

GCM Resources plc

Interim Report for the six months to 31 December 2024

(LON:GCM)

Chairman's Statement

Whilst it is generally expected that the Chairman's Statement commences by chronologically running through events in the reporting period, there has been an exciting recent development that needs to be highlighted. Over the past year our Dhaka team has reported on efforts by the Ministry for Power, Energy and Mineral Resources ("the Ministry") to prepare a presentation focusing on strategies and challenges related to the country's coal-based energy sector. This initiative waxed and waned as the country's political landscape changed but we are delighted to report that a government organised seminar focussed on "Prospects and Challenges of Bangladesh's Coal Resources and Measures to Overcome" took place on 27 February this year.

The Seminar was chaired by the Energy Secretary with the Energy Adviser as the chief guest. There were over 70 invited guests with some 40% being government agency officials, 50% from academia and 10% media representatives. The Energy Adviser set the scene regarding the coal debate and said that the country needs to decide on coal extraction, whether to pursue open-pit or underground mining, how to select the mining companies, and whether to review existing studies or conduct new ones. The Energy Secretary emphasised that the time has come to decide to use the country's resources. He stated the country has many coal-based power plants and is struggling to pay foreign currency for coal imports. He further stated that the seminar had been organized to create a roadmap for using national resources and that decisions will be made on how to utilize the country's coal resources following discussions with participants at the seminar.

The Seminar was informed that to save hard-earned foreign currency in an import-dependent energy system, urgent decisions must be made to extract the vast amount of coal reserves in the country in the national interest. Coal-based power plants with a capacity of some 8,000 megawatts have been established in the country, however due to a lack of coal, the plants in operation cannot run at full capacity. A significant amount of foreign currency is being spent on coal imports. In this situation, there is no alternative but to start extracting the 7,823 million tons of coal reserves. The southern part of the government-owned Barapukuria coal mine and the proposed Phulbari coal project have completed all necessary surveys and are ready for mining activities.

It is significant for GCM and its shareholders that this Seminar being led by the Energy Adviser and Energy Secretary, finally demonstrates positive intentions by the Bangladesh Government to develop its domestic coal resources. This message was reinforced by the Presentation by Government personnel that highlighted the proposed Phulbari coal mine readiness and benefits and its ability to help solve the country's coal supply needs. Together with our consultants we are examining the steps to be taken that maximise leverage from the Seminar in pursuit of approval and development of the Project.

Back to the reporting period; it was dominated by a radical change in the Bangladesh political landscape that started mid-year with student led protests focused on public service job quota reforms to provide equality in job applications. However, the situation quickly escalated into a larger anti-government demonstration, that on 5 August led to the resignation of the long-term Awami League and caused the former Prime Minister to flee Bangladesh.

Nobel laureate Dr Muhammad Yunus agreed to take on the role of Chief Adviser and form an Interim Government chartered with maintaining law and order and implementing major institutional reforms in preparation for fair elections. The Interim Government has 21 Advisers to guide the various ministries, and it established 11 commissions to report on these reforms, including those for the Constitution, electoral system, police administration, judiciary, anti-corruption, and public administration.

From its inception, the Interim Government led by Dr Yunus has enjoyed international community support and was not pressured to hold elections immediately, in recognition that these reforms will take time to implement. Although in the months following this reporting period, re-emerging political parties are increasingly pushing for early elections. However, this growing impatience has been tempered by the formation of a student-led political party, 'Jatiya Nagorik Party' (National Citizens' Party), which will take time to galvanize its country-wide networks.

In the reporting period, the Company announced on 15 July that it had appointment of Zeus Capital Limited as Nominated Adviser and Joint Broker. This change followed the acquisition of WH Ireland Capital Markets Division by Zeus Capital Limited. The Company subsequently notified on 5 November 2024 that it had received a notice of resignation from Zeus Capital Limited and had appointed Allenby Capital Limited as Nominated Adviser and Joint Broker.

On 26 November, the Company announced that Gary Lye had stepped down from his position of Executive Director and would continue to focus on its operations in Bangladesh in the capacity a GCM's non-board Chief Operating Officer and Chief Executive Officer of wholly owned subsidiary, Asia Energy Corporation (Bangladesh) Pty Ltd.

On 13 December, the Company held its Annual General Meeting 2024 in London and also announced that its development partner, Power Construction Corporation of China, Ltd ("PowerChina") had agreed to an extension of the Memorandum of Understanding ("MoU") primarily focused on the Phulbari coal mine development. GCM and PowerChina have already made a significant step towards developing the Phulbari coal mine via the EPC contract for "Phulbari Coal Mining Infrastructure Construction and Overburden Stripping" (announced 11 March 2024) and work under the MoU aims to derive the modality for PowerChina's involvement in other work packages and financing.

Chairman's Statement (continued)

Just outside the reporting period, the Company announced on 8 January 2025 renewal of the consultancy agreement with Dyani Corporation ("Dyani") on similar terms as that which had expired on 30 June 2022. Under the terms of the extended agreement which expires on 31 December 2025, Dyani will continue to promote the Phulbari Coal and Power Project ("the Project"), grow the relationship with development partner, PowerChina, and identify additional business opportunities that could be developed as adjuncts to the Project.

On 28 January 2025, the Company announced it had renewed the consultancy agreement with DG Infratech Pte Ltd ("DGI") through to 31 December 2025. Under the agreement, DGI will continue to provide advisory, management, lobbying and consultancy services to assist with approvals and cooperation necessary to develop the Project.

Financials

GCM incurred a loss after tax of £1,302,000 for the six months ended 31 December 2024 (31 December 2023: loss after tax of £702,000). The most significant expenditure during the period was pre-development (non-cash) expenditure as a result of the renewal of consultants' contracts, while administrative expenses for the six months ended 31 December 2024 were £461,000 (31 December 2023: £355,000) and capitalised project expenditure for the period was £259,000 (31 December 2023: £173,000).

On 28 March 2025, GCM announced that it had conditionally raised approximately £1.0 million (before expenses) by way of a placing (the "Placing") of a total of 33,333,333 new ordinary shares of 1 pence each in the Company ("Ordinary Shares") at a price of 3.0 pence per new Ordinary Share (the "Issue Price"). The net proceeds of the Placing will provide the necessary working capital to support GCM's ongoing operations. These funds will be allocated to corporate overheads, legal and advisory costs, and general administrative expenses associated with managing the Company effectively. The net proceeds of the Placing will help ensure that the Company is in the financial position to advance its broader strategic objectives.

Outlook

It is apparent from the forementioned Seminar and its action-orientated title: "Prospects and Challenges of Bangladesh's Coal Resources and Measures to Overcome", the Government is serious regarding developing its domestic coal resources. It is also apparent from the fact that the Presentation to the Seminar by Ministry officials highlighted the benefits of developing the Phulbari coal mine that the GCM Project is on their radar as an important non-import coal supply solution.

Against this backdrop, it appears the outlook for moving the Project forward has greatly improved and that it is now more the question of when. In the analysis of "when", considerations will involve the sense of urgency driven by the country's economic position and the election schedule. With regard to the former, the economy is reported to remain under pressure with respect to foreign exchange reserves, inflation and purchasing power of the local currency. Compounding this is the mounting uncertainties within the world economy and the suspension of foreign aid by the US government. Regarding the latter, the mainstream political parties are calling for an early election to restore democracy and shore up law and order, however, the Chief Adviser remains circumspect and although has suggested an election by December 2025 is possible, it is also suggested this would depend on acceptance of reforms which are yet to be finalised.

The Directors are appreciative of enduring support of its shareholders, stakeholders and staff

The recent demonstration by the Government and its Ministry that domestic coal must be extracted and that the proposed Phulbari coal mine is a big factor in delivering the necessary coal supply, enhances our confidence that the Project is poised to move forward.

Paul Shackleton

Acting Non-Executive Chairman

Interim Consolidated Income Statement

	6 months ended 31 December 2024 unaudited £000	6 months ended 31 December 2023 unaudited £000	Year ended 30 June 2024 audited £000
Operating expenses			
Pre-development expenditure	(628)	(90)	(90)
Exploration and evaluation costs	41	(15)	(2)
Administrative expenses	(461)	(355)	(807)
Operating loss	(1,048)	(460)	(899)
Finance revenue	12	-	5
Finance costs	(266)	(242)	(494)
Loss before tax	(1,302)	(702)	(1,388)
Taxation	-	-	-
Loss and total comprehensive income for the period	(1,302)	(702)	(1,388)
Earnings per share			
Basic loss per share (pence)	(0.5p)	(0.3p)	(0.6p)
Diluted loss per share (pence)	(0.5p)	(0.3p)	(0.6p)

Interim Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Share based payments not settled	Accumulated losses	Total
	£000	£000	£000	£000	£000
Balance at 1 July 2023	12,748	58,054	569	(33,952)	37,419
Total comprehensive loss	-	-	-	(1,388)	(1,388)
Share issuances	689	2,052	(180)	-	2,561
Share issuance costs	-	(228)	-	-	(228)
Shares to be issued	-	-	90	-	90
Share based payments	-	-	2	-	2
Balance at 30 June 2024	13,437	59,878	481	(35,340)	38,456
Total comprehensive loss	-	-	-	(1,302)	(1,302)
Share issuances	-	-	-	-	-
Shares to be issued	-	-	628	-	628
Share based payments	-	-	1	-	1
Balance at 31 December 2024 (unaudited)	13,437	59,878	1,110	(36,642)	37,783
Balance at 1 July 2023	12,748	58,054	569	(33,952)	37,419
Total comprehensive loss	-	-	-	(702)	(702)
Share issuances	-	-	-	-	-
Shares to be issued	-	-	90	-	90
Share based payments	-	-	1	-	1
Balance at 31 December 2023 (unaudited)	12,748	58,054	660	(34,654)	36,808

Interim Consolidated Balance Sheet

	Notes	31 December 2024 unaudited £000	31 December 2023 unaudited £000	30 June 2024 audited £000
Current assets				
Cash and cash equivalents		983	54	1,658
Receivables		37	38	22
Total current assets		1,020	92	1,680
Non-current assets				
Right of use assets		11	30	21
Intangible assets	3	44,069	43,540	43,810
Total non-current assets		44,080	43,570	43,831
Total assets		45,100	43,662	45,511
Current liabilities				
Payables	4	(1,385)	(1,417)	(1,380)
Lease liabilities		(9)	(32)	(15)
Borrowings	5	-	-	-
Total current liabilities		(1,394)	(1,449)	(1,395)
Non-current liabilities				
Lease liabilities		-	-	(3)
Borrowings		(5,923)	(5,405)	(5,657)
Total non-current liabilities		(5,923)	(5,405)	(5,660)
Total liabilities		(7,317)	(6,854)	(7,055)
Net assets		37,783	36,808	38,456
Equity				
Share capital	6	13,437	12,748	13,437
Share premium account	6	59,878	58,054	59,878
Other reserves		1,110	660	481
Accumulated losses		(36,642)	(34,654)	(35,340)
Total equity		37,783	36,808	38,456

Interim Consolidated Statement of Cash Flows

	6 months ended 31 December 2024 unaudited £000	6 months ended 31 December 2023 unaudited £000	Year ended 30 June 2024 audited £000
Cash flows used in operating activities			
Loss before tax	(1,302)	(702)	(1,388)
Adjusted for:			
Non-cash pre-development expenditure	628	90	90
Non-cash finance costs	266	242	494
Other non-cash expenses	-	-	8
	(408)	(370)	(796)
Movements in working capital:			
(Increase)/decrease in operating receivables	(14)	(1)	2
Increase/(decrease) in operating payables	1	58	31
Cash used in operations	(421)	(313)	(763)
Net cash used in operating activities	(421)	(313)	(763)
Cash flows from investing activities			
Payments for intangible assets	(254)	(176)	(444)
Payments for property, plant and equipment	-	-	-
Net cash generated from investing activities	(254)	(176)	(444)
Cash flows from financing activities			
Issue of ordinary share capital	-	-	2,550
Share issue costs	-	-	(228)
Proceeds from borrowing	-	-	-
Interest paid	-	-	-
Net cash from financing activities	-	-	2,322
Total (decrease)/increase in cash and cash equivalents	(675)	(489)	1,115
Cash and cash equivalents at the start of the period	1,658	543	543
Cash and cash equivalents at the end of the period	983	54	1,658

Notes to the Interim Condensed Consolidated Financial Statements

1. Accounting policies

GCM Resources plc (GCM) is domiciled in England and Wales, was incorporated as a Public Limited Company on 26 September 2003 and admitted to the London Stock Exchange Alternative Investment Market (AIM) on 19 April 2004.

This unaudited interim report was authorised for issue by the Board of Directors on 31 March 2025.

Basis of preparation

The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as they apply to the financial statements of the Group for the year ended 30 June 2024 and applied in accordance with the Companies Act 2006.

The interim condensed consolidated financial statements for the six months ended 31 December 2024 have been prepared using the same policies and methods of computation as applied in the financial statements for the year ended 30 June 2024. The financial information contained herein does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 and is unaudited. The figures for the year ended 30 June 2024 have been extracted from the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and contained an unqualified auditors' report which included a material uncertainty paragraph for the Group to continue as a going concern and did not include a statement under section 498(2)(a) or (b), or section 498(3) of the Companies Act 2006.

Political and economic risks – carrying value of intangible asset

The principal asset is in Bangladesh and accordingly subject to the political, judicial, fiscal, social and economic risks associated with operating in that country.

The Group's principal project relates to thermal coal and semi-soft coking coal, the markets for which are subject to international and regional supply and demand factors, and consequently future performance will be subject to variations in the prices for these products.

GCM, through its subsidiaries, is party to a Contract with the Government of Bangladesh which gives it the right to explore, develop and mine in respect of the licence areas. The Group holds a mining lease and exploration licences in the Phulbari area covering the prospective mine site. The mining lease has a 30-year term from 2004 and may be renewed for further periods of 10 years each, at GCM's option.

In accordance with the terms of the Contract, GCM submitted a combined Feasibility Study and Scheme of Development report on 2 October 2005 to the Government of Bangladesh. Approval of the Scheme of Development from the Government of Bangladesh is necessary to proceed with development of the mine. GCM continues to await approval.

The Group has received no notification from the Government of Bangladesh (the "Government") of any changes to the terms of the Contract. GCM has received legal opinion that the Contract is enforceable under Bangladesh and International law, and will consequently continue to endeavour to receive approval for development.

Accordingly, the Directors believe that the Phulbari Coal and Power Project (the "Project") will ultimately receive approval, although the timing of approval remains in the hands of the Government. To enhance the prospects of the Project, GCM has engaged in a strategy to align the Project with the needs and objectives of the Government. This includes the option to supply coal to both privately owned and the Government's own commissioned and in the pipeline power plants, which currently totals 8,175MW. The Government is seeking to grow its economy and deliver electricity at prices that will ensure competitiveness of its industries. The Group's strategy of developing the Phulbari coal deposit as a captive, large-scale, open pit mining operation supporting some 6,600MW of highly energy-efficient Ultra-Supercritical power generation will enable cheaper coal-fired electricity than imported coal options. This evolving strategy has been enhanced to include installation of a large-scale Solar Power Park (up to 2,000MW) within the Project area, to be installed within the first two years of gaining land access; operating the Phulbari coal mine as a "Net Zero Carbon" or "Green Mine"; and participation modalities for Government.

Until approval of the Scheme of Development from the Government of Bangladesh is received there is continued uncertainty over the recoverability of the intangible mining assets. The Directors consider that it is appropriate to continue to record the intangible mining assets at cost, however if for whatever reason the Scheme of Development is not ultimately approved the Group would impair all of its intangible mining assets, totalling £44,069,000 as at 31 December 2024.

Going concern

The interim financial report has been prepared on a going concern basis. Although the Group's assets are not generating revenues, the directors believe, having considered all available information, including the Company's proven ability to raise further equity funds from its supportive shareholder base, that the Group will have sufficient funds to meet its expected committed and contractual expenditure for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the interim financial report for the period ended 31 December 2024.

Upon achieving approval of the Phulbari Coal and Power Project, significant additional financial resources will be required to proceed to development.

2. Segment analysis

The Group operates in one segment being the exploration and evaluation of energy related projects. The only significant project within this segment is the Phulbari Coal and Power Project in Bangladesh.

3. Intangibles

During the period intangibles increased by £259,000. The increase is due to capitalised mining exploration and evaluation expenditure relating to the Phulbari Coal and Power Project in Bangladesh.

4. Payables

	31 December 2024 unaudited £000	31 December 2023 unaudited £000	30 June 2024 audited £000
Trade payables	591	598	586
Related party accrued payable	794	819	794
Transaction costs payable	-	-	-
	1,385	1,417	1,380

The related party accrued payable of £794,000 at 31 December 2024 relates to accrued fees owing to the management services company of the Chief Executive Officer of the Company, Datuk Michael Tang PJN.

5. Borrowings

	31 December 2024 unaudited £000	31 December 2023 unaudited £000	30 June 2024 audited £000
Short-term loan facility from related party	5,923	5,405	5,657
	5,923	5,405	5,657

As a result of the amendment in terms noted below, the interest rate on the loan facility increased from 15% to 16.5% effective 25 March 2024.

The Company on 1 March 2022, as part of the completed placing and subscriptions, amended the terms of the loan facility, such that the lender may request conversion by the issuance of new ordinary shares in the Company at 5.14 pence per share (being the Issue Price) subject to any necessary regulatory approvals. All other terms of the agreement remained unchanged.

5. Borrowings (continued)

The Company on 26 March 2021, as part of the completed placing, extended and amended the terms of the loan facility provided by Polo Resources Limited (the "Facility") of which, as was announced on 7 January 2021, there was at 30 June 2024, £300,000 of the initial £3.5 million facility remaining undrawn. The lender has agreed that it will not serve a repayment request on the company for 5 years from the date of the agreement replacing the previous provision that it was payable on demand with 90 days' notice. The Company and Polo Resources Limited have agreed an increase in the interest rate from 12% to 15% per annum rising by 1.5% on the third anniversary and by a subsequent 1.5% on each anniversary thereafter. Furthermore, the lender may request conversion by the issuance of new ordinary shares in the Company at 7.5 pence per share (being the Issue Price) subject to any necessary regulatory approvals. The Company may elect to repay all or part of the outstanding loan at any time giving 60 days' notice and with the agreement of Polo Resources Limited. Any share issue to the Lender is conditional upon the Lender's interest, together with the interest of any parties with which it is in concert, remaining below 30% of the Company's issued capital. All other principal terms of the loan facility remain unchanged. Refer to the Group accounting policies for details of Management judgement used in accounting for the loan amendment.

6. Share issues

There were no shares issued during the period.

7. Events after the end of the reporting period

The following events took place subsequent to 31 December 2024, for which there has been no adjustment to the 31 December 2024 financial statements:

- On 8 January 2025, the Company announced that it had agreed a new consulting agreement with Dyani Corporation, Ltd. ("**Dyani**") (the "**Dyani Agreement**"), to maintain and develop the Company's relationship with our key partner, Power Construction Corporation of China, Ltd. ("**PowerChina**"), on similar terms as previously announced. Details of the key terms of the Dyani Agreement are set out below.
 - o A retainer fee of £25,000 per month backdated from 1 January 2024, paid quarterly in arrears by the issuance of new Ordinary Shares priced at the 10 trading days volume weighted average price ("VWAP") immediately prior to the end of the relevant quarter. Accordingly 8,706,769 new Ordinary Shares were issued to Dyani.
 - o The success fees comprised a one-time fee equal to 2% of Company's issued share capital (the "ISC") as at 7 January 2025 for facilitating and delivering the Mine Construction Contract (an initial mine construction EPC Contract with PowerChina), covering mine infrastructure and initial overburden removal (noting that this is a subset of an all-encompassing Mine Development and Operations Contract). This was achieved on 9 March 2024 and accordingly Dyani was issued with 5,527,312 new Ordinary Shares.
 - o Dyani will also receive a one-time fee of £85,000 payable by way of 4,688,620 new Ordinary Shares for services, including furthering the relationship with PowerChina, in the 18-month period prior to 1 January 2024. The number of new Ordinary Shares to be issued in this respect have been calculated using the 10 day VWAP to 26 November 2024.
 - o Accordingly, the Company issued, in aggregate, 18,922,701 new Ordinary Shares to Dyani pursuant to the Dyani Agreement.
- On 28 January 2025, the Company announced it had agreed a new consulting agreement with DG Infratech Pte Ltd ("**DGI**" or the "**Consultant**") (the "**DGI Agreement**"), a Bangladeshi controlled company, to help GCM obtain the consent of the Government of Bangladesh to develop the proposed coal mine based on the world class high grade coal resource of 572 million tonnes (JORC 2004 compliant) at the Phulbari Coal and Power Project in North-West Bangladesh (the "**Project**"). The most recent extension of the DGI Agreement was announced on 22 August 2022 and subsequently expired on 31 December 2023. Details of the key terms of the DGI Agreement are set out below.
 - o A retainer fee of £12,000 per month backdated from 1 January 2024, paid quarterly in arrears by the issuance of new Ordinary Shares priced at the 10 trading days volume weighted average price ("VWAP") immediately prior to the end of the relevant quarter. Accordingly 4,179,248 new Ordinary Shares were issued to DGI.
- On 28 January 2025, the Company also announced, further to the 3 March 2022, announce, *inter alia*, the issue of 41,463,605 new Ordinary Shares at a price of 5.14 pence per new Ordinary Shares to raise gross proceeds of approximately £2.13 million (the "**Fundraise**"). The Company has recently become aware that it erroneously understated the number of new Ordinary Shares to be admitted to trading on AIM by 249 new Ordinary Shares. Accordingly, the Company will issue an additional 249 new Ordinary Shares in relation to the Fundraise.
- On 28 March 2025, the Company announced that it had conditionally raised approximately £1.0 million (before expenses) by way of a placing (the "**Placing**") of a total of 33,333,333 new ordinary shares of 1 pence each in the Company ("**Ordinary Shares**") at a price of 3.0 pence per new Ordinary Share (the "**Issue Price**").