2022 FINAL RESULTS AND AGM

Fenning Group Minerals plc
Fenning@fenninggroupminerals.com
+44 (0)20 3633 4410

AIM Ticker: AMBR
Company Registration No 11
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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION IN THE MEANING OF THE UNITED KINGDOM MARKET ABUSE REGULATION AS RETAINED BY VIRTUE OF SECTION 3A OF THE EUROPEAN WITHDRAWAL ACT 2018, AS AMENDED BY THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2019. THE DIRECTORS OF THE COMPANY ACCORDINGLY CONSIDER THAT IN THE FUTURE DEBATE

Fenning Group Minerals plc, (AMBR) the exploration company focusing on critical minerals, is pleased to announce its audited results for the year ended 31st December 2021 and to provide a corporate update. The Company's Chairman, Stephen Kenyon and Lead Director and Co-founder, Dr Christopher Ecott, will introduce these results at 11:00 AM BST on 27 June 2022 at Stifel's offices. The Notice of AGM will be sent to shareholders and the Notice of AGM and Proxy Form will be available on Stifel's website and the Company's website www.fenninggroup.com.

Operational Highlights:

- Completion of the Fenning Group Minerals (FGM) Exploration Model
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- Fenning Mineral Rights Data Base (FMRDB) Completed
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The Group's operations in overseas which cannot be repaid are recognised by the Company in the current year as independent in the annual report for the Company's financial statements, and shall not be a guarantee or other financial support provided in respect of the exclusion for the purposes for which the Company's financial statements are prepared, and the Company's financial statements are presented in Hong Kong Dollars (HK$) in accordance with the Company's policies.

The equity method is applied when the not significant influence in the associate or joint venture is recognised in the consolidated financial statements.

1. Functional currency, presentation currency and foreign currency

1.1 Functional and presentation currency

The functional currency of the Company is the Hong Kong Dollars ("HK$") and the presentation currency of the Group is HK$. The Company's functional currency is HK$ and the Group's presentation currency is HK$. The Company's functional currency is HK$ and the Group's presentation currency is HK$. The Company's functional currency is HK$ and the Group's presentation currency

November 2021 are as follows:

Capital raise of 30 November: (i) an repayment shall take place within two years of Admission (ii) repayment can only be made after the Company has achieved a market capitalisation of £50 million (iii) the Company must have minimum cash on hand of for the outstanding debt, with sufficient funds for the Company to operate for a period of two years and (iv) repayment will be subject to final approval of the Directors of the Company.

Capital raise by shareholders and officers for services during the period from 1 June 2020 until 30 June 2021 totaling to £10 million (Series C) to repayment shall take place within two years of Admission (i) the Company must have minimum cash on hand of for the outstanding debt, with sufficient funds for the Company to operate for a two-year period and (ii) any repayment will be subject to final approval of the Directors of the Company.

The combined carrying amount of the capital raises as of November 2021 is €507 thousand which amount reflects the estimated timing of the future repayments discounted at a rate of 20% (level 3 of the fair value hierarchy). The difference in the amount of €236 thousand between the fee amount of the capital raises and the carrying amount as of November 2021 has been recorded as a contribution to equity. The balance of the capital notes as 31 December 2022 is €560 thousand (2021: €514 thousand). In 2022 interest expense on the loan (unwinding of discount) amounted to €51 thousand (2021: €7 thousand).

NOTE 12 : LOAN FROM NON-CONTROLLING INTERESTS

Loan in the face amount of € 205 thousand from the minority interests of Bri Cyprus upon acquisition of Bri Cyprus. It was agreed that the loan will be repaid from up to 5% of the yearly net earnings of Bri Cyprus following publication of its annual financial report. As of 31 December 2021, the carrying amount of the loan is €92 thousand which amount reflects the estimated timing of future repayments discounted at a rate of 12% (level 3 of the fair value hierarchy). The difference in the amount of €113 thousand between the face amount of the loan and the carrying amount as of November 2021 has been recorded as a contribution to equity. The balance of the capital notes as 31 December 2022 is €560 thousand (2021: €514 thousand). In 2022 interest expense on the loan (unwinding of discount) amounted to €51 thousand (2021: €7 thousand).

NOTE 13 : EQUITY

a. Composition of share capital:

	31 December		31 December	
	2022	2021	2022	2021
	Authorized		Issued and outstanding	
	Number of shares			
Ordinary shares of € 0.001 per value each	500,000,000	500,000,000	48,843,500	48,800,500

Prior to Admission in 2021, the Company issued 4,822,000 Ordinary shares to its founders to represent their holdings at incorporation, increased to share capital and performed a share split such that the authorized share capital increased to 100 million Ordinary shares of €0.001 par value each. Share and share price amounts in these financial statements have been adjusted retroactively to reflect the share split.

In 2021, the Company issued 1,977,000 Ordinary shares to certain investors in convertible loan notes for no additional consideration. The fair value of these shares on date of issuance amounted to € 516 thousand and was recorded as financial expense.

In 2021, the Company issued 827,000 Ordinary shares to certain consultants for their services. The fair value of these shares on date of issuance amounted to € 126 thousand and was recorded as share-based compensation in Contractors & service providers expenses.

On 12 November 2021, the Company completed its initial Public Offering ("IPO") on the AIM, a market operated by the London Stock Exchange ("the AIM"), by issuing 38,796,500 Ordinary shares at a price of € 0.12 per share for a total consideration of € 4.66 million (£ 4 million), net proceeds of € 3.6 million (£ 3.0 million).

In 2021 the Company issued 115,384 Ordinary shares to certain brokers in consideration for services provided. The fair value of the shares issued amounting to €18 thousand was recorded in general and administrative expenses.

Issuance in 2021 of 14,060,746 Ordinary shares upon conversion of convertible loan notes - see Note 9.

On 4th July 2022 the Company purchased an additional 20% of the issued shares in Alex. 10% of the issued shares in Alex in exchange for 1,138,200 shares in the Company (with a fair value of €0.12 per share, based on the IPO price) and the remaining 10% of the issued shares on €1 = €1.50, the additional 10% of the issued shares in Alex were purchased by way of exercising the first option under the agreement between Freering and Alex dated 31 March 2021 for a total cash consideration of €1,500,000.

b. Share option plan:

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

Each option is exercisable to one Ordinary share at an exercise price of € 0.15. The options vested immediately upon grant. The options expire 5 years after date of grant. As of 31 December 2022, all of the options are outstanding.

The fair value of the options granted calculated based on Black-Scholes option pricing model was approximately €51 thousand.

The following table lists the inputs used in the measurement of the fair value of options, in accordance with the Black and Scholes option pricing model, with respect to the above grants:

Risk-free interest rate (%)	**0-16%**
Dividend yield (%)	**0%**
Expected volatility (%)	**70%**
Expected term (in years)	**5**

c. Warrants:

On admission, 12 November 2021, the Company granted a total of 3,595,622 warrants to some service providers of the Company as part of their compensation for the services provided in the initial public offering process. Each warrant is exercisable to one Ordinary share at an exercise price of € 0.15.

868,854 warrants expire 5 years after date of grant, and 1,738,461 warrants expire 3 years after date of grant.

The remaining 192,307 warrants expire 3 years after date of grant with 50% ending once the 1 day volume weighted average price ("VWAP") of the Company's shares has traded at a 100% premium to the Placing Price (€ 0.16) and 50% ending once the 5 day VWAP of the Company's shares has traded at a 200% premium to the Placing Price. None of these warrants have vested as of 31 December 2022.

The fair value of the Warrants granted calculated based on Black-Scholes option pricing model was approximately €30 thousand.

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

	Warrants for 3 years	Warrants for 5 years
Risk-free interest rate (%)	0-16%	0-16%
Dividend yield (%)	0%	0%
Expected volatility (%)	70%	70%
Expected term (in years)	5	3

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

d. Capital reserves

Capital reserves are comprised of the following:

	31 December	
	2022	2021
	Euro in thousands	
Reserve for transactions with non-controlling interests (Note 12)	-	56
Reserve for transactions with principal shareholders (Note 10)	176	176
Reserve for transactions with non-controlling interests (Note 6)	(179)	-
	212	127

NOTE 14 : GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2022	2021
	Euro in thousands	
Salaries & employee related expenses	663	454
Professional & consultancy	1,000	1,000
Travel & transportation	12	43
Legal and professional	306	124
Rent & utilities	54	54
Marketing & broker fees	34	24
Share based payments	51	126
Insurance	27	9
Employee compensation	-	61
Depreciation	47	-
Exploration costs	25	-
Overhead costs	125	-
Total	1,334	925

NOTE 14 : FINANCIAL EXPENSES

	Year ended 31 December	
	2022	2021
	Euro in thousands	
Interest on convertible loan notes	-	111
Interest on convertible loan and loan from controlling interest	63	17
Interest on liability to non-controlling interest	31	-
Change in fair value of share option of convertible loan notes	-	669
Financial expenses settled by share based compensation	-	514
Bank fees	176	32
	270	1,343

NOTE 15 : TAXES ON INCOME

a. Tax rates applicable to the revenue of the Company are as follows:

The Company and its subsidiaries, Freering Strategic Minerals PLC was incorporated in Cyprus and are taxed according to Cyprus tax laws. The statutory tax rate is 12.5%.

The carryforward losses of the Company are approximately €12 thousands. No other subsidiary has carryforward losses.

The subsidiary, Fri Colon Cr.S. was incorporated in Costa d'Ivoire and is taxed according to Cote d'Ivoire tax laws. The statutory tax rate is 25%.

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

The subsidiary Alex Minerals Corporation SARL (CI) was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. The statutory tax rate is 25%.

b. Tax assessments:

As of 31 December 2022, the Company and all its other subsidiaries had not yet received final tax assessments.

NOTE 16 : EARNINGS PER SHARE

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

	Year ended 31 December	
	2022	2021
	Euro in thousands	
Net loss attributable to equity shareholders	(84)	(1,276)
Average number of shares for the purpose of basic and diluted earnings per share	47,437,527	38,320,172

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

NOTE 17 : RELATED PARTIES

		Year ended 31 December	
		2022	2021
		Euro in thousands	
a.	Balances:		
	Current liabilities:		
	Other payables	54	-
	Capital notes (*)	214	214
	Non- current liabilities:		
	Capital notes	266	242
	(*) The capital note bears no interest and is payable on request		
b.	Compensation of key management personnel of the Company:		
	Short-term employee benefits	535	443
	Share-based compensation	-	61
c.	Interest on capital note (see also Note 10)	24	3

A Director and the CEO of the Company was entitled to salary of 8thousands which increased, effective 1st January 2021 to 15thousands per annum and shall be entitled to bonuses upon the Company achieving certain milestones.

In addition, the CEO is entitled to additional benefits including medical insurance, school fees for his children, life insurance, pension and other customary benefits in the amount of 8 thousands per annum (1 thousands per month) as well as travel costs for himself and his family to have home leave.

NOTE 18 : FINANCIAL INSTRUMENTS

Foreign exchange risk:

The Company is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly USD and GBP. Since the FCRN is fixed in the Euro, the Group is also exposed to foreign exchange risk in respect of the FCRN. As of 31 December 2021, the foreign exchange risk is immaterial.

Liquidity risk:

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

31 December 2022

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years	Total
	Euro in thousands						
Trade payables	61	-	-	-	-	-	61
Other payables	493	-	-	-	-	-	493
Capital note (*)	214	-	342	-	-	-	557
Loan from non-controlling interest in subsidiary	-	-	-	-	-	205	205
	768	-	342	-	-	205	1,316

31 December 2021

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years	Total
	Euro in thousands						
Trade payables	150	-	-	-	-	-	150
Other payables	493	-	-	-	-	-	493
Capital note (*)	214	-	342	-	-	-	557
Loan from non-controlling interest in subsidiary	-	-	-	-	-	205	205
Liability to non-controlling interest in subsidiaries	-	-	-	-	-	109	109
	857	-	342	-	-	314	1,514

NOTE 19 : INVESTMENT IN JOINT VENTURE

On 2 November 2022 the Company signed an earn-in agreement (the Agreement") with Rio Resources Pty Limited ("Rio\a"), an Australian diversified minerals company to advance the Alex Lithium Tantalum Project ("Alex") and the adjacent Alexrox exploration licence (Joint Venture).

According to the Agreement, Rio\a will have the exclusive right to undertake and fund Rio\a's sole cost the exploration of the Alex Project and adjacent Alexrox licence for up to USD16.0 million (€ 17.4 million). The total amount of USD16.0 million to be paid by Rio\a pursuant to the Agreement includes:

- USD1million (€977 thousand) cash consideration (received in November 2022); and
- issue of ordinary shares of Rio\a to the value of AUD 31million (€ 637 thousand) upon the earlier of its planned IPO on the Australian Securities Exchange (ASX), or by 31 January 2024. The shares shall be issued at the completion price of the IPO or at a price per share equal to the share price used in a fund raising carried out by Rio\a prior to that date, by 31 January 2024
- Funding and completing four stage earn-in of up to 50% equity interest in the Project through the funding of up to USD16.0million (€15.8 million), with the aim of achieving a Definitive Feasibility Study ("DFS") on the Project. Beyond the USD17 million expenditure to be spent to advance the Project, Rio\a has agreed to fund a further USD2 million (€1.9 million) (to be spent on the Project) in order to earn a further 5% equity interest in the Project (the "Mineral Interest") subject to the Claim Date or Decision Date (all 15% of 51%).

In order to undertake exploration of the Alex and Alexrox Tenements, the Company has an SPV (FN Colon Cr Ltd) SARL which changed its name to Mineralie SA, hereafter "Mineralie"(s) in which the Company shall transfer its entire shareholdings in the Alex agreement and the Alexrox agreement, including the forward purchase obligation (see Note 6).

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

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

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

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

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

Summarized financial data of the joint venture:

	Year ended 31 December	
	2022	2021
	Euro in thousands	
Statement of financial position of joint venture at reporting date:		
Current assets	178	-
Non-current assets: equipment	1,546	-
Intangible assets	2,514	-
Current liabilities	(4)	-
Liability to non-controlling interest in subsidiary	(561)	-
Loan from Freering	(2,073)	-
Total equity INCI	(360)	-
Investment in joint venture	1,614	-

During the period from establishment of the joint venture in November 2022 through 31 December 2022, the joint venture had no revenues and no expenses.

For the period ending at 31 December 2022, Rio\a funded exploration expenditures of the joint venture in the amount of USD 207 thousand (€193 thousand). Subsequent to 31 December 2022 and up to close to the date of approval of the financial statements, Rio\a funded additional exploration expenditures of the joint venture in the amount of USD 762 thousand (€710 thousand).

NOTE 20 : OTHER PAYABLES

	31 December	
	2022	2021
	Euro in thousands	
Accrued expenses	262	92
Employee related accruals	131	-
Other accounts payable	17	20
	410	112

NOTE 21 : EVENTS AFTER THE REPORTING DATE

On 6 March 2023 Mineralie exercised the remaining vesting option originally between Freing and Alex dated 31 March 2021 and paid the remaining consideration of €1,500,000 (the "Option") and reached a total holding of 90% in Alex for a total consideration of €2,850 thousand. According to the agreement with Rio\a Resources, Rio\a will pay €285 thousand out of the €2850 thousand. (See also Note 19).

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