RNS Number : 4905F
Cobra Resources PLC
25 September 2024

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25 September 2024

Cobra Resources plc
("Cobra" or the "Company")

Half Year Results for the Six Months Ended 30 June 2024

Advancing Australia's Only Ionic Rare Earth Discovery Suitable for Low Cost, Low Disturbance ISR Mining

Cobra(LSE: COBR), the mineral exploration and development company advancing a potentially world-class ionic Rare Earth Elements ("REEs") discovery at its Boland Project in South Australia, announces its financial results for the six months ended 30 June 2024 ("H1 2024").

In 2023, the Company discovered rare earth mineralisation within a unique geological setting where mineralisation is permeable and confined by impermeable clays, enabling exceptionally high recoveries with low impurities and low acid consumption. This has placed Cobra on a path to disrupt global supply of heavy rare earths.

To view this announcement on Cobra's Investor Hub, and submit any questions you might have, visit:https://investors.cobraplc.com/link/Leo3Ne

Highlights:

- **Completed Sonic core drilling programme**at Boland, with results further demonstrating that the discovery could be a world class source of Magnet Rare Earths ("MREOs") and

Heavy Rare Earths ("HREOs") and confirming:

- **High grades**- where length weighted intersections average 2,100 ppm TREO within Zone 3

- **In situ recovery ("ISR") mining potential**- permeable mineralisation within a confined aquifer enabling ISR

- **Installed a five-hole screened wellfield**to enable hydrological studies and support future permitting for ISR pilot trials

- **Confirmed Boland scalable mineralisation potential**through re-assay results from historical drillholes defining 139 km^2 of palaeochannel system which supports regionally scalable, high grade REE mineralisation

- **Demonstrated province-scale potential**through re-analysis of historical drillholes with REE mineralisation being defined within geological units of the Yaninee Paleochannel that are coeval with Boland mineralisation, confirming the potential for multiple, province scale mineral systems

- **Commenced a metallurgical study**to develop an ISR flowsheet that includes a bench-scale study on Boland core samples under ISR conditions

- **Granted two new tenements**(Smokey Bay and Pureba) on the Narlaby Palaeochannel which is also considered highly prospective for ionic REE mineralisation as well as roll-front uranium mineralisation

- **Updated REE strategyto include tests for extensions to roll-front uranium** mineralisation identified at the adjacent Yarranna Uranium Project held by IsoEnergy which extends onto Cobra's Pureba tenement and subsequently confirmed high grade uranium mineralisation on Pureba

- **Raised £600,000**through a placing to accelerate the development of Boland towards a Scoping Study in 2025

- **Appointed Non-Executive Director David Clarke**in an executive role as Director, Business Development and Asset Marketing to help advance the commercialisation pathway of Boland

- **Finalised acquisition of the remaining 25% of the Wudinna Project**from Andromeda Metals

Post Period End

- **Reported exceptionally high recoveries**with low impurities and low acid consumption from ISR bench scale study

Greg Hancock, Chairman of Cobra, commented:

"It's been a highly productive first half as we continued to focus on what is a unique opportunity to transform the global rare earths supply landscape via our Boland Project, the only ionic REE project in Australia suitable for ISR. The ongoing metallurgical studies at ANSTO are proving successful with exceptional results to date and will help us optimise the process and cost parameters for the in situ recovery of our rare earths.

At the same time, we've both increased our equity in the Wudinna Project, which contains Boland, to 100% and extended Cobra's footprint to include even more land that is prospective for ionic REEs and uranium.

The Company's overarching objective is to produce metals which are critical to energy efficiency through a mining process with the lowest environmental risk and the lowest possible cost. As the Company works through its forward development plan, the Board considers that the true value of the Boland discovery will be demonstrated through project economics where we believe ISR will place the project within the lowest cost quartile of the production curve for Rare Earth projects globally. In doing so the Company will deliver a strategic asset of considerable value to stakeholders. I would like to take this opportunity to thank our shareholders and wider stakeholders once again for their support during the period. Though the market is slow to reflect it, you have an interest in something very special here.

We look forward to releasing further results from metallurgical testing over the coming weeks and keeping shareholders informed on exploration activity and progress as we focus on advancing the commercialisation pathway of the Boland Project, targeting a Scoping Study next year."

The full financial statements can be viewed on the Company's website at:https://cobraplc.com/category/financial-reports/

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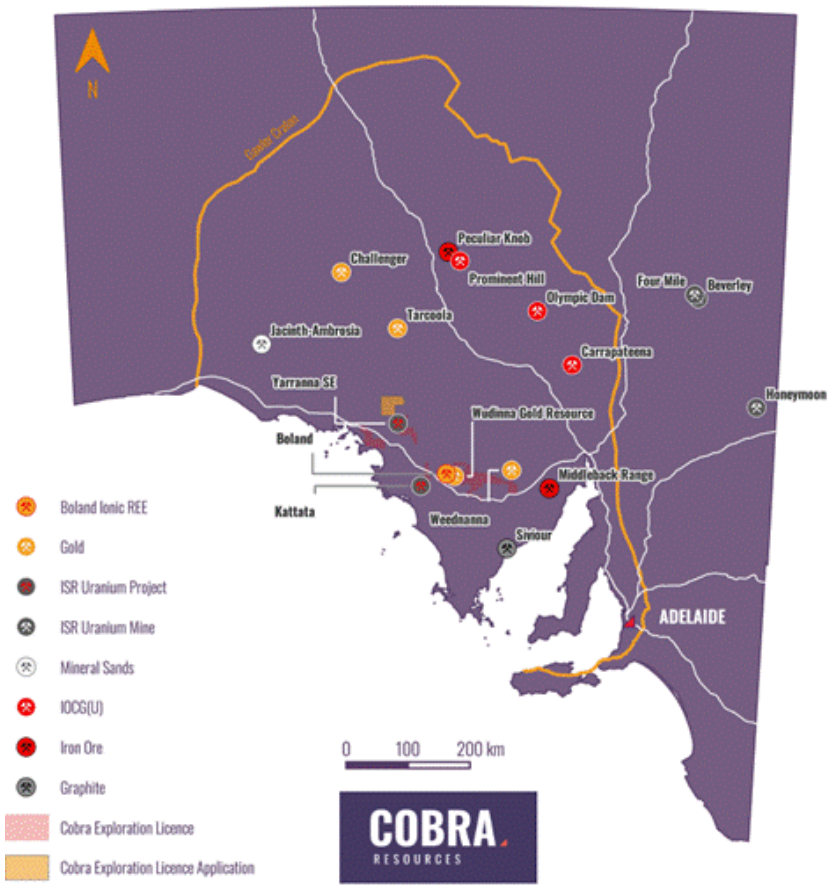
The person who arranged for the release of this announcement was Rupert Verco, Managing Director of the Company.

About Cobra

In 2023, Cobra discovered a rare earth deposit with the potential to re-define the cost of rare earth production. The highly scalable Boland ionic rare earth discovery at Cobra's Wudinna Project in South Australia's Gawler Craton is Australia's only rare earth project amenable for in situ recovery (ISR) mining - a low cost, low disturbance method. Cobra is focused on de-risking the investment value of the discovery by proving ISR as the preferred mining method which would eliminate challenges associated with processing clays and provide Cobra with the opportunity to define a low-cost pathway to production.

Cobra's Wudinna tenements also contain extensive orogenic gold mineralisation, including a 279,000 Oz gold JORC Mineral Resource Estimate, characterised by potentially open-pitable, high-grade gold intersections.

Regional map showing Cobra's tenements in the heart of the Gawler Craton



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Operational Review

Introduction

The Company's strategy has been driven by the principle that to define a rare earth project of true value, the mineral occurrence requires advantageous properties that:

- Can be mined at a low-cost
- Can be cost-effectively processed, where mineralogy and lithology drive economic metallurgy
- Allow sustainable sourcing, through value-add or low impact extraction

On this basis, Cobra's exploration strategy has been focused on:

1. Exploring for ionic, easily extractable rare earth mineralisation
2. Pursuing opportunities to advance exploration of other key minerals, including gold and uranium, either concurrent with, or separate to, REE-focused work

This exploration strategy is yielding exceptional results.

In April 2024, Cobra acquired the remaining 25% of the Wudinna Project from Andromeda Metals, entitling the Company to 100% ownership. Finalising 100% project acquisition enhances optionality, with Cobra evaluating opportunities in light of the strong gold and uranium markets.

Also in April 2024, the Company raised £600,000 to accelerate the Company's strategy to define economic value from Boland through advancing ISR as the preferred extraction method, undertaking Aircore drilling to support a maiden Boland Mineral Resource Estimate, and progressing metallurgical work in preparation to undertake a Scoping Study next year.

REE Focused Outcomes

Cobra has made a regionally scalable ionic rare earth discovery where high grades of valuable HREOs and MREOs occur concentrated in a permeable horizon confined by impermeable clays. This unique geology is amenable to ISR which has been successfully used for decades to recover uranium from geologically similar systems in South Australia. Cobra is working to demonstrate that, with modification, ISR techniques will enable non-invasive and low-cost production of critical REEs from its Boland discovery.

During H1 2024, Cobra:

- Executed a five drillhole Sonic core drilling programme at Bolandand installed five cased bores to form the infrastructure for a future ISR pilot study. Results demonstrated:
  - o High grade concentrations across three zones of mineralisation
  - o High grades in geological formations with high permeabilities amenable to ISR
  - o Modelled mineralised units support exceptional scale

- Announced re-assay results from historical drillholes across Boland andthe Yarranna Southeast prospectwhich confirm highgrade concentrations and demonstrate that Cobra hasa province scale ionic rare earth system

- Commenced bench-scale leach studies under ISR conditions on Boland core samples which are being conducted by the Australian Nuclear Science and Technology Organisation ("ANSTO"). Results to date are delivering exceptionally high recoveries with low impurities and low acid consumption. This is a first for ionic REE projects outside of China

Uranium Focused Outcomes

In H1 2024, Cobra announced that the Company's strategy to demonstrate the scalability of the Boland Project would also test for extensions to roll-front uranium mineralisation identified at the adjacent Yarranna Uranium Project held by IsoEnergy that extends onto the Company's Pureba tenement at the Western Eyre Peninsula Project. Cobra is already advancing the ISR potential of REEs from Boland and ISR is the established and dominant mining process for uranium.

- The Smokey Bay and Pureba tenements cover over 1,000 km^2 of the Narlaby Palaeochannel where previous uranium focused drilling encountered playa clays which are analogous to Boland mineralisation over extensive areas
- Re-assaying of 25 holes and 674 samples at the Yarranna Southeast prospect validates historical reports of uranium mineralisation and has enabled Cobra to refine and interpret mineralised roll-fronts, defining priority drill targets for high grade uranium mineralisation and ionic REEs

Gold Focused Outcomes

Gold exploration was a core focus of Cobra's FY 2023 work programme, with the Company increasing its gold Mineral Resource Estimate at the Wudinna Project by 32% to 279,000 Oz. Cobra remains committed to capitalising on opportunities to simultaneously explore for gold and REEs across its extensive South Australian landholding.

Post Period-End

Ongoing column leach trials on core samples from the installed wellfield at Boland to test recovery potential under ISR conditions have to date yielded positive results, including:

- Favourable pore volume (permeability) rates enabling in situ recovery
- Exceptionally high recoveries of high value rare earths of up to 76% Magnet Rare Earths
- High recoveries achieved with low levels of impurities (deleterious elements) and low levels of acid consumption
- Favourable outcomes from initial optimisation studies increasing recoveries with low rates of acid consumption and low impurity levels

The Company's bench scale ISR studies and associated optimisation tests are nearing completion.

Financial Review

Cobra reported an unaudited operating loss for the six months ended 30 June 2024 of £382,938, which equates to a loss per share for the period of £0.0006. This compares to a loss for the six-month period to 30 June 2023 of £307,101, which equated to a loss per share for the period of £0.0006.

As at 30 June 2024, the Company had available cash of £485,183 (30 June 2023: £0.43 million), sufficient for the Company to execute its planned exploration activities.

Outlook

Considering the favourable metallurgical results coming through, Cobra's near-term focus is on:

- Delivering further results from ISR bench scale studies to optimise ISR extraction parameters
- Commencing a second ISR bench scale study on core from CBSC0002 to achieve repeatability and increase the volume of pregnant liquor for flowsheet development

- Further diagnostic leach tests across installed wellfield holes to enable economic assessment of the complete wellfield and all zones of mineralisation
- Flowsheet advancement with pregnant liquor produced from both bench scale ISR tests to be used to advance both membrane desorption and traditional REE purification and precipitation processes
- Resource drilling to infill defined scale and expand on the province scale potential that Cobra's expanded landholding presents
- Compile environmental and hydrological assessments to support a Scoping Study expected to be published in 2025

The Company's overarching objective is to produce metals which are critical to energy efficiency through a mining process with the lowest environmental risk and the lowest possible cost. The Board believes Cobra has discovered a scalable deposit of ionic rare earths with the capacity to achieve this.

As the Company works through its forward development plan, the Board considers that the true value of the Boland discovery will be demonstrated through project economics where we believe ISR will place the project within the lowest cost quartile of the production curve for Rare Earth projects globally. In doing so the Company will deliver a strategic asset of considerable value to stakeholders.I would like to take this opportunity to thank our shareholders and wider stakeholders once again for their support during the period. Though the market is slow to reflect it, you have an interest in something very special here.Cobra looks forward to keeping shareholders informed on exploration and development activity as we focus on advancing the commercialisation pathway of the Boland Project.

Greg Hancock
Chairman
25 September 2024

CONSOLIDATED INCOME STATEMENT

	6 months to 30 June 2024 Unaudited £	6 months to 30 June 2023 Unaudited £	Year ended 31 December 2023 Audited £
Administrative expenses	(382,938)	(307,101)	(921,113)
Operating loss	(382,938)	(307,101)	(921,113)
Loss on derecognition of financial liability	-	-	-
Loss on ordinary activities before taxation	(382,938)	(307,101)	(921,113)
Taxation	-	-	-
Loss for the financial period attributable to equity holders	(382,938)	(307,101)	(921,113)
Loss per share- see note 4			
Basic and diluted	£(0.0006)	£(0.0009)	£(0.0018)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30 June 2024 Unaudited £	6 months to 30 June 2023 Unaudited £	Year ended 31 December 2023 Audited £
Loss after tax	(382,938)	(307,101)	(921,113)
Items that may subsequently be reclassified to profit or loss:			
- Exchange differences on translation of foreign operations	(67,218)	(200,654)	(132,058)
Total comprehensive loss attributable to equity holders of the parent company	(450,156)	(507,755)	(1,053,171)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	6 months to 30 June 2024 Unaudited £	6 months to 30 June 2023 Unaudited £	Year ended 31 December 2023 Audited £
Non-current assets			
Intangible assets	3,697,786	3,067,616	3,258,753
Other non current assets	-	-	31,036
Property, plant and equipment	4,713	1,545	1,649
Total non-current assets	3,702,499	3,069,161	3,291,438
Current assets			
Trade and other receivables	594,189	51,453	36,248
Cash and cash equivalents	485,183	434,451	638,475
Other current assets	6,817	30,450	-
Total current assets	1,086,189	516,354	674,723
Current liabilities			
Trade and other payables	(146,371)	(87,339)	(198,687)
Financial liabilities	(6,000)	-	-
Deferred consideration	(163,225)	(148,914)	(163,225)
Total current liabilities	(315,596)	(236,253)	(361,912)
Net assets	4,473,093	3,349,262	3,604,249
Capital and reserves			

Share capital	7,265,594	5,152,495	5,923,794
Share premium	2,762,566	2,794,647	2,785,366
Share based payment reserve	21,476	(16,908)	21,476
Retained losses	(5,659,378)	(4,655,282)	(5,269,293)
Foreign currency reserve	82,835	74,312	142,906
Total equity	4,473,093	3,349,262	3,604,249

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months to 30 June 2024 Unaudited £	6 months to 30 June 2023 Unaudited £	Year ended 31 December 2023 Audited £
Cash flow from operating activities			
Operating loss	(382,938)	(307,101)	(921,113)
Equity settled share based payment	-	-	36,000
Loss on derecognition of financial liability			14,311
Other interest receivable and other income			(5,708)
Depreciation	-	(118)	-
Foreign exchange revaluation adjustment	(67,215)	(200,653)	(132,055)
Decrease/(increase)/ in receivables	(557,941)	33,017	(13,851)
(Decrease)/increase in payables	(52,316)	7,340	160,270
Shares issued in lieu of cash			31,036
Net cash used in operation activities	(1,060,410)	(467,515)	(831,110)
Cash flows from investing activities			
Payments for exploration and evaluation activities	(417,879)	(340,327)	(531,685)
Interest received			5,708
Transfer to restricted cash	-	(30,450)	-
Net cash used in investing activities	(417,879)	(370,777)	(525,977)
Cash flows from financing activities			
Proceeds from issue of shares	1,318,997	-	729,720
Transaction costs of issue of shares	-	-	(6,900)
Proceeds from borrowings	6,000		
Net cash generated from financing activities	1,324,997	-	722,820
	(153,292)	(838,292)	(634,267)

Net (decrease)/increase in cash and cash equivalents	638,475	1,272,742	1,272,742
Cash and cash equivalents at the beginning of period			
Cash and cash equivalents at end of period	485,183	434,450	638,475

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payment reserve	Retained earnings	Foreign currency reserve	Total
	£	£	£	£	£	£
At 31 December 2022	**5,152,495**	**2,794,647**	**(16,908)**	**(4,348,181)**	**274,964**	**3,857,017**
Loss for the period	-	-	-	(307,101)	-	(307,101)
Translation differences	-	-	-	-	(200,654)	(200,654)
Total comprehensive income	-	-	-	(307,101)	(200,654)	(507,755)
Share capital issued	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-
At 30 June 2023	**5,152,495**	**2,794,647**	**(16,908)**	**(4,655,282)**	**74,310**	**3,349,262**
Loss for the period	-	-	-	(614,011)	-	(614,011)
Translation differences	-	-	-	-	68,596	68,596
Total comprehensive income	-	-	-	(614,011)	68,596	(545,415)
Share capital issued	771,300	-	-	-	-	771,300
Share issue cost	-	(6,900)	-	-	-	(6,900)
Warrants expired	-	-	-	-	-	-
Warrants issued	-	(2,383)	2,383	-	-	-
Share option charge	-	-	36,000	-	-	36,000
At 31 December 2023	**5,923,794**	**2,785,366**	**21,476**	**(5,269,293)**	**142,906**	**3,604,249**
Loss for the period	-	-	-	(382,938)	-	(382,938)
Translation differences	-	-	-	(7,147)	(60,071)	(67,218)
Total comprehensive income	-	-	-	(390,085)	(60,071)	(450,156)

Share issue cost	1,341,800	(22,800)	-	-	-	1,319,000
Transfer of expiry/exercise of warrant	-	-	-	-	-	-
At 30 June 2024	**7,265,594**	**2,762,566**	**21,476**	**(5,659,378)**	**82,835**	**4,473,093**

HALF-YEARLY REPORT NOTES

1. Half-yearly Report

This half-yearly report was approved by the Directors on 24 September 2024.

The information relating to the six-month periods to 30 June 2024 and 30 June 2023 are unaudited.

The information relating to the year to 31 December 2023 is extracted from the audited financial statements of the Company which have been filed at Companies House and on which the auditors issued an unqualified audit report. The condensed interim financial statements have not been reviewed by the Company's auditor.

2. Basis of Accounting

The report has been prepared using accounting policies and practices that are consistent with those adopted in the statutory financial statements for the year ended 31 December 2023, although the information does not constitute statutory financial statements within the meaning of the Companies Act 2006. The half-yearly report has been prepared under the historical cost convention.

Going concern

The Company's day-to-day financing is from its available cash resources.

As at reporting date, the Company had £485,183 of cash at hand. These funds will enable to Company to plan its future exploration campaigns across its key projects and carry-on with diagnostic works such as metallurgical testing and sample re-analysis. The Directors are confident that adequate funding can be raised as required to meet the Company's current and future liabilities.

For the reasons outlined above, the Directors are satisfied that the Company will be able to meet its current and future liabilities, and continue trading for the foreseeable future, and, in any event, for a period of not less than twelve months from the date of approving this report. The preparation of these financial statements on a going concern basis is therefore considered to remain appropriate.

These half-yearly financial statements are prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom and the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

This half-year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2023, which have been prepared in accordance with UK-adopted international accounting standards.

The Company will report again for the full year to 31 December 2024.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in the Company's 2023 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

Intangible assets

Exploration and development costs

All costs associated with mineral exploration and investments are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of economically recoverable reserves on a unit of production basis.

Where a licence is relinquished or a project abandoned, the related costs are written off in the period in which the event occurs. Where the Group maintains an interest in a project, but the value of the project is considered to be impaired, a provision against the relevant capitalised costs will be raised.

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

3. Intangible assets

	6 months to 30 June 2024 Unaudited £	6 months to 30 June 2023 Unaudited £	Year ended 31 December 2023 Audited £
At Beginning of the period	3,258,753	2,727,290	3,067,616
Additions	439,033	340,326	191,137
At End of the period	**3,697,786**	**3,067,616**	**3,258,753**

The Directors undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal;
- No further exploration or evaluation is planned or budgeted for;
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; or
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

Following their assessment, the Directors concluded that no impairment charge was necessary for the period ended 30 June 2024.

4. Earnings per share

	6 months to 30 June 2024 Unaudited £	6 months to 30 June2023 Unaudited £	Year ended 31 December 2023 Audited £
These have been calculated on a loss of:	(382,938)	(307,101)	(921,113)
The weighted average number of shares used was:	726,559,550	512,249,550	592,549,550
Basic and diluted loss per share:	£(0.0006)	£(0.0006)	£(0.0018)

5. Events after the reporting period

There were no reportable events after the reporting period other than those highlighted in the 'Financial Review'.

The Condensed interim financial statements were approved by the Board of Directors on 24 September 2024.

By order of the Board

Rupert Verco
Managing Director
24 September 2024

Half-yearly Report

Copies of this half-yearly report are available free of charge by application in writing to the Company Secretary at the Company's registered office: 9th Floor, 107 Cheapside, London, EC2V 6DN, or by email toinfo@london-registrars.co.uk.

Responsibility Statement

We confirm that to the best of our knowledge:

- The interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the UK;
- Give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- The interim report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The interim financial information includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

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