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

29 March 2018

Mila Resources Plc
("Mila" or "the Company")
Interim Results

Mila Resources Plc, a London listed natural resources company, is pleased to present its interim results for the six-month period ended 31 December 2017.

Highlights:

- Development of a number of high growth potential target opportunities in Africa, focusing on producing assets in the attractive markets of tin, tungsten and tantalum ("3Ts")
- Engagement of two world-class technical managers to assist the Company in identifying and evaluating 3Ts acquisition and investment targets
- Ongoing secondary appraisal of investment targets in other regions and commodities with strong valuation or cash-flow growth potential
- Strong balance sheet position with cash balance at the end of the period in excess of £810,000 due to continuous prudent financial management

Operating Review

As we move into our second year since listing on the London Stock Exchange, Mila has progressed from a wide-ranging appraisal of potential investment and acquisition targets to a more focused strategy centering on certain specific commodities and projects within a particular stage of the development cycle.

During 2017, the Company reviewed a very large number of mining projects for potential investment, ranging from large asset-redevelopment opportunities to small, early-stage exploration prospects with promising growth potential. During this same period, the public markets have shown an increased appetite for mining, especially speciality metals but also caution; continued commodity price growth has not been taken for granted nor has demand for high-impact exploration opportunities returned. As a result, the Board has refined its strategy to projects which offer access to early cash flow and long-term market stability.

Through the resultant iterative process of target evaluation, Mila has developed a focus on the "3T" metals of tin, tungsten and tantalum. To strengthen our technical capabilities within this particular strategy, the Company has engaged world-class advisors with extensive track records in the exploitation of 3T projects. Ian Gordon Hall Dun is a senior metallurgist, who has spent the majority of his 40 year mining career specialising in the extraction of tin, tantalum and niobium in South America. For 15 years, he was Metallurgical Manager and Director of Process Development for Minsur SA, one of the largest tin mining companies in the world, at its giant San Rafael and TABOCA operations and was recently a special technical advisor to Alphamin Resources in the development of their world-class Bisie project in the Democratic Republic of Congo ("DRC"). Luke Rogers is a minerals and mining engineer, who began his career at Glencore's Mutanda copper operation in the DRC before specialising in heavy mineral processing and extraction. He has worked for a number of the world's leading mineral processing companies and recently led a tantalum/gold exploration project in West Africa.

The addition of these leading professionals is a key part of our envisioned 3T development strategy whereby Mila has both the opportunity to take a unique place in the global 3T markets and to cement a strong foundation for building a well-established mining business, despite testing investment conditions. These commodities are known for their high density and so are extracted predominantly through gravity and magnetic processes. The relative simplicity, therefore, of basic mineral recovery means that small-scale production can be undertaken with minimal resources, but full commercialisation remains a critical challenge. The opportunity this presents is to introduce modern mining and processing practices to existing operations in order to maximise mine life and enhance recoveries. This focus on operation rather than exploration, should allow Mila to generate early cash flow with minimal capital outlay.

The Company's efforts to date have been focused on the Central and Eastern region of Africa, significant producers of 3T metals, but still with few world-class operations. Since many of the orebodies in this region are hosted in soft-rock deposits, mining is relatively simple and so production is already widespread through artisanal methods. Exploration in these areas can be challenging, with orebodies either narrow-veined or loosely disseminated, but applying technical and financial efficiencies to these projects can make them highly profitable. The number of these easily-accessible projects which proliferate throughout countries like Rwanda make this opportunity genuinely exciting.

This approach of modernising and commercialising existing operations has the additional benefit of introducing not just good mining practices, but also world-recognised standards of safety and governance. The high utility of 3T metals in advance electronics has brought an obligation for all industry stakeholders to ensure production is obtained through conflict and child-labour free sources. As well as introducing world-class operational expertise, Mila would have the chance to establish an international standard of health, safety and traceability.

Currently, the Directors are in discussion with certain project owners about the potential for investment in their assets and progress is being made. However, we realise that no negotiation or assessment is assured a positive outcome and so we have taken the decision to continue to assess projects in other commodities. We are very excited about some of the opportunities that we have seen so far in Rwanda and neighbouring countries, however reaching acceptable valuations and structures for our shareholders remains challenging as commodity prices rise, but one which your Board will not compromise on. Therefore, the process of a wider project evaluation will continue, based on the principle of significant shareholder value accretion.

As our discussions progress in Africa, the Directors remain confident that we will be in a position to recommend Mila's first transaction in the near future. While we continue to be thorough in adherence to our evaluation process, the Board remains committed to the strict financial discipline and protocols which have been adopted thus far and which have ensured that 80% of our cash resources have been preserved for future targeted project identification and evaluation.

Financial Review

For the half year to 31 December 2017, the Company reports a net loss of £124,732 (2016: £63,049). During the six-month period to 31 December 2017, the Company continued its strict financial discipline,

incurring a net operating cash outflow of £120,645. The Company held cash at 31 December 2017 of £811,389.

Directors

The following Directors have held office during the period:

George Donne
Anthony Eastman
Mark Stephenson

Corporate Governance

The UK Corporate Governance Code (September 2014) ("the Code"), as appended to the Listing Rules, sets out the Principles of Good Corporate Governance and Code Provisions which are applicable to listed companies incorporated in the United Kingdom. As a standard listed company, the Company is not subject to the Code, but the Board recognises the value of applying the principles of the Code where appropriate and proportionate and has endeavoured to do so where practicable.

Responsibility Statement

The Directors are responsible for preparing the Unaudited Interim Condensed Consolidated Financial Statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ("DTR") and with International Accounting Standard 34 on Interim Reporting ("IAS 34"). The Directors confirm that, to the best of their knowledge, this condensed consolidated interim report has been prepared in accordance with IAS 34 as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 31 December 2017 and their impact on the condensed consolidated financial statements for the period, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- related party transactions that have taken place in the six months ended 31 December 2017 and that have materially affected the financial position of the performance of the business during that period.

Outlook

The outlook for the mining industry for 2018 remains broadly positive with improving appetite for most commodities augmented by potential supply-side constrictions due to lower investment over recent years. However, positive sentiment has proved itself vulnerable to uncertainties in both global and domestic financial market and increasing political risk. With this in mind, Mila has sought to focus in particular on commodities whose demand-side dynamics should not be materially impacted by macroeconomic events and on projects which can prove financially self-sustaining in the shortest possible timescale.

The majority of metals have shown upward pricing trends over the last 12 months, buoyed by expected renewed demand. Precious and base metal prices are higher year-on-year, as world markets continue to

build from the lows of the Global Financial Crisis. This has provided a positive backdrop for the mining sector as a whole. The standout performers remain the energy or battery metals, particularly lithium, vanadium and cobalt, which have seen dramatic price rises as exuberance over potential demand from the electric vehicle ("EV") and energy storage markets drives a scramble for resources. Much of this demand, however, is still based on technologies which are yet to be fully commercialised and increasing government regulation may also be a significant factor in future resources development.

The current market conditions for 3T metals have increased our interest in these commodities. Their primary use is in the well-established and high-growth electronics industries, principally in forms such as solder for circuit boards, included in EV and renewable energy applications, and capacitors in mobile phones and tablets. While the outlook for these industries is robust, good supply chain management is critical to ensure premium offtake pricing, especially in markets such as tantalum where limited buyers exist. As a result, Mila has already been in contact with a number of key trading and off-take partners to discuss its potential investment activities in Africa.

Furthermore, Mila's current strategy of focusing on operational optimisation opportunities, rather than exploration upside, has the added benefit of providing some insulation from the volatile financial market sentiment to small-scale mining companies. While 2017 was expected by many to see a positive inflection point for public natural resource companies, the anticipated recovery was muted with few of Mila's peers demonstrating strong value growth. In such an environment, your Board feels it prudent to pursue targets which can be commercialised swiftly.

With our strong balance sheet and the addition of world-class technical management to augment the experience of our Board and Advisory Committee, Mila is in excellent shape as we enter 2018 and we hope that this will be a very good year for the Company and our shareholders.

On behalf of the board

George Donne
Director
29 March 2018

MILA RESOURCES PLC
Interim Statement of Comprehensive Income (Unaudited)
For the six months ended 31 December 2017

	Notes	Six months ended 31 December 2017 Unaudited £	Six months ended 31 December 2016 Unaudited £	Year ended 30 June 2017 Audited £
Revenue		-	-	-
Administrative expenses		(124,732)	(63,049)	(136,639)
Loss before taxation		**(124,732)**	**(63,049)**	**(136,639)**
Income tax expense	3	-	-	-
Loss for the year		**(124,732)**	**(63,049)**	**(136,639)**
Other comprehensive income / (loss)		-	-	-
Total comprehensive loss for the year attributable to equity holders		**(124,732)**	**(63,049)**	**(136,639)**
Loss per share (basic and diluted) attributable to equity holders (p)	4	(0.54)p	(0.53)p	(0.78)p

The income statement has been prepared on the basis that all operations are continuing operations.

MILA RESOURCES PLC
Interim Statement of Financial Position (Unaudited)
As at 31 December 2017

	Notes	At 31 December 2017 Unaudited £	At 31 December 2016 Unaudited £	At 30 June 2017 Audited £
Current assets				
Trade and other receivables		4,664	-	1,241
Cash at bank and in hand		811,389	1,018,806	932,034
		816,053	1,018,806	933,275
Current liabilities				
Trade and other payables		17,557	21,988	10,047
		17,557	21,988	10,047
Net current assets		**798,496**	**996,818**	**923,228**
Net assets		**798,496**	**996,818**	**923,228**
Equity				
Share capital	5	232,000	232,000	232,000
Share premium	5	849,300	849,300	849,300
Share based payment reserve		4,720	4,720	4,720
Retained losses		(287,524)	(89,202)	(162,792)
Equity attributable to the owners of the parent		**798,496**	**996,818**	**923,228**

MILA RESOURCES PLC
Statements of changes in equity (Unaudited)
For the six months ended 31 December 2017

	Share Capital	Share Premium Account	Share Based Payment Reserve	Retained Loss	TOTAL
	£	£	£	£	£
Balance at 30 June 2016	**2,200**	**78,400**	**-**	**(26,153)**	**54,447**
Total comprehensive loss for the period	-	-	-	(136,639)	(136,639)
Shares issued during the period	21,000	1,029,000	-	-	1,050,000
Effect of change to share nominal value – as approved 2016 AGM	208,800	(208,800)	-	-	-
Issue of warrants	-	-	4,720	-	4,720
Costs related to share issues	-	(49,300)	-	-	(49,300)
Balance at 30 June 2017	**232,000**	**849,300**	**4,720**	**(162,792)**	**923,228**
Total comprehensive loss for the period	-	-	-	(124,732)	(124,732)
Balance at 31 December 2017	**232,000**	**849,300**	**4,720**	**(287,524)**	**798,496**

MILA RESOURCES PLC
Statement of cash flow (Unaudited)
For the six months ended 31 December 2017

	Six months to 31 December 2017 £	Six months to 31 December 2016 £	12 months to 30 June 2017 £
Cash flows from operating activities			
Loss for the period	(124,732)	(63,049)	(136,639)
Adjustments for:			
Costs settled by the payment of shares / warrants	-	4,720	4,720
Operating cashflow before working capital movements	(124,732)	(58,329)	(131,919)
(Increase) / decrease in trade and other receivables	(3,423)	-	(1,241)
Increase / (decrease) in trade and other payables	7,510	14,067	2,126
Net cash flow from operating activities	**(120,645)**	**(44,262)**	**(131,034)**
Cash flows from financing activities			
Net proceeds on issue of shares	-	1,050,000	1,050,000
Costs related to the issue of shares	-	(49,300)	(49,300)
Net cash flow from financing activities	**-**	**1,000,700**	**1,000,700**
Net increase in cash and cash equivalents	(120,645)	956,438	869,666
Cash and cash equivalents at beginning of the period	932,034	62,368	62,368
Cash and cash equivalents at end of the period	**811,389**	**1,018,806**	**932,034**

1 General information

Mila Resources Plc (the "Company'') looks to identify potential companies, businesses or asset(s) that have operations in the natural resources exploration, development and production sector.

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

The Company's registered office is Lockstrood Farm, Ditchling Common, Burgess Hill, West Sussex RH15 0SJ.

2 Accounting policies

The principal accounting policies applied in preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Basis of preparation

The interim unaudited financial statements for the period ended 31 December 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. This interim financial information is not the Company's statutory financial statements and should be read in conjunction with the annual financial statements for the period ended 30 June 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been delivered to the Registrars of Companies. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters which the auditors drew attention by way of emphasis of matter without qualifying their report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information for the six months ended 31 December 2017 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company, therefore, continues to adopt the going concern basis in preparing its consolidated financial statements.

The financial information of the Company is presented in British Pounds Sterling (£).

Critical accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, the resulting accounting estimates will, by definition, seldom equal related actual results.

In preparing the interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2017.

3 Income tax expense

No tax is applicable to the Company for the six months ended 31 December 2017. No deferred income tax asset has been recognised in respect of the losses carried forward, due to the uncertainty as to whether the Company will generate sufficient future profits in the foreseeable future to prudently justify this.

4 Loss per share

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

There are currently no dilutive potential ordinary shares.

	Earnings	Weighted average number of shares	Per-share amount
	£	unit	pence
Loss per share attributed to ordinary shareholders	(124,732)	23,200,000	(0.54)p

5 Share capital

	Number of shares in issue	Share capital	Share premium	Total
		£	£	£
Balance at 30 June 2017	23,200,000	232,000	849,300	1,081,300
Movements during the period	-	-	-	-
Balance at 31 December 2017	23,200,000	232,000	849,300	1,081,300

The Company has one class of ordinary share which carries no right to fixed income.

6 Related party disclosures

Remuneration of Directors and key management personnel

The remuneration of the Directors during the six-month period to 31 December 2017 amounted to £36,000 (31 December 2016: £18,000).

Shareholdings in the Company

Shares and warrants held by the Directors of the Company which remained unchanged during the period.

	Shares	Warrants [1]
Mr George Donne	200,000	400,000
Mr Anthony Eastman	200,000	400,000
Mr Mark Stephenson	600,000	1,200,000
Balance at 30 June 2016	1,000,000	2,000,000

[1] Exercisable at £0.05, on or before 31 December 2020.