	(527,771)	321,186
Amount carried in the group accounts	4,996,574	7,964,532

The published fair value of the group's investment in LIM at 30 September 2013 is £5 million (31 March 2013 - £8 million). The shares included above represent an investment in listed equity securities that present the group with opportunity for return through dividend income and trading gains. The group holds a strategic non-controlling interest. These shares are not held for trading and accordingly are classified as 'available for sale' which is deemed to be the most appropriate classification under IFRS. The fair values of all equity securities are based on quoted market prices. The above investment is measured subsequent to initial recognition at fair value as 'Level 1' AFS based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets.

11. Share capital

Issued and fully paid	Ordinary shares of 1p		Deferred shares of 4p		Total Nominal value £
	Nominal value £	Number	Nominal value £	Number	
At 31 March 2012	1,586,081	158,608,051	5,510,833	137,770,835	7,096,914
Issued 11 July 2012	20,000	2,000,000	-	-	20,000
At 31 March and 30 September 2013	1,606,081	160,608,051	5,510,833	137,770,835	7,116,914

12. Financial instruments

	Available for sale asset		Loans & receivables		Financial liabilities	
	Unaudited 30 Sep 13	31 March 2013	Unaudited 30 Sep 13	31 March 2013	Unaudited 30 Sep 13	31 March 2013
	£	£	£	£	£	£
Financial assets						
Investment	4,996,574	7,964,532	-	-	-	-
Deposit	-	-	122,454	122,204	-	-
Other debtors	-	-	38,071	40,239	-	-
Cash and cash equivalents	-	-	431,793	670,345	-	-
Financial liabilities	-	-				
Trade creditors	-	-	-	-	(12,533)	(33,860)
Loans due to Juno	-	-	-	-	(2,363,432)	(2,306,283)
	<u>4,996,574</u>	<u>7,964,532</u>	<u>592,318</u>	<u>832,788</u>	<u>(2,375,965)</u>	<u>(2,340,143)</u>

13. Events after the reporting period

None.

14. Related party transactions

None.

Anglesey Mining plc

Directors:

John Kearney	Chairman
Bill Hooley	Chief executive
Danesh Varma	Finance director
David Lean	Non executive
Howard Miller	Non executive
Roger Turner	Non executive

Corporate office telephone: 01248 361333

Parys Mountain site: Parys Mountain, Amlwch, Anglesey, LL68 9RE

Phone 01407 831275

London office: Painter's Hall Chambers, 8 Little Trinity Lane, London, EC4V 2AN

Phone 020 7653 9881

Labrador Iron Mines TSX:LIM

www.labradorironmines.ca

Phone +1 647 728 4125

Registered office: Tower Bridge House, St. Katharine's Way, London, E1W 1DD

Share registrars: Capita Registrars www.capitaregistrars.com

Phone 0871 664 0300 - for all change of address and shareholder administration matters (calls cost 10p per minute plus network extras, lines open 0830 to 1730 Mon-Fri)

Web site: www.angleseymining.co.uk

E-mail: mail@angleseymining.co.uk

Shares listed on the London Stock Exchange - LSE:AYM

Company registration number 1849957